Haitong International Capital Limited

Suites 3001-3006 and 3015-3016
One International Finance Centre
No. 1 Harbour View Street
Central, Hong Kong

Date: 7 November 2024

The Board of Directors
Jiangsu Guofu Hydrogen Energy Equipment Co., Ltd.
江蘇國富氫能技術裝備股份有限公司
No. 236
Guotai North Road
Zhangjiagang City
Jiangsu Province
PRC

Dear Sirs,

Proposed listing (the "Proposed Listing") of the H shares of Jiangsu Guofu Hydrogen Energy Equipment Co., Ltd. (the "Company") on the Main Board of the Stock Exchange

We refer to the prospectus of the Company dated 7 November 2024 (the "**Prospectus**") in respect of the Proposed Listing. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Prospectus.

We hereby give consent, and confirm that we have not withdrawn our consent, to the issue of the Prospectus with the inclusion therein of our name and all references thereto, our qualifications and our statements, confirmations and opinions, in the form and context in which they respectively appear in the Prospectus.

We hereby consent to this letter being (i) released to the Stock Exchange and the Registrar of Companies in Hong Kong, and (ii) made available on display as described in Appendix VIII headed "Documents Delivered to the Registrar of Companies and Available on Display" to the Prospectus.

Yours faithfully,

For and on behalf of
Haitong International Capital Limited

Name: Steven Kwok
Title: Executive Director

CITIC Securities (Hong Kong) Limited

18/F, One Pacific Place
88 Queensway
Hong Kong

Date: 7 November 2024

The Board of Directors
Jiangsu Guofu Hydrogen Energy Equipment Co., Ltd.
江蘇國富氫能技術裝備股份有限公司
No. 236
Guotai North Road
Zhangjiagang City
Jiangsu Province
PRC

Dear Sirs,

Proposed listing (the "Proposed Listing") of the H shares of Jiangsu Guofu Hydrogen Energy Equipment Co., Ltd. (the "Company") on the Main Board of the Stock Exchange

We refer to the prospectus of the Company dated 7 November 2024 (the "**Prospectus**") in respect of the Proposed Listing. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Prospectus.

We hereby give consent, and confirm that we have not withdrawn our consent, to the issue of the Prospectus with the inclusion therein of our name and all references thereto, our qualifications and our statements, confirmations and opinions, in the form and context in which they respectively appear in the Prospectus.

We hereby consent to this letter being (i) released to the Stock Exchange and the Registrar of Companies in Hong Kong, and (ii) made available on display as described in Appendix VIII headed "Documents Delivered to the Registrar of Companies and Available on Display" to the Prospectus.

Yours faithfully,

For and on behalf of
CITIC Securities (Hong Kong) Limited

Name: Allen Wang
Title: Director

Deloitte. 德勤

Deloitte Touche Tohmatsu
35/F One Pacific Place
88 Queensway
Hong Kong

November 7, 2024

The Directors
Jiangsu Guofu Hydrogen Energy Equipment Co., Ltd.
No. 236 Guotai North Road
Zhangjiagang City Jiangsu Province
PRC

Dear Sirs,

We refer to the prospectus dated November 7, 2024 (the "Prospectus") issued in connection with the proposed initial listing of shares of Jiangsu Guofu Hydrogen Energy Equipment Co., Ltd. (the "Company") on the Main Board of The Stock Exchange of Hong Kong Limited, a final proof of which is attached and initialled by us on its front cover for the purpose of identification.

We hereby consent to the inclusion of our accountants' report on historical financial information of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") for each of the years ended December 31, 2021, 2022 and 2023 and the five months ended May 31, 2024, and our independent reporting accountants' assurance report on the compilation of unaudited pro forma financial information of the Group, both dated November 7, 2024 in the Prospectus, and the references to our name in the form and context in which they are included.

Yours faithfully,

GUOFUHEE

江蘇國富氫能技術裝備股份有限公司
Jiangsu Guofu Hydrogen Energy Equipment Co., Ltd.

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

Stock Code : 2582

GLOBAL OFFERING

Joint Sponsors, Overall Coordinators, Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

海通國際 HAITONG

CITIC SECURITIES

If you are in any doubt about any of the contents of this prospectus, you should seek independent professional advice.

GUOFUHEE

Jiangsu Guofu Hydrogen Energy Equipment Co., Ltd.
江蘇國富氫能技術裝備股份有限公司

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

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	**:**	**6,000,000 H Shares**
Number of Hong Kong Offer Shares	**:**	**600,000 H Shares (subject to reallocation)**
Number of International Placing Shares	**:**	**5,400,000 H Shares (subject to reallocation)**
Maximum Offer Price	**:**	**HK$73.00 per H Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal Value	**:**	**RMB1.00 per H Share**
Stock Code	**:**	**2582**

Joint Sponsors, Overall Coordinators, Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

海通國際 HAITONG　　CITIC SECURITIES

Overall Coordinators, Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

建银国际 CCB International　　中信建投國際 CHINA SECURITIES INTERNATIONAL

Joint Bookrunners and Joint Lead Managers

利弗莫尔证券 LIVERMORE HOLDINGS LIMITED　ZTSC 中泰國際　富中證券有限公司 FORTUNE ORIGIN SECURITIES LIMITED　ICBC 工银国际　華富建業證券 QUAM SECURITIES　東吳證券(香港) SOOCHOW SECURITIES (HONG KONG)

A copy of this prospectus, having attached thereto the documents specified in "Documents Delivered to the Registrar of Companies and Available on Display" in Appendix VIII to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other document referred to above.

The Offer Price is expected to be fixed by agreement between the Overall Coordinators (for themselves and on behalf of the Underwriters) and us on the Price Determination Date. The Price Determination Date is expected to be on or around Wednesday, November 13, 2024 (Hong Kong time) and, in any event, not later than 12:00 noon on Wednesday, November 13, 2024 (Hong Kong time). The Offer Price will be not more than HK$73.00 per Offer Share and is currently expected to be not less than HK$65.00 per Offer Share. If, for any reason, the Offer Price is not agreed by 12:00 noon on Wednesday, November 13, 2024 (Hong Kong time) between the Overall Coordinators (for themselves and on behalf of the Underwriters) and us, the Global Offering will not proceed and will lapse.

Applicants for Hong Kong Offer Shares are required to pay, on application (subject to application channel), the maximum Offer Price of HK$73.00 for each Hong Kong Offer Share together with brokerage fee of 1%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565%, subject to refund if the Offer Price as finally determined is less than HK$73.00.

The Overall Coordinators (for themselves and on behalf of the Underwriters) may, where considered appropriate, and with our consent, reduce the number of Offer Shares and/or the Offer Price range below that stated in this prospectus (which is HK$65.00 to HK$73.00) at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, a notice of the reduction of the number of Hong Kong Offer Shares and/or the indicative Offer Price range will be published on the website of the Stock Exchange at **www.hkexnews.hk** and our website at **www.guofuhee.com** not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. Further details are set out in "Structure and Conditions of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus.

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement to subscribe for, and to procure applicants for the subscription for, the Hong Kong Offer Shares, are subject to termination by the Overall Coordinators (for themselves and on behalf of the Underwriters) if certain grounds arise prior to 8:00 a.m. on the day that trading in the Shares commences on the Stock Exchange. Such grounds are set out in "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for Termination" in this prospectus.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred within the United States or to, or for the account or benefit of U.S. persons, except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act. The Offer Shares are being offered and sold outside of the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act.

ATTENTION

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this prospectus to the public in relation to the Hong Kong Public Offering.

This prospectus is available at the website of the Stock Exchange at www.hkexnews.hk and our website at www.guofuhee.com. If you require a printed copy of this prospectus, you may download and print from the website addresses above.

November 7, 2024

IMPORTANT NOTICE TO INVESTORS:
FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide any printed copies of this prospectus for use by the public.

This prospectus is available at the website of the Stock Exchange at www.hkexnews.hk under the "HKEXnews > New Listings > New Listing Information" section, and our website at www.guofuhee.com. If you require a printed copy of this prospectus, you may download and print from the website addresses above.

To apply for Hong Kong Offer Shares, you may:

(1) apply online via the **White Form eIPO** service at **www.eipo.com.hk**; or

(2) apply electronically through the **HKSCC EIPO** channel and cause HKSCC Nominees to apply on your behalf by instructing your broker or custodian who is a HKSCC Participant to give electronic application instructions via HKSCC's FINI system to apply for the Hong Kong Offer Shares on your behalf.

We will not provide any physical channels to accept any application for the Hong Kong Offer Shares by the public. The contents of the electronic version of this prospectus are identical to the printed prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

If you are an intermediary, broker or agent, please remind your customers, clients or principals, as applicable, that this prospectus is available online at the website addresses above.

Please refer to "How to Apply for Hong Kong Offer Shares" in this prospectus for further details on the procedures through which you can apply for Hong Kong Offer Shares electronically.

Your application through the **White Form eIPO** service or the **HKSCC EIPO** channel must be for a minimum of 100 Hong Kong Offer Shares and in multiples of that number of Hong Kong Offer Shares as set out in the table below. No application for any other number of Hong Kong Offer Shares will be considered and such an application is liable to be rejected.

If you are applying through the **White Form eIPO** service, you may refer to the table below for the amount payable for the number of H Shares you have selected. You must pay the respective amount payable on application in full upon application for Hong Kong Offer Shares.

If you are applying through the **HKSCC EIPO** channel, you are required to pre-fund your application based on the amount specified by your broker or custodian, as determined based on the applicable laws and regulations in Hong Kong.

No. of Hong Kong Offer Shares applied for	Amount payable(2) on application	No. of Hong Kong Offer Shares applied for	Amount payable(2) on application	No. of Hong Kong Offer Shares applied for	Amount payable(2) on application	No. of Hong Kong Offer Shares applied for	Amount payable(2) on application
	HK$		*HK$*		*HK$*		*HK$*
100	7,373.62	1,500	110,604.31	8,000	589,889.65	50,000	3,686,810.26
200	14,747.23	2,000	147,472.41	9,000	663,625.85	60,000	4,424,172.30
300	22,120.86	2,500	184,340.51	10,000	737,362.06	70,000	5,161,534.36
400	29,494.48	3,000	221,208.61	15,000	1,106,043.08	80,000	5,898,896.40
500	36,868.10	3,500	258,076.72	20,000	1,474,724.10	90,000	6,636,258.46
600	44,241.72	4,000	294,944.82	25,000	1,843,405.13	100,000	7,373,620.50
700	51,615.35	4,500	331,812.92	30,000	2,212,086.16	150,000	11,060,430.76
800	58,988.97	5,000	368,681.03	35,000	2,580,767.18	200,000	14,747,241.00
900	66,362.58	6,000	442,417.24	40,000	2,949,448.20	250,000	18,434,051.26
1,000	73,736.20	7,000	516,153.44	45,000	3,318,129.23	300,000(1)	22,120,861.50

(1) Maximum number of Hong Kong Offer Shares you may apply.

(2) The amount payable is inclusive of brokerage, the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) while the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy will be paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC; and in the case of the AFRC transaction levy, collected by the Stock Exchange on behalf of the AFRC).

*If there is any change in the following expected timetable of the Hong Kong Public Offering, we will issue an announcement in Hong Kong to be published on the websites of the Stock Exchange at **www.hkexnews.hk** and our Company at **www.guofuhee.com**.*

Hong Kong Public Offering commences . . . . .9:00 a.m. on Thursday, November 7, 2024

Latest time for completing electronic applications under the **White Form eIPO** service at designated website **www.eipo.com.hk**[2] .11:30 a.m. on Tuesday, November 12, 2024

Application lists of the Hong Kong Public Offering open[3] . . . . . . .11:45 a.m. on Tuesday, November 12, 2024

Latest time for (a) completing payment of **White Form eIPO** applications by effecting internet banking transfer(s) or PPS payment transfer(s) and (b) giving electronic application instructions to HKSCC[4] . . . . .12:00 noon on Tuesday, November 12, 2024

If you are instructing your **broker** or **custodian** who is a HKSCC Participant to give **electronic application instructions** via FINI to apply for the Hong Kong Offer Shares on your behalf, you are advised to contact your **broker** or **custodian** for the latest time for giving such instructions which may be different from the latest time as stated above.

Application lists of the Hong Kong Public Offering close[3] . . . . . .12:00 noon on Tuesday, November 12, 2024

Expected Price Determination Date[5] . . . . .Wednesday, November 13, 2024

Announcement of the Offer Price, the level of indications of interest in the International Placing, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares to be published on the websites of the Stock Exchange at **www.hkexnews.hk** and our Company at **www.guofuhee.com**[6] no later than . . . . 11:00 p.m. on Thursday, November 14, 2024

Results of allocations in the Hong Kong Public Offering to be available through a variety of channels, including:

- in the announcement to be posted on the websites of the Stock Exchange at **www.hkexnews.hk** and our Company at **www.guofuhee.com**[6] no later than . . . . . 11:00 p.m. on Thursday, November 14, 2024

- from the designated results of allocations website at **www.iporesults.com.hk** (alternatively: **www.eipo.com.hk/eIPOAllotment**) with a "search by ID" function on a 24-hour basis from . . . . . 11:00 p.m. on Thursday, November 14, 2024 to 12:00 midnight on Wednesday, November 20, 2024

- from the allocation results telephone enquiry line by calling +852 2862 8555 between 9:00 a.m. and 6:00 p.m. on . . . . . Friday, November 15, 2024, Monday, November 18, 2024, Tuesday, November 19, 2024 and Wednesday, November 20, 2024

Despatch of H Share certificates or deposit of H Share certificates into CCASS in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offering on or before[7][9] . . . . . Thursday, November 14, 2024

Despatch/collection of **White Form** e-Refund payment instructions/refund cheques in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering on or before[8][9] . . . . . Friday, November 15, 2024

Dealings in H Shares on the Stock Exchange expected to commence at . . . . . 9:00 a.m. on Friday, November 15, 2024

Notes:

(1) All times and dates refer to Hong Kong local times and dates.

(2) You will not be permitted to submit your application under the **White Form eIPO** service through the designated website at **www.eipo.com.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

(3) If there is/are Severe Weather Signal(s) (as defined in the section headed "How to Apply for Hong Kong Offer Shares — E. Severe Weather Arrangements" in this prospectus) in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, November 12, 2024, the application lists will not open and will close on that day. Further information is set out in "How to Apply for Hong Kong Offer Shares — E. Severe Weather Arrangements" in this prospectus.

(4) Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC should refer to "How to Apply for Hong Kong Offer Shares — A. Application for Hong Kong Offer Shares" in this prospectus.

(5) The Price Determination Date is expected to be on or about Wednesday, November 13, 2024, and in any event, not later than 12:00 noon on Wednesday, November 13, 2024. If, for any reason, the Offer Price is not agreed between the Overall Coordinators (for themselves and on behalf of the Underwriters) and us by 12:00 noon on Wednesday, November 13, 2024, the Global Offering will not proceed and will lapse.

(6) None of the websites or any of the information contained on the websites forms part of this prospectus.

(7) The H Share certificates will only become valid evidence of title at 8:00 a.m. on Friday, November 15, 2024, provided that the Global Offering has become unconditional in all respects and neither of the Underwriting Agreements has been terminated prior to 8:00 a.m. on Friday, November 15, 2024. Investors who trade H Shares on the basis of publicly available allocation details prior to the receipt of H Share certificates or prior to the H Share certificates becoming valid evidence of title do so entirely at their own risk.

(8) **White Form** e-Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering and in respect of wholly or partially successful applications if the final Offer Price is less than the price paid per Offer Share on application. Part of the applicant's identification document number, or, if the application is made by joint applicants, part of the identification document number of the first-named applicant, provided by the applicant(s) may be printed on the refund cheque, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant's identification document number before encashment of the refund cheque. Inaccurate completion of an applicant's identification document number may invalidate or delay encashment of the refund cheque.

(9) Applicants being individuals who are eligible for personal collection may not authorise any other person to collect on their behalf. For each applicant which is a corporation eligible for personal collection, its authorised representative who will collect on its behalf must bear a letter of authorisation from the corporate applicant stamped with its company chop. All such individual applicants and authorised representatives of corporate applicants must produce evidence of identity acceptable to the H Share Registrar at the time of collection.

Applicants who have applied through the **White Form eIPO** service and paid their applications monies through single bank accounts may have refund monies (if any) despatched to their bank account in the form of **White Form** e-Refund payment instructions. Applicants who have applied through the **White Form eIPO** service and paid their application monies through multiple bank accounts may have refund monies (if any) despatched to the address as specified in their application instructions in the form of refund cheques by ordinary post at their own risk.

Any uncollected H Share certificates will be despatched by ordinary post, at their own risk, to the addresses specified in the relevant applications. For further information, applicants should refer to "How to Apply for Hong Kong Offer Shares — D. Despatch/Collection of H Share Certificates and Refund of Application Monies".

Applicants who have applied for Hong Kong Offer Shares through the **HKSCC EIPO** channel should refer to "How to Apply for Hong Kong Offer Shares — D. Despatch/Collection of H Share Certificates and Refund of Application Monies" in this prospectus for details.

The above expected timetable is a summary only. For details of the structure of the Global Offering, including its conditions, and the procedures for applications for Hong Kong Offer Shares, please refer to "Structure and Conditions of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus, respectively.

IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by us solely in connection with the Hong Kong Public Offering and the Hong Kong Offer Shares and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Hong Kong Offer Shares offered by this prospectus pursuant to the Hong Kong Public Offering. This prospectus may not be used for the purpose of making, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this prospectus to make your investment decision. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorized by us, the Joint Sponsors, the Overall Coordinators, Joint Global Coordinators, Joint Bookrunners, and Joint Lead Managers, the Underwriters, any of our or their respective directors or any other person or party involved in the Global Offering.

This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you. You should read the whole prospectus before you decide to invest in the Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are a leading hydrogen energy storage and transport equipment manufacturer in China. We develop and manufacture hydrogen energy core equipment used in the entire industrial value chain of hydrogen energy, which consists of its production, storage, transportation, refueling and use. We are strategically located in the Yangtze River Delta, with convenient access to the ports thereof, which have abundant supply chain resources. Leveraging our advantages in geographic location and benefitting from favorable policies in the global and China's hydrogen energy industry and hydrogen energy core equipment industry, we are dedicated to becoming the center of the global supply chain of hydrogen energy core equipment.

We currently provide four types of hydrogen energy equipment products to our customers, which include: (i) vehicle-mounted high-pressure hydrogen supply systems and related products; (ii) equipment for hydrogen refueling stations and related products; (iii) equipment for hydrogen liquefaction and the storage and transportation of liquid hydrogen; and (iv) water electrolysis hydrogen production equipment and related products.

Since our inception, we primarily focused on the transportation sector in China by developing and manufacturing core components for hydrogen fuel cell vehicles (i.e., vehicle-mounted high-pressure hydrogen supply systems) and equipment for hydrogen energy transportation infrastructure (i.e., hydrogen refueling stations). Leveraging our industry-leading positions in vehicle-mounted high-pressure hydrogen supply systems and equipment for hydrogen refueling stations, we have gained deep insights into China's hydrogen transportation industry, which allowed us to participate in the commercialization of hydrogen transportation in China. Through our experience in clean energy transportation industry, we discovered that fuel cost is one of the major bottlenecks for the use of hydrogen energy in the vehicle transportation field. By developing core equipment for hydrogen production, hydrogen liquefaction, and storage and transportation of liquid hydrogen, we began to expand our business to the upstream and midstream stages of hydrogen energy industrial value chain with multiple application scenarios. Specifically, we developed the technologies for the storage, transportation of liquid hydrogen. By storing and refueling hydrogen in liquid status, we aim to increase the capacity and efficiency of the storage, transportation and refueling of hydrogen. In addition, in order to solve the demand for hydrogen production after the construction of hydrogen refueling stations, we developed water electrolysis hydrogen production equipment in 2023 to equip onsite hydrogen production capacity within hydrogen refueling stations. We anticipate that our expanding product offering is expected to reduce the cost of hydrogen energy for end users in the foreseeable future and accelerate the popularization of hydrogen energy in China's new energy transportation market.

Capitalizing on our insights in the global and China's hydrogen energy core equipment industry and our strategic layout, we are a leading market player and have gained a series of first-mover advantages in China's hydrogen energy core equipment industry, and established our brand recognition in offering comprehensive hydrogen energy core equipment used in the entire industrial value chain of hydrogen energy. In particular:

- *Use* — We provide vehicle-mounted high-pressure hydrogen supply systems equipped with Type-III cylinders with two pressure specifications of 35MPa and 70MPa for the use of hydrogen energy.

- *Refueling* — We offer equipment for two types of hydrogen refueling stations (i.e., stationary hydrogen refueling stations and integrated hydrogen refueling stations) and related products, such as portable hydrogen compressor units, unloading units, hydrogen dispenser, among others, for the refueling of hydrogen energy.

- *Storage and transportation* — We have successfully developed (i) hydrogen liquefaction equipment to convert gaseous hydrogen into liquid hydrogen; and (ii) equipment for storage and transportation of liquid hydrogen, such as liquid hydrogen tanks for future intermodal transportation and storage of liquid hydrogen.

- *Production* — We also offer ALK and PEM water electrolysis hydrogen production equipment to our customers. We are one of a few leading companies in China that simultaneously have the manufacturing capability of these two types of water electrolysis hydrogen production equipment, and possess the ability to penetrate a broader spectrum of markets and dynamically choose between ALK and PEM technologies to explore the better balance between cost and efficiency.

Leveraging our insights on hydrogen energy industry and our technological and product advantages in hydrogen energy core equipment industry in China, we are one of a few National Specialized and Innovative "Little Giant" Enterprise (國家級專精特新"小巨人"企業) in the hydrogen energy industry in China. In addition, we have received numerous awards and recognitions for our achievement, including the Key "Little Giant" Enterprises (重點"小巨人"企業), Quasi Chain Anchor Enterprise in the Hydrogen Energy Industry Chain of New Energy Cluster in Jiangsu Province (江蘇省新能源集群氫能產業鏈中准鏈主企業), Enterprise Included in the Unicorn Incubation Program of Suzhou (蘇州"獨角獸"培育企業), and Gazelle Enterprise in Jiangsu High-tech Industrial Development Zone (江蘇省高新技術產業開發區瞪羚企業). Please see the section headed "Business — Awards and Recognitions" for further details.

OUR INDUSTRY

Hydrogen energy is one of the important catalysts for the global energy transformation and development. Governments around the world have been actively pursuing the "carbon neutral" objective and have implemented domestic policies and initiatives to promote the development of clean energy in their respective countries. For further details of these policies and initiatives, please see "Industry Overview — Overview of Hydrogen Energy Industry" in this prospectus.

Considering the preliminary stage of China's hydrogen energy industry, we remain at a loss-making position during the Track Record Period. According to Frost & Sullivan, the hydrogen energy related industries are still in the developing stage, factors such as the relatively high costs, immature technologies, limited market demand, lack of economies of scale and high costs affect the profitability of market players in the industry. Accordingly, many market players along the value chain (e.g., hydrogen fuel cell system manufacturers and hydrogen energy equipment manufacturers) are still loss-making. The hydrogen energy industry in China remains in the developmental stage primarily due to several interrelated challenges. For instance, the core technologies related to hydrogen production, storage and use are still relatively new and immature, leading to higher production costs. On the demand side, the market demand of hydrogen energy is still limited. Without sufficient market adoption, achieving economies of scale would be difficult, further raising the costs of hydrogen energy. As a result, many market players along the value chain, including hydrogen fuel cell system manufacturers and hydrogen energy equipment manufacturers, continue to operate at a loss.

We have also benefited from favorable government policies, and China's new energy market has historically benefited from government subsidies, economic incentives and policies that support its growth and development. The future performance and demand of our products rely significantly on such policies and the development of new energy vehicles sector, which uses the downstream applications of our products. Please refer to "Risk Factors — Risks Relating to Our Business and Industry — Updates of the PRC government policies and regulatory framework supporting hydrogen energy industry, hydrogen energy core equipment industry and new energy industry could have a material impact on our industry and our business operation." in this prospectus.

Favorable national and regional policy support contributes to rapid growth of hydrogen fuel cell vehicles in China. The sales volume of hydrogen fuel cell vehicles in China increased from 2.7 thousand units in 2019 to 5.8 thousand units in 2023, at a CAGR of 20.7%. According to the development goals in the "Medium- and Long-term Plan for the Development of the Hydrogen Energy Industry (2021-2035)" (《氫能產業發展中長期規劃(2021-2035年)》), the total number of hydrogen fuel cell vehicles in China will reach approximately 50.0 thousand units in 2025. Looking forward, driven by strong policy support, the sales volume of hydrogen fuel cell vehicles in China is expected to increase from approximately 8.9 thousand units in 2024 to 108.5 thousand units in 2028, at a CAGR of approximately 86.9%. As a pivotal element of the hydrogen fuel cell vehicle, the market demand for vehicle-mounted high-pressure hydrogen supply systems is expected to grow correspondingly. Supported by government policies and driven by the growth of the infrastructure for hydrogen production and refueling, the market size (in terms of sales amount) of vehicle-mounted high-pressure hydrogen supply system is projected to reach RMB15.9 billion by 2028, at a CAGR of 80.7% from 2024 to 2028. The market size (in terms of sales amount) of vehicle-mounted hydrogen storage cylinders, as the core component of vehicle-mounted high-pressure hydrogen supply systems, is also expected to reach RMB9.3 billion in 2028, at a CAGR of 70.7% during the same period.

With the popularization of hydrogen fuel cell vehicles, the demand for the construction of supporting facilities, such as hydrogen refueling stations, is expected to grow. The cumulative number of built hydrogen refueling stations in China has surged from 56 units in 2019 to 428 units in 2023, at a CAGR of 66.3%. According to the "Energy-Saving and New Energy Vehicle Roadmap 2.0" (《節能與新能源汽車路線2.0》) issued by the China Society of Automotive Engineers in October 2020, it proposed to build 1,000 hydrogen refueling stations by 2025 and 5,000 hydrogen refueling stations by 2030-2035 in China. As a result of government policy support, the cumulative number of built hydrogen refueling stations in China is expected to reach 1,000 units in 2025 and 2,766 units in 2028, representing a CAGR of 44.8% from 2024 to 2028. Driven by the growth of hydrogen refueling stations, the sales revenue of core equipment in newly built hydrogen refueling stations in China is expected to reach RMB3,778.3 million in 2028, representing a CAGR of 33.3% from 2024 to 2028.

Furthermore, prior to 2023, China's total production capacity of hydrogen liquefaction remained insignificant, and such liquid hydrogen liquefaction production facilities were primarily utilized in the aerospace and military sectors. Due to China's small hydrogen liquefaction capacity and relatively small domestic demand for equipment for storage and transportation of liquid hydrogen, only a few domestic companies have deployed in this field in the past. However, recently, with the development of the hydrogen liquefaction technology in civil application, there has been rapid progress in the development of equipment for storage and transportation of liquid hydrogen for civilian use. Please refer to "Industry Overview — Overview of Core Equipment for Liquid Hydrogen Industry" in this prospectus for details.

Fostering the advancement of hydrogen production from renewable sources is a pivotal strategy in driving the decarbonization efforts across various industries, primarily because utilizing renewable energy for water electrolysis presents substantial advantages in curbing carbon emissions compared to traditional hydrogen production methods that rely on fossil fuels. Therefore, the Chinese government has implemented a series of supportive policies, including incentives for breakthroughs in core technologies for water electrolysis hydrogen production and facilitating demonstration applications of hydrogen production from renewable energy. Such supportive measures are poised to promote the increasing demand for hydrogen produced from renewable energy, thus yielding substantial benefits for equipment manufacturers of the water electrolysis hydrogen production industry.

In addition, according to Frost & Sullivan, green hydrogen is produced through water electrolysis powered by renewable energy (e.g., solar, wind and hydro power). Water electrolysis hydrogen production involves an electrochemical process that decomposes water into hydrogen and oxygen by employing electricity. There is no carbon emission throughout the electrochemical process. The proportion of green hydrogen in China is expected to surge from less than 5% in 2023 to approximately 20% of the total hydrogen production volume by 2030. Consequently, the market size of China's water electrolysis hydrogen production equipment industry in terms of revenue is projected to sustain its upward trajectory in the forthcoming years, reaching RMB64.2 billion in 2028, representing a CAGR of 79.9% from 2024 to 2028.

OUR COMPETITIVE STRENGTHS

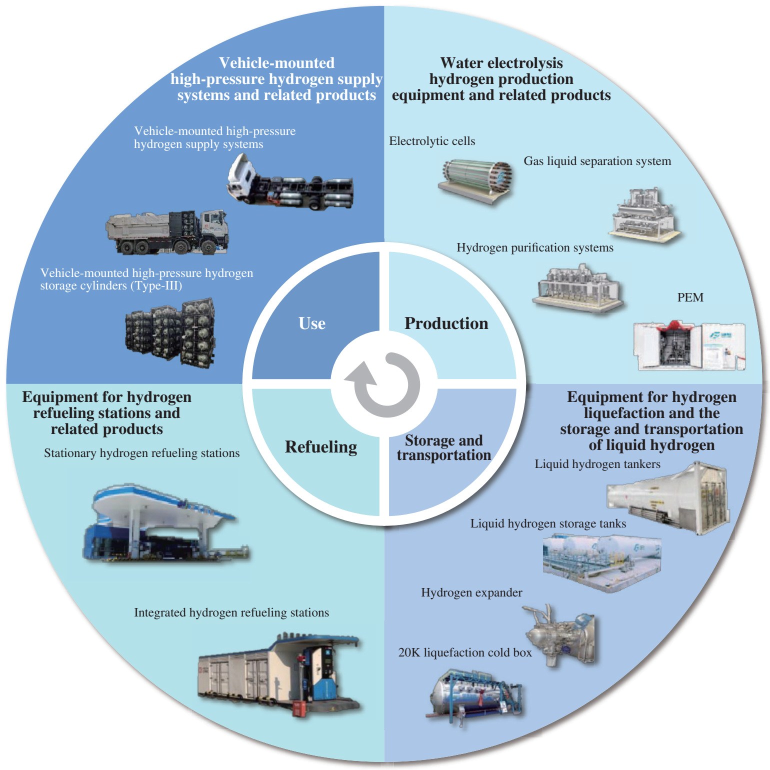
We believe the following strengths have contributed to our success and differentiate us from our competitors: (i) a leading hydrogen energy storage and transport equipment manufacturer in the PRC, holding a series of first-mover advantages and acting as a leading market player in a number of market segments of China's hydrogen energy core equipment industry; (ii) an active participant in the formulation of industry standards with strategic layout covering key stages in the hydrogen energy industrial value chain that is deeply rooted in China with an expanding footprint in overseas markets; (iii) strong R&D capabilities, comprehensive R&D cooperation and cultivation of excellent talents, which develop leading proprietary technologies and set high competitive standards; (iv) deep industry knowledge and experience connecting with growing customer base; (v) strong capability of supply chain integration in the hydrogen energy industry by optimizing operational efficiency and promoting comprehensive customized services; and (vi) professional, dedicated and experienced founder, management team and R&D team with strong shareholder support. Please refer to "Business — Our Competitive Strengths" in this prospectus for details.

OUR BUSINESS STRATEGIES

We are committed to becoming a leader in the advancement of hydrogen energy technologies and equipment and related products, and making sizeable contributions to the transformation of green energy, energy saving and carbon reduction and realization of the objective of "Carbon Peaking and Carbon Neutrality ("碳達峰,碳中和")". To achieve our objective, we plan to implement the following key strategies: (i) generate synergy of our existing business lines and build an ecosystem for the development of the hydrogen energy industry; (ii) adhere to the R&D-driven strategy and promote technology upgrades and product iterations; (iii) expedite our globalization strategy to realize the expansion of our international presence; (iv) strengthen our manufacturing capabilities and increase production capacity; (v) actively participate the formulation of policies and standards of hydrogen energy and capitalized on the opportunities brought by favorable government policies; and (vi) continue to attract and cultivate professional talents and improve our operational efficiency with the support of comprehensive talent training and team building. Please refer to "Business — Our Business Strategies" in this prospectus for details.

OUR PRODUCTS

Below is an illustration of our products and their applications in the production, storage, transportation, refueling and use of hydrogen energy:



Vehicle-mounted High-pressure Hydrogen Supply Systems and Related Products

Vehicle-mounted high-pressure hydrogen supply system is one of the key sub-systems of hydrogen fuel cell systems and is the energy storage unit of a hydrogen fuel cell vehicle. These systems are generally used for the storage and supply of hydrogen for the electrochemical reaction of fuel cell stacks. A vehicle-mounted high-pressure hydrogen supply system mainly consists of hydrogen storage cylinders, pipelines and valve parts, pressure/temperature sensors and a control system. Currently, we primarily focus on providing vehicle-mounted high-pressure hydrogen supply systems equipped with Type-III cylinders with two pressure specifications of 35MPa and 70MPa. We ranked first in terms of sales amount of vehicle-mounted high-pressure hydrogen supply systems in China in 2023, with a market share of 23.6%. We are fully capable of developing, designing and manufacturing these systems in-house.

Vehicle-mounted high-pressure hydrogen storage cylinders are one of the core components of vehicle-mounted high-pressure hydrogen supply systems. During the Track Record Period, we focused on developing Type-III and Type-IV cylinders. In particular, we completed the development and are capable of manufacturing ten types of 35MPa Type-III cylinders and two types of 70MPa Type-III cylinders in terms of the volume of a single cylinder. We also offer customized cylinders based on customers' specific requirements. We ranked first in terms of sales amount of vehicle-mounted high pressure hydrogen storage cylinders in China in 2023, with a market share of 26.2%. Our vehicle-mounted high-pressure hydrogen storage cylinders are mainly used for the production of our vehicle-mounted high-pressure hydrogen supply systems.

Equipment for Hydrogen Refueling Stations and Related Products

Our hydrogen refueling station consists of various equipment components comprising of portable hydrogen compressor unit, unloading units, hydrogen dispensers, sequence control panels and station control systems, among others. We offer equipment for two types of hydrogen refueling stations in terms of the form of station construction, namely, stationary hydrogen refueling stations and integrated hydrogen refueling stations. The hydrogen refueling stations with the equipment we provided are generally equipped with our proprietary intelligent station control system. This system ensures the safety control of hydrogen unloading, pressurizing, refueling, cooling, metering and other functions by conducting real-time monitoring and remote intelligent diagnosis of the operating parameters of the refueling system and core components. We separately sell equipment components to operators of hydrogen refueling stations and new energy equipment providers.

Equipment for Hydrogen Liquefaction and the Storage and Transportation of Liquid Hydrogen

The technology for hydrogen liquefaction involves the process of converting hydrogen from a gaseous state to a liquid state. We are the first company in China who uses the hydrogen expansion Claude method for civilian use, particularly hydrogen expansion Claude method, which uses a compressor to compress hydrogen gas into high-pressure gas under adiabatic conditions, followed by a cooling and expansion process to liquefy the gas. Please refer to "Industry Overview — Overview of Core Equipment for Liquid Hydrogen Industry" in this prospectus for the details of Claude method. Through independent research of liquid hydrogen conducted by our R&D team, we successfully delivered China's first industrial-scale hydrogen liquefaction equipment for civilian use with the production capacity of 10 tons per day. Leveraging our proprietary technological advantages in hydrogen liquefaction, we actively seek to capture the opportunities in the storage and transportation of liquid hydrogen. The equipment for the storage and transportation of liquid hydrogen primarily includes liquid hydrogen storage tanks and liquid hydrogen containers.

Water Electrolysis Hydrogen Production Equipment and Related Products

Using renewable energy through water electrolysis is expected to become one of the mainstream approaches used for hydrogen production in the future. Our water electrolysis hydrogen production equipment, as the core process equipment for green electricity-green hydrogen conversion, mainly consists of electrical equipment, electrolyzer, gas-liquid separation system, hydrogen purification system and other auxiliary equipment. We mainly provide customers with water electrolysis hydrogen production equipment, including ALK electrolyzer, PEM electrolyzer, system integration, distributed hydrogen production and other green hydrogen solutions.

OUR OPERATION

During the Track Record Period, we primarily engaged in offering four types of hydrogen energy equipment products to our customers, including: (i) vehicle-mounted high-pressure hydrogen supply systems and related products; (ii) equipment for hydrogen refueling stations and related products; (iii) equipment for hydrogen liquefaction and the storage and transportation of liquid hydrogen; and (iv) water electrolysis hydrogen production equipment and related products. The following table sets forth a breakdown of our revenue by product type for the years/periods indicated:

	For the years ended December 31,						For the five months ended May 31,			
	2021		2022		2023		2023		2024	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(unaudited)			
Vehicle-mounted high-pressure hydrogen supply systems and related products	189,424	57.5	275,835	76.7	301,060	57.6	32,420	71.8	26,247	40.8
Equipment for hydrogen refueling stations and related products	139,854	42.5	83,657	23.3	123,036	23.6	10,939	24.2	38,042	59.2
Equipment for hydrogen liquefaction and the storage and transportation of liquid hydrogen	–	–	–	–	82,782	15.8	–	–	–	–
Water electrolysis hydrogen production equipment and related products	–	–	–	–	15,564	3.0	1,796	4.0	–	–
Total	**329,278**	**100.0**	**359,492**	**100.0**	**522,442**	**100.0**	**45,155**	**100.0**	**64,289**	**100.0**

For the years ended December 31, 2021, 2022 and 2023 and the five months ended May 31, 2023 and 2024, we generated a majority of our revenue from vehicle-mounted high-pressure hydrogen supply systems and related products and equipment for hydrogen refueling stations and related products. Among them, revenue generated from vehicle-mounted high-pressure hydrogen supply systems and related products, accounted for approximately 57.5%, 76.7%, 57.6%, 71.8% and 40.8% of our total revenue for the years ended December 31, 2021, 2022 and 2023 and the five months ended May 31, 2023 and 2024, respectively. Revenue generated from equipment for hydrogen refueling stations and related products accounted for 42.5%, 23.3%, 23.6%, 24.2% and 59.2% of our total revenue for the same years/periods, respectively. We also generated revenue from two new product types in 2023. For the year ended December 31, 2023, the remaining 18.8% of our total revenue was generated from the sales of equipment for hydrogen liquefaction and the storage and transportation of liquid hydrogen and water electrolysis hydrogen production equipment and related products. For the five months ended May 31, 2023, the remaining 4.0% of our total revenue was generated from the sales of water electrolysis hydrogen production equipment and related products.

The following table sets forth sales volume and price range of (i) vehicle-mounted high-pressure hydrogen supply systems and related products; and (ii) equipment for hydrogen refueling stations and related products for the years/periods indicated.

	For the year ended December 31,									For the five months ended May 31,					
	2021			2022			2023			2023			2024		
	Sales Volume		Price Range[(1)]	Sales Volume		Price Range[(1)]	Sales Volume		Price Range[(1)]	Sales Volume		Price Range[(1)]	Sales Volume		Price Range[(1)]
	(liters)	*(sets)*	*(RMB'000/ set)*	*(liters)*	*(sets)*	*(RMB'000/ set)*	*(liters)*	*(sets)*	*(RMB'000/ set)*	*(liters)*	*(sets)*	*(RMB'000/ set)*	*(liters)*	*(sets)*	*(RMB'000/ set)*
Vehicle-mounted high-pressure hydrogen supply systems and related products	1,432,761	1,282	79-166	2,271,123	1,938	55-184	2,577,477	1,853	73-189	211,065	205	71-189	242,084	157	91-379[(2)]
Equipment for hydrogen refueling stations and related products	N/A	23	4,848-18,589	N/A	14	3,259-21,443[(3)]	N/A	19	3,496-10,044	N/A	1	6,947[(4)]	N/A	5	6,476-6,945

Notes:

(1) For each major product category of vehicle-mounted high pressure hydrogen supply systems and equipment for hydrogen refueling stations, the price range refers to the range of the average price of a particular type of products with different specifications.

(2) The highest average unit price increased significantly to approximately RMB379,000 in the five months ended May 31, 2024, primarily because we sold customized 70MPa vehicle-mounted high-pressure hydrogen supply systems to customers, which commanded relatively higher selling prices.

(3) We sold a set of equipment for hydrogen refueling stations with a large refueling capacity of 6,000kg in 2022. The selling price of this equipment was significantly higher than that of our other equipment, which led to the highest price end of the price range of equipment for hydrogen refueling stations in 2022 was significantly higher than that in other years/periods during the Track Record Period. We did not sell the equipment with the same refueling capacity in 2021, 2023 and the five months ended May 31, 2024.

(4) We only delivered one set of equipment for the five months ended May 31, 2023. The price range represented the unit price of such equipment.

The sales volume of vehicle-mounted high-pressure hydrogen supply systems and related products significantly increased from 1,282 sets in 2021 to 1,938 sets in 2022, primarily because we received increased customer demand for such products. The slight decrease in sales volume of vehicle-mounted high-pressure hydrogen supply systems and related products from 1,938 sets in 2022 to 1,853 sets in 2023 was mainly due to our selection of customers' orders with the terms that commercially favorable to us, leveraging our enhanced bargaining power. The decrease in sales volume of vehicle-mounted high-pressure hydrogen supply systems and related products from 205 sets in the five months ended May 31, 2023 to 157 sets in the five months ended May 31, 2024 was mainly due to the decrease in the sales volume by sets of vehicle-mounted high-pressure hydrogen supply systems with smaller hydrogen storage capacity as we focused on developing the sales of these systems with larger hydrogen storage capacity, which was evidenced by the increase in our sales volume by liters. In particular, the sales volume of vehicle-mounted high-pressure hydrogen supply systems and related products in terms of liters increased from 2,271,123 liters in 2022 to 2,577,477 liters in 2023, and from 211,065 liters in the five months ended May 31, 2023 to 242,084 liters in the five months ended May 31, 2024.

We offer various specifications of vehicle-mounted high-pressure hydrogen supply systems in terms of volume of a single hydrogen storage cylinder and the unit prices of such products vary widely. Therefore, the price range of our vehicle-mounted high-pressure hydrogen supply systems and related products is relatively broad. Generally, the selling prices of vehicle-mounted high-pressure hydrogen supply systems with a larger hydrogen storage capacity are higher than that of vehicle-mounted high-pressure hydrogen supply systems with a smaller storage capacity.

The sales volume of equipment for hydrogen refueling stations and related products decreased from 23 sets in 2021 to 14 sets in 2022, primarily due to the industry trend of a slow-down in the growth of new hydrogen refueling stations built in 2022, which led to decreased customer demand for our equipment for hydrogen refueling stations and related products. The sales volume of equipment for hydrogen refueling stations and related products increased from 14 sets in 2022 to 19 sets in 2023, mainly due to increased customer demand that resulted in additional units being sold, which was in line with the increase in the number of new hydrogen refueling stations built in China in 2023. The sales volume of equipment for hydrogen refueling stations and related products increased from one set in the five months ended May 31, 2023 to five sets in the five months ended May 31, 2024 mainly because we completed the delivery of the relevant equipment in 2024 for customer orders received in 2023, and similarly, the delivery of the relevant equipment in the five months ended May 31, 2023 was for the customer order received in 2022. As aforementioned, customer demand for our equipment for hydrogen refueling stations and related products increased in 2023 compared to 2022. We offer various specifications of equipment for hydrogen refueling stations and related products in terms of refueling capacity, and the unit prices of such products vary widely. Therefore, our price range of equipment for hydrogen refueling stations and related products is relatively broad. In addition, we delivered our first equipment for hydrogen liquefaction and the storage and transportation of liquid hydrogen to a customer and five sets of water electrolysis hydrogen production equipment and related products to other customers in 2023.

During the Track Record Period, we only delivered one set of hydrogen liquefaction equipment to a customer and five sets of water electrolysis hydrogen production equipment and related products to our customers in 2023.

OUR PRODUCTION AND PRODUCTION FACILITIES

Our manufacturing adheres to the quality standards and product specifications as required by our customers. We constantly maintain stringent technical standards in our production processes. Our production facilities are equipped with an array of machineries and equipment used for manufacturing different product types. We exerted great efforts in maximizing our production efficiency and utilization rate of raw materials so that we can swiftly respond to changing customer demands while retaining our cost-effectiveness. As of the Latest Practicable Date, we officially operated two production facilities in China, which were located in Zhangjiagang, Jiangsu Province. Our manufacturing complies with the relevant national and industry standards and product specifications as required by our customers. We endeavor to develop and manufacture high quality products, which requires us to constantly maintain high technical standards of our production processes. Please refer to "Business — Our Facilities and Production" in this prospectus for details.

We experience seasonal fluctuations in the demand primarily for our vehicle-mounted high-pressure hydrogen supply systems and related products. Due to the nature of our business, vehicle manufacturers are one of our major types of customers, whose businesses are subject to the seasonality of China's hydrogen fuel cell vehicle industry. Please refer to "Business — Seasonality" in this prospectus for details.

RESEARCH AND DEVELOPMENT

Our R&D efforts primarily focus on hydrogen energy core equipment in order to further expand our product portfolio to cover the entire industrial value chain of hydrogen energy, and provide equipment solutions for the production, storage, transportation and use of hydrogen energy.

Through our dedicated R&D efforts in innovation and our experience in the application of hydrogen energy, we have accumulated technical advantages in the field of hydrogen energy core equipment. As of May 31, 2024, we had 10 proprietary core technologies, all of which were applied in our main products, and had 175 issued patents that were used in our major commercialized products. In addition, we have been actively leading and participating in the R&D activities of hydrogen energy-related projects in China, especially in Jiangsu Province and established a number of hydrogen energy research centers. We are also an active participant in the strategic planning and standard-formulation for the development of China's hydrogen energy industry. As of the Latest Practicable Date, we had participated in the drafting of (i) 10 national standards; (ii) 12 group standards; and (iii) one local standard under the coordination of the National Standardization Administration Committee (國家標準化管理委員會) and other organizations. We have invested substantial capital in R&D. In the years ended December 31, 2021, 2022 and 2023 and the five months ended May 31, 2023 and 2024, our R&D expenses were RMB41.7 million, RMB42.7 million, RMB39.1 million, RMB10.0 million and RMB17.1 million, respectively, representing 12.7%, 11.9%, 7.5%, 22.0% and 26.5% of our total revenue, respectively. As of May 31, 2024, we had a R&D team of 76 personnel. As of the end of each year/period of the Track Record Period, the number of our R&D staff accounted for 13.4%. 11.4%, 14.8% and 14.7% of our total employees, respectively.

We not only use our internal funds to carry out independent R&D projects and gain R&D experience, but also collaborate with external parties, such as universities and specialized research institutes, or undertake special projects assigned by the national, provincial and municipal governments. We mainly conduct independent R&D activities through Hydrogen Cloud Research Institute, which is the R&D platform of our Group. As of the Latest Practicable Date, we were widely recognized in the industry for our technical capabilities, R&D strengths and product quality. Please see the section headed "Business — Research and Development" in this prospectus for more details.

CUSTOMERS

Through years of our dedication in offering competitive products and serving our customers, we have established and maintained a stellar market reputation and stable customer base. Our customers primarily consist of fuel cell system integration providers, vehicle manufacturers, domestic energy companies, city bus operating companies. In each year/period of the Track Record Period, revenue from our five largest customers amounted to RMB147.5 million, RMB192.1 million, RMB296.0 million and RMB44.4 million, respectively, accounting for 44.8%, 53.5%, 56.7% and 69.1%, respectively, of our total revenue for the same years/periods. In each year/period of the Track Record Period, revenue from our largest customer amounted to RMB43.7 million, RMB94.5 million, RMB86.0 million and RMB20.8 million, respectively, accounting for 13.3%, 26.3%, 16.5% and 32.4%, respectively, of our total revenue for the same years/periods. Please see "Business — Sales and Marketing — Customers" in this prospectus for details.

SUPPLIERS

Our suppliers primarily consist of the providers of carbon fiber, aluminum tubes, tube and valve fittings, bottle sets, compressors, among others. In each year/period of the Track Record Period, purchases from our five largest suppliers amounted to RMB151.7 million, RMB221.4 million, RMB95.6 million and RMB25.6 million, respectively, accounting for 44.1%, 55.4%, 33.6% and 39.7%, respectively of our total purchases for the same years/periods. In each year/period of the Track Record Period, purchases from our largest supplier amounted to RMB65.8 million, RMB138.9 million, RMB42.4 million and RMB13.0 million, respectively, accounting for 19.1%, 34.7%, 14.9% and 20.2%, respectively, of our total purchases for the same years/periods. Please see "Business — Raw Materials and Supply — Suppliers" in this prospectus for details.

INTELLECTUAL PROPERTY

Intellectual property rights are important to our business. As of May 31, 2024, we had (i) 303 trademarks; (ii) 277 issued patents (including six patents jointly held with independent third parties) with a tenure generally ranging from 10 to 20 years, comprising 81 invention patents, eight exterior design patents and 188 utility model patents; (iii) 37 software copyrights; and (iv) three domain names. See the section headed "Appendix VII — Statutory and General Information — B. Further Information about Our Business — 2. Intellectual

Property Rights" in this prospectus for more information of our intellectual properties that are material to our business. As of the same date, we self-owned most of our patents, and had a few co-owned or co-share arrangements of our patents with third parties.

SUMMARY FINANCIAL INFORMATION

The following tables set forth summary data from our consolidated financial information for the Track Record Period, extracted from the Accountants' Report set out in Appendix I to this prospectus. The summary consolidated financial data set forth below should be read together with, and qualified in its entirety by reference to, the consolidated financial statements in this prospectus, including the related notes. Our consolidated financial information was prepared in accordance with IFRS.

Summary of Consolidated Statements of Profit or Loss

The following table sets forth the components of our consolidated statements of profit or loss and other comprehensive income for the years/periods indicated:

	For the year ended December 31,			For the five months ended May 31,	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Revenue	329,278	359,492	522,442	45,155	64,289
Cost of sales	(297,506)	(320,470)	(429,077)	(42,537)	(63,035)
Gross profit	31,772	39,022	93,365	2,618	1,254
Other income	16,176	13,112	25,288	3,732	3,100
Other gains and losses	(957)	(213)	318	294	(393)
Impairment losses under expected credit loss model, net of reversal	(21,549)	(2,378)	(6,125)	5,141	(14,723)
Selling expenses	(20,518)	(22,185)	(43,530)	(9,462)	(16,485)
Research and development expenses	(41,724)	(42,740)	(39,063)	(9,955)	(17,050)
Administrative expenses	(47,153)	(88,405)	(90,888)	(32,445)	(49,365)
Listing expenses	–	–	(3,223)	–	(8,060)
Share of results of associates	(419)	(333)	(2,105)	(951)	(1,761)
Finance costs	(5,177)	(11,970)	(22,846)	(11,118)	(13,532)
Loss before tax	(89,549)	(116,090)	(88,809)	(52,146)	(117,015)
Income tax credit	14,300	19,872	13,766	7,928	20,179
Loss for the year/period	(75,249)	(96,218)	(75,043)	(44,218)	(96,836)

	For the year ended December 31,			For the five months ended May 31,	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Other comprehensive income (expense)					
Item that will not be reclassified to profit or loss:					
Fair value gain on investments in equity instruments at FVTOCI	–	16,333	–	–	714
Item that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations	–	–	(495)	(27)	(48)
Fair value (loss)/gain on debt instruments at fair value through other comprehensive income, net of income tax	–	(493)	238	–	–
	–	(493)	(257)	(27)	(48)
Other comprehensive income (expense) for the year/period, net of income tax	–	15,840	(257)	(27)	666
Total comprehensive expense for the year/period	(75,249)	(80,378)	(75,300)	(44,245)	(96,170)
Loss for the year/period attributable to:					
— Owners of our Company	(71,187)	(93,857)	(73,303)	(43,676)	(96,548)
— Non-controlling interest	(4,062)	(2,361)	(1,740)	(542)	(288)
	(75,249)	(96,218)	(75,043)	(44,218)	(96,836)
Total comprehensive expense for the year/period attributable to:					
— Owners of our Company	(71,187)	(78,017)	(73,560)	(43,703)	(95,882)
— Non-controlling interests	(4,062)	(2,361)	(1,740)	(542)	(288)
	(75,249)	(80,378)	(75,300)	(44,245)	(96,170)
Loss per share					
— Basic *(RMB)*	(0.87)	(1.04)	(0.81)	(0.49)	(0.98)

Non-IFRS Measures

To supplement our consolidated financial statements, which are presented in accordance with IFRS, we use adjusted EBITDA (non-IFRS measure) and adjusted net loss (non-IFRS measure) as additional financial measures. These non-IFRS financial measures are not required by, or presented in accordance with, IFRS. We believe that such non-IFRS measures facilitate the comparisons of operating performance from period to period and company to company by eliminating potential impact of certain items. We also believe that these non-IFRS measures provide additional information to investors and others to understand and evaluate our results of operations in the same manner as they help our management and to compare financial results across accounting periods and against our peer companies. However, our definition of adjusted EBITDA and adjusted net profit or loss may not be comparable to other similarly titled financial measures presented by other companies. The use of these non-IFRS measure has limitations as an analytical tool, and should not be considered in isolation from, or as a substitute for analysis of, our results of operations as reported under IFRS.

We define adjusted net loss (non-IFRS measure) as loss for the year/period adjusted for (i) equity-settled share-based payment expenses; and (ii) listing expenses. We define adjusted EBITDA (non-IFRS measure) as EBITDA (which is loss for the year/period plus income tax/(credit), net finance costs and depreciation and amortization) adjusted by adding (i) equity-settled share-based payment expenses; and (ii) listing expenses.

The nature of each adjustment is as follows: (i) equity-settled share-based payment expenses mainly represent the expenses of restricted shares schemes, which is a non-cash item; and (ii) listing expenses primarily represent the listing expenses incurred in relation to the Global Offering.

The following table reconciles our adjusted net loss (non-IFRS measure) and adjusted EBITDA (non-IFRS measure) for the years/periods indicated:

	For the year ended December 31,			**For the five months ended May 31,**	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Loss for the year/period	**(75,249)**	**(96,218)**	**(75,043)**	**(44,218)**	**(96,836)**
Add:					
Equity-settled share-based payment expenses	–	–	4,804	–	24,015
Listing expenses	–	–	3,223	–	8,060
Adjusted net loss (non-IFRS measure)	**(75,249)**	**(96,218)**	**(67,016)**	**(44,218)**	**(64,761)**

	For the year ended December 31,			For the five months ended May 31,	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Add:					
– Income tax/(credit)	(14,300)	(19,872)	(13,766)	(7,928)	(20,179)
– Net finance costs	3,568	10,629	21,449	10,556	12,413
– Depreciation and amortization.	6,106	12,402	19,092	6,632	14,952
Adjusted EBITDA (non-IFRS measure) . .	**(79,875)**	**(93,059)**	**(40,241)**	**(34,958)**	**(57,575)**

For the years ended December 31, 2021, 2022 and 2023 and the five months ended May 31, 2023 and 2024, we recorded loss for the year/period of RMB75.2 million, RMB96.2 million, RMB75.0 million, RMB44.2 million and RMB96.8 million, respectively. We recorded net losses during the Track Record Period primarily because (i) China's hydrogen energy industry is in an early stage of commercialization, which resulted in the fluctuation of customer demand; and (ii) we were in the stage of enhancing our core technologies, expanding our production capacity and increasing our sales, which involved continuous and substantial investments in R&D, administration, marketing, business development and recruitment of personnel to support our growth and compete with our peers. The loss for the year increased from RMB75.2 million in 2021 to RMB96.2 million in 2022, mainly due to an increase in administrative expenses and an increase in finance cost in 2022. The loss for the year decreased from RMB96.2 million in 2022 to RMB75.0 million in 2023, primarily because of a significant increase in our gross profit in 2023 offset by an increase in our operating expenses. The loss for the period increased from RMB44.2 million in the five months ended May 31, 2023 to RMB96.8 million in the five months ended May 31, 2024, mainly due to an increase in impairment losses under the expected credit loss model, net of reversal, operating expenses, equity-settled share-based payment expenses, listing expenses, and depreciation and amortization. Please see "Financial Information — Period to Period Comparison of Results of Operations" in this prospectus for more information.

Summary of Consolidated Statements of Financial Position

	As of December 31,			As of May 31,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total non-current assets	393,543	792,621	945,497	1,128,566
Total current assets	715,754	872,700	1,152,038	910,718
Total Assets	1,109,297	1,665,321	2,097,535	2,039,284
Total non-current liabilities	132,937	342,001	435,976	417,642
Total current liabilities	283,470	711,482	1,095,937	902,814
Total Liabilities	416,407	1,053,483	1,531,913	1,320,456
Net Current Assets	432,284	161,218	56,101	7,904
Net Assets	**692,890**	**611,838**	**565,622**	**718,828**
Non-controlling interests	(1,643)	(29)	231	(57)

Our net current assets decreased from RMB432.3 million as of December 31, 2021 to RMB161.2 million as of December 31, 2022, primarily due to the increase in our total current liabilities, which was mainly attributable to (i) an increase in our trade and other payables as we increased the procurement of raw materials and had increased payables for the construction of Zhangjiagang Factory Phase III; and (ii) an increase in our borrowings mainly because we obtained additional bank loans to fund our working capital and capital expenditures in connection with the expansion of our production capacity.

Our net current assets decreased from RMB161.2 million as of December 31, 2022 to RMB56.1 million as of December 31, 2023, primarily due to the increase in our total current liabilities, which was mainly attributable to (i) an increase in borrowings as we obtained additional bank loans to fund our working capital and capital expenditures relating to the expansion of our production capacity; and (ii) an increase in trade and other payables as we had advance receipt of investment from one of our investors, which will be reclassified as paid-in-capital. Please see the section headed "Financial Information — Net Current Assets" in this prospectus for more information.

Our net current assets decreased from RMB56.1 million as of December 31, 2023 to RMB7.9 million as of May 31, 2024, primarily due to the decrease in our current assets outpacing the decease in our current liabilities. Our current assets decreased from RMB1,152.0 million as of December 31, 2023 to RMB910.7 million as of May 31, 2024, mainly due to (i) a decrease in cash and cash equivalent from RMB333.3 million as of December 31, 2023 to RMB135.8 million as of May 31, 2024 as we utilized available cash to make investments and fund our operation; (ii) a decrease in trade and other receivables from RMB486.6 million as of December 31, 2023 to RMB426.5 million, mainly due to our successful collection of a portion of our trade receivables from certain of our existing customers in the five months ended May 31, 2024; and (iii) a decrease in restricted bank deposits from RMB21.2 million as of December 31, 2023 to RMB9.8 million as of May 31, 2024, mainly because certain bills payables have matured and relevant restricted bank deposits were withdrawn, partially offset by an increase in inventory from RMB178.4 million as of December 31, 2023 to RMB197.2 million as of May 31, 2024, due to the increased production of our major products, especially vehicle-mounted high-pressure hydrogen storage cylinders, equipment for hydrogen refueling stations and the equipment for hydrogen liquefaction and the storage and transportation of liquid hydrogen to meet the increasing customer demand. Our current liabilities decreased from RMB1,095.9 million as of December 31, 2023 to RMB902.8 million as of May 31, 2024, primarily due to a decrease in trade and other payables from RMB626.5 million as of December 31, 2023 to RMB394.0 million as of May 31, 2024, mainly due to the decrease in advanced receipt of investment from our investors from RMB200.0 million to nil with the recognition of share capital and capital reserve as of May 31, 2024, partially offset by (i) an increase in borrowings from RMB448.0 million as of December 31, 2023 to RMB480.1 million as of May 31, 2024, mainly because we borrowed additional bank loans to fund our working capital and capital expenditures relating to the expansion of our production; and (ii) an increase in deferred income from RMB1.3 million as of December 31, 2023 to RMB12.1 million as of May 31, 2024, mainly due to an increase in the amount of government subsidies that we received and recognized as deferred income for which we had not met the relevant conditions thereof.

In addition, as of December 31, 2021, 2022 and 2023 and May 31, 2024, our net assets amounted to RMB692.9 million, RMB611.8 million, RMB565.6 million and RMB718.8 million, respectively. Our net assets decreased from RMB692.9 million as of December 31, 2021 to RMB611.8 million as of December 31, 2022, mainly due to total comprehensive expense for the year of RMB80.4 million in 2022. Our net assets decreased from RMB611.8 million as of December 31, 2022 to RMB565.6 million as of December 31, 2023, mainly due to total comprehensive expense for the year of RMB75.3 million, partially offset by the proceeds from issue of restricted shares of RMB22.3 million in connection with our restricted shares schemes through which we granted restricted shares to certain eligible employees and directors in 2023. Our net assets increased from RMB565.6 million as of December 31, 2023 to RMB718.8 million as of May 31, 2024, mainly due to the issue of shares of RMB225.4 million in relation of our issue of 5,881,191 ordinary shares to several independent investors in the five months ended May 31, 2024, partially offset by total comprehensive expense for the period of RMB96.2 million.

Summary of Consolidated Statements of Cash Flows

	For the year ended December 31,			For the five months ended May 31,	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (*unaudited*)	*RMB'000*
Net cash flows (used in)/from operating activities	(254,362)	(173,874)	8,361	(42,924)	(41,353)
Net cash flows used in investing activities	(149,383)	(269,162)	(248,693)	(37,327)	(181,149)
Net cash flows from financing activities	485,760	351,780	496,550	198,348	25,050
Net increase/(decrease) in cash and cash equivalents	82,015	(91,256)	256,218	118,097	(197,452)
Cash and cash equivalents at beginning of year/period	86,138	168,153	76,897	76,897	333,298
Effect of foreign exchange rate changes	–	–	183	76	(84)
Cash and cash equivalents at end of year/period	168,153	76,897	333,298	195,070	135,762

We recorded net cash used in operating activities in 2021 and 2022. Our net cash used in operating activities was RMB254.4 million for the year ended December 31, 2021, primarily reflected our loss before tax of RMB89.5 million, mainly adjusted for (i) impairment losses under expected credit loss model, net of reversal of RMB21.5 million; (ii) depreciation of property, plant and equipment of RMB11.8 million; (iii) finance costs of RMB5.2 million; and (iv) changes in working capital. Negative adjustment for changes in working capital primarily consisted of (i) increase in inventories of RMB73.1 million; (ii) increase in trade and other receivables of RMB133.2 million; (iii) decrease in contract liabilities of RMB12.9 million; and (iv) increase from amounts due from associates of RMB9.0 million, partially offset by (i) increase in trade and other payables of RMB21.2 million; and (ii) increase in amount due to an associate of RMB7.1 million.

Our net cash used in operating activities was RMB173.9 million for the year ended December 31, 2022, primarily reflected our loss before tax of RMB116.1 million, mainly adjusted for (i) depreciation of property, plant and equipment of RMB22.1 million; (ii) finance costs of RMB12.0 million; (iii) depreciation of right-of-use assets of RMB2.4 million; and (iv) changes in working capital. Negative adjustment for changes in working capital primarily consisted of (i) increase in inventories of RMB122.8 million; (ii) increase in trade and other receivables of RMB78.4 million; and (iii) increase in debt instruments at FVTOCI of RMB54.6 million, partially offset by (i) increase in trade and other payables of RMB112.7 million; (ii) increase in deferred income of RMB26.9 million; and (iii) decrease in amounts due from associates of RMB10.6 million.

Our net cash used in operating activities was RMB41.3 million for the five months ended May 31, 2024, which primarily reflected our loss before tax of RMB117.0 million, mainly adjusted for (i) equity-settled share-based payment expenses of RMB24.0 million; (ii) depreciation of property, plant and equipment of RMB18.0 million; (iii) finance costs of RMB13.5 million; and (iv) changes in working capital. Negative adjustment for changes in working capital primarily consisted of (i) increase in inventory of RMB21.9 million; (ii) decrease in trade and other payables of RMB20.8 million; (iii) increase in debt instruments at FVTOCI of RMB7.0 million, partially offset by (i) decrease in trade and other receivables of RMB43.8 million; and (ii) increase in deferred income of RMB9.2 million.

KEY FINANCIAL RATIOS

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

	As of/for the year ended December 31,			As of/ for the five months ended May 31,
	2021	2022	2023	2024
Gross profit margin	9.6%	10.9%	17.9%	2.0%
Current ratio(1)	2.5	1.2	1.1	1.0
Quick ratio(2)	1.9	0.8	0.9	0.8
Interest coverage ratio(3)	(16.3)	(8.7)	(2.9)	(7.6)
Net debt to equity ratio(4)	N/A(5)	74.8%	89.1%	99.7%

Notes:

(1) Current ratio equals our current assets divided by current liabilities as of the end of the year/period.

(2) Quick ratio equals our current assets less inventories divided by current liabilities as of the end of the year/period.

(3) Interest coverage ratio equals profit before interest and tax for the year/period divided by finance cost for the same year/period.

(4) Net debt to equity ratio equals total borrowings net of cash and cash equivalents at the end of the year/period divided by total equity at the end of the year/period.

(5) As of December 31, 2021, we had more cash and cash equivalents than total borrowings.

OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

As of the Latest Practicable Date, New Cloud Technology, Mr. Wu, Mr. Wang, Qingjie New Energy, Hydrogen Ying New Energy and Hydrogen Win New Energy were the Single Largest Group of Shareholders, which was led by Mr. Wu, the founder of our Group. Among them, New Cloud Technology directly held approximately 19.07% of our issued share capital.

New Cloud Technology was held by Mr. Wu and Mr. Wang, each in the capacity as a general partner, as to approximately 28.98% and approximately 15.30%, and by 24 limited partners as to approximately 55.72%, respectively. In addition to Mr. Wu's interest in New Cloud Technology, as of the Latest Practicable Date, (i) Mr. Wu directly owned approximately 3.47% of our issued share capital; (ii) Qingjie New Energy, which held approximately 1.52% of our issued share capital, has entered into a voting rights proxy agreement with Mr. Wu dated March 23, 2020, to entrust the voting rights attached to its shareholding in our Company to Mr. Wu for a period starting from the signing date of the voting rights proxy agreement until 36 months after the date of initial public offering and listing of our Company; and (iii) Mr. Wu was the general partner of Hydrogen Ying New Energy and Hydrogen Win New Energy, which held approximately 1.89% and approximately 0.93% of our issued share capital, respectively. Pursuant to an acting in concert agreement entered into between Mr. Wu and Mr. Wang on March 23, 2020, for a period starting from the signing date of the acting in concert agreement until 36 months after the date of initial public offering and listing of our Company, Mr. Wu and Mr. Wang shall act in concert in exercising, among other things, the voting rights as shareholders and directors of our Company (including through New Cloud Technology, Qingjie New Energy, Hydrogen Ying New Energy and Hydrogen Win New Energy), as the case may be, provided that if there is any disagreement between them, Mr. Wu's decision shall be final.

Accordingly, our Single Largest Group of Shareholders was, collectively, entitled to exercise an aggregate of approximately 26.89% of the voting rights in our Company as of the Latest Practicable Date. For more details, please refer to the sections headed "History and Corporate Structure" and "Substantial Shareholders" in this prospectus.

PRE-IPO INVESTMENTS

We have attracted certain investors to raise funds for the development of our business. Our Pre-IPO Investors include state-owned enterprises, professional investment companies or professional funds and certain individuals. For more details of the identity and background of the Pre-IPO Investors, please refer to the section headed "History and Corporate Structure" in this prospectus.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the listing committee of the Stock Exchange under Rule 8.05(3) of the Listing Rules for the granting of the listing of, and permission to deal in, our H Shares to be issued pursuant to the Global Offering and the H shares to be converted from the Domestic Unlisted Shares on the basis that, among other things, we satisfy the market capitalization/revenue test under Rule 8.05(3) of the Listing Rules with reference to (i) our revenue of RMB522.4 million (equivalent to approximately HK$576.2 million) for the year ended December 31, 2023, which exceeds HK$500 million; and (ii) our expected market capitalization at the time of Listing, which, based on the Offer Price of HK$69.00 per Offer Share (being the mid-point of the indicative Offer Price range of HK$65.00 to HK$73.00 per Offer Share).

Business Activities with a Supplier in a Country Subject to International Sanctions

During the Track Record Period, we had engaged a non-sanctioned company in the Russia (excluding Crimea) to procure testing services for certain liquid hydrogen equipment we developed in-house. As advised by our International Sanctions Legal Advisors after performing the procedures they consider necessary, during the Track Record Period, our procurement of testing services from such supplier in the Russia (excluding Crimea) did not implicate International Sanctions. In addition, such procurement of testing services denominated in USD did not involve any Sanctioned Targets other than the receiving bank engaged by our non-sanctioned supplier. As advised by our International Sanctions Legal Advisors, our indirect transactions with the sanctioned receiving bank did not implicate limited restrictions applicable to such entity as an entity designated on Sectoral Sanctions Identifications List because (i) the transactions did not fall into the scope of such OFAC sectoral sanctions program as none of their transactions is made by a U.S. person or made within the United States; (ii) the limited activities involving USD payments were not restricted by the sectoral sanctions relating to new debt or equity; and (iii) the transactions were prior to its designation as a SDN. For more details, please refer to the paragraph headed "Risk Factors — We could be adversely affected as a result of any sales we make to certain countries that are, or become subject to, sanctions administered by the United States, the EU, the U.K., the UN, Australia and other relevant sanctions authorities" and "Business — Business Activities with a Supplier in a Country Subject to International Sanctions" in this prospectus.

RECENT DEVELOPMENTS

In June 2024, two production lines of our Zhangjiagang Factory Phase III commenced operations. One production line is for Type-III cylinders with an annual capacity of approximately 22,000 units (equivalent to approximately 9.0 million liters), and the other is for water electrolysis hydrogen production equipment with an annual capacity of approximately 120 sets. For the rationale to expand our production capacity for water electrolysis hydrogen production equipment, please refer to "Business — Our Facilities and Production — Production Expansion Plan" in this prospectus.

In the same month, an associate, Hydrogen Mainline (Henan) New Energy Technology Co., Ltd. (氫幹線(河南)新能源科技有限公司) ("Hydrogen New Mainline"), was established by our Company, Henan Dahe Four Seasons Cold Chain Logistics Co., Ltd. (河南大河四季冷鏈物流有限公司) and three other shareholders. We held 15% equity interests in Hydrogen New Mainline as of the Latest Practicable Date. Hydrogen New Mainline is mainly engaged in the operation and management of hydrogen refueling stations and related hydrogen energy industries as well as the operation of hydrogen energy transportation services in Henan Province.

Subsequent to the Track Record Period and up to the date of this prospectus, our business and operation have remained stable, which was in line with our past trends and expectations.

We expect to experience a significant increase in net loss in 2024 and such loss-making position may continue to increase in the future, given the preliminary stage of China's hydrogen energy industry. In addition, we expect to incur operating cash outflow in 2024. We have expected positions of loss-making and operating cash outflow in 2024 primarily because (i) we are in the stage of enhancing our core technologies, expanding our production capacity and increasing our sales that requires continuous and substantial investments in R&D, administration, marketing, business development and recruitment of personnel to facilitate our growth and compete with our peers; (ii) China's hydrogen energy core equipment industry is still in its early stage of development and our revenue has not yet reached its potential economies of scale; (iii) we expect to continue to incur expenses in connection with the Listing before the Listing Date; (iv) our equity-settled share-based payment expenses are expected to continue to increase in 2024; and (v) the scale of operating assets (trade receivables and inventories) needed in our business operations are expected to increase along with our revenue growth in 2024, which will require additional working capital. However, we intend to adopt certain measures to maintain sustainability and continue to grow our business to achieve profitability. For more information, please see "Business — Business Sustainability" in this prospectus.

USE OF PROCEEDS

The estimated net proceeds of the Global Offering which we will receive after deduction of underwriting fees and commissions and estimated expenses payable by us in connection with the Global Offering, will be approximately HK$362.7 million, assuming an Offer Price of HK$69.00 (being the mid-point of the Offer Price range of HK$65.00 to HK$73.00 per Offer Share).

We intend to use the net proceeds as follows (based on the mid-point of the Offer Price range stated in this prospectus):

- Approximately 56.1%, or HK$203.5 million, will be used to expand our production capacity for certain products.

- Approximately 33.9%, or HK$123.0 million, will be used to enhance our R&D capabilities and pursue continuous technology upgrades and product iterations.

- Approximately 10.0%, or HK$36.2 million, will be used to fund working capital and general corporate purposes to support our business operation and growth.

Please refer to "Future Plans and Use of Proceeds" in this prospectus for details.

DIVIDENDS

No dividend was declared or paid by our Company during the Track Record Period, nor has any dividend been proposed since the end of the Track Record Period.

Our Group currently does not have a pre-determined dividend policy. Our Board may declare, and our Company may pay, dividends after taking into account our results of operations, financial condition, cashflow, operating and capital expenditure requirements, future business development strategies and estimates and other factors as it may deem relevant. We may distribute dividends by way of cash, or warrant. We may distribute stock dividends if our Directors consider that our stock price and equity scale do not match and that distribution of stock dividends is beneficial to all Shareholders' interest. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the Companies Act. Any proposed distribution of dividends shall be determined by our Board and must be approved by our shareholders at a general meeting. In addition, we may declare interim dividends as our Board considers to be justified by our profits and overall financial requirements. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Our future declarations of dividends may or may not reflect our historical declarations of dividends and will be at the discretion of our Board and subject to the approval of Shareholders' meeting.

According to the PRC Company Law, a PRC incorporated company is required to set aside at least 10% of its after-tax profits each year, after making up previous years' accumulated losses, if any, to contribute to certain statutory reserve funds until the aggregate amount contributed to such funds reaches 50% of its registered capital. Our Company may pay dividends out of after-tax profits after making up for accumulated losses and contributing to statutory reserve funds as mentioned above. As advised by our PRC Legal Advisors, our Company and PRC subsidiaries cannot pay dividends if they are in an accumulated loss position.

LISTING EXPENSES

Our listing expenses mainly include underwriting fees and commissions and professional fees paid to legal advisors and service providers for their services rendered in relation to the Global Offering. We expect to incur a total of RMB47.1 million of listing expenses (assuming an Offer Price of HK$69.00, being the mid-point of the indicative Offer Price range between HK$65.00 and HK$73.00 until the completion of the Global Offering, which accounts for 12.4% of the gross proceeds from the Global Offering. For the year ended December 31, 2023 and the five months ended May 31, 2024, we incurred listing expenses of RMB4.6 million and RMB11.1 million, of which RMB1.4 million and RMB3.0 million will be deducted from equity upon the Listing and RMB3.2 million and RMB8.1 million was charged to our consolidated statements profit or loss for the year ended December 31, 2023 and the five months ended May 31, 2024, respectively. We expect an additional listing expenses of approximately RMB31.4 million, of which approximately RMB15.0 million will be charged to our consolidated statements of profit or loss after May 31, 2024, and the remaining balance of approximately RMB16.4 million is expected to be deducted from equity. Listing expenses represent (i) RMB15.2 million of underwriting-related expenses (including, but not limited to, commissions and fees) and (ii) RMB31.9 million of non-underwriting-related expenses, including (a) RMB21.0 million of fees and expenses of legal advisors, reporting accountant and the Joint Sponsors; and (b) RMB10.9 million of other fees and expenses. The listing expenses above are the best estimate as of the Latest Practicable Date and for reference only, actual amount may differ from this estimate.

NO MATERIAL ADVERSE CHANGE

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, our Directors confirm that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position or prospects since May 31, 2024, being the date on which our latest audited consolidated financial statements were prepared, and there is no event since May 31, 2024 which would materially affect the information as set out in the Accountants' Report in Appendix I to this prospectus.

GLOBAL OFFERING STATISTICS

Assuming an Offer Price of HK$65.00 and HK$73.00, our unaudited pro forma adjusted consolidated net tangible asset value attributable to owners of our Company would be HK$10.71 per Share and HK$11.15 per Share, respectively. See "Appendix II — Unaudited Pro Forma Financial Information — A. Unaudited Pro Forma Statement of Adjusted Consolidated Net Tangible Assets of the Group Attributable to Owners of the Company" in this prospectus for details.

	Based on an Offer price of HK$65.00 per Offer Share	**Based on an Offer price of HK$73.00 per Offer Share**
Market capitalization of our Shares upon completion of the Global Offering(1)	HK$6,806.2 million	HK$7,643.9 million
Market capitalization of our H Shares upon completion of the Global Offering(2)	HK$5,166.7 million	HK$5,802.6 million
Unaudited pro forma adjusted consolidated net tangible asset value per Share(3)	HK$10.71	HK$11.15

Notes:

(1) The calculation of market capitalization is based on 104,710,560 Shares expected to be in issue immediately following the completion of the Global Offering.

(2) The calculation of market capitalization is based on 79,487,717 H Shares expected to be in issue immediately following the completion of the Global Offering.

(3) The unaudited pro forma adjusted consolidated net tangible asset value per Share is calculated after the adjustments referred to in "Appendix II — Unaudited Pro Forma Financial Information" to this prospectus and on the basis of 104,710,560 Shares expected to be in issue and outstanding immediately following the completion of the Global Offering, assuming that the Global Offering had been completed on May 31, 2024 and without taking into account of any shares (i) which may be allotted and issued or repurchased by our Company under the general mandates for the allotment; or (ii) which may be issued under the restricted shares schemes.

LEGAL PROCEEDINGS AND NON-COMPLIANCE

From time to time, we may be subject to legal proceedings, investigations and claims incidental to the conduct of our business. During the Track Record Period and up to the Latest Practicable Date, we had not been, and were not a party to any material legal, arbitral or administrative proceedings, and we were not aware of any pending or threatened legal, arbitral or administrative proceedings against us or any of our Directors, which, in the opinion of our management, could have a material adverse effect on our business operations or financial condition.

During the Track Record Period and up to the Latest Practicable Date, we had certain historical non-compliance incidents involving our business operations, which were immaterial. For details of these non-compliance incidents, please see the section headed "Business — Legal Proceedings and Compliance" in this prospectus. In addition, for risks associated with these non-compliance incidents, please see the sections headed "Risk Factors — Risks Relating to Our Business and Industry" in this prospectus.

SUMMARY OF MATERIAL RISK FACTORS

Our business faces risks including those set out in the section headed "Risk Factors" in this prospectus. As different investors may have different interpretations and criteria when determining the significance of a risk, you should read the "Risk Factors" section in its entirety before you decide to invest in the Offer Shares. Some of the major risks that we face include: (i) updates of the PRC government policies and regulatory framework supporting hydrogen energy industry, hydrogen energy core equipment industry and new energy industry could have a material impact on our industry and our business operation; (ii) we depend on our customers' demand for our products. A reduction of customer demand could have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects; (iii) we face intense market competition and the industry may undergo unforeseen changes under rapid development. If we fail to compete successfully, our business and results of operations may be materially and adversely affected; (iv) we recorded net losses and had net cash used in operating activities during the Track Record Period, all of which may continue in the future; and (v) fluctuations in the market prices for our key raw materials such as carbon fiber and aluminum tubes, may materially and adversely affect our business, financial condition and results of operations.

In this prospectus, unless the context otherwise requires, the following terms and expressions have the meanings set forth below.

"Accountant's Report"	the accountant's report of our Group for the Track Record Period as set out in Appendix I to this prospectus
"affiliate(s)"	with respect to any specific person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AFRC"	the Accounting and Financial Reporting Council of Hong Kong
"Articles of Association"	the articles of association of our Company, which shall become effective upon Listing, as amended from time to time, a summary of which is contained in Appendix VI to this prospectus
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Authorized Representatives"	the authorized representatives of our Company for the purpose of Rule 3.05 of the Listing Rules
"Beijing Guofu"	Beijing Guofu Wanjia Hydrogen Energy Technology Co., Ltd.* (北京國富萬家氫能科技有限公司), a limited liability company incorporated in the PRC on April 25, 2021 and a wholly-owned subsidiary of our Company
"BIS"	U.S. Department of Commerce, Bureau of Industry and Security
"Board" or "Board of Directors"	the board of directors of our Company
"BRL"	the Brazilian real, the official currency of Brazil
"business day"	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are generally open for normal banking business

"Capital Market Intermediary(ies)" or "CMI(s)"	the capital market intermediary(ies) participating in the Global Offering and has the meaning ascribed thereto under the Listing Rules
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"Chairman"	The chairman of our Board
"China" or "PRC" or "Mainland China"	the People's Republic of China excluding, for this purpose of this prospectus only, Hong Kong Special Administrative Region of the People's Republic of China, Macau Special Administrative Region of the People's Republic of China and Taiwan Region of the People's Republic of China
"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 (WUMP) 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"	Jiangsu Guofu Hydrogen Energy Equipment Co., Ltd. (江蘇國富氫能技術裝備股份有限公司, formerly known as Zhangjiagang Furui Hydrogen Energy Equipment Co., Ltd.* 張家港富瑞氫能裝備有限公司 and later changed to Jiangsu Guofu Hydrogen Energy Technology Equipment Co., Ltd.* 江蘇國富氫能技術裝備有限公司), a limited liability company established in the PRC on June 13, 2016 and converted into a joint stock limited company on August 31, 2020
"Company Law" or "PRC Company Law"	the Company Law of the People's Republic of China (《中華人民共和國公司法》) as amended, supplemented or otherwise modified from time to time
"Company Secretary(ies)"	the company secretary(ies) of our Company

"Comprehensively Sanctioned Countries"	any country or territory subject to a general and comprehensive export, import, financial or investment embargo under sanctions related law or regulation of the Relevant Jurisdiction, currently Cuba, Iran, North Korea, Syria, the Crimea Region of Russia/Ukraine, the self-proclaimed Luhansk People's Republic ("LPR") and Donetsk People's Republic ("DPR") regions and Zaporizhzhia and Kherson regions
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"connected transaction(s)"	has the meaning ascribed to it under the Listing Rules
"core connected person"	has the meaning ascribed to it under the Listing Rules
"Corporate Governance Code"	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
"Countries subject to International Sanctions"	any country or territory subject either to a general and comprehensive embargo or a more limited set of export, import, financial or investment restrictions under sanctions related laws or regulation of the Relevant Jurisdiction
"COVID-19"	COVID-19 virus, a coronavirus identified as the cause of an outbreak of respiratory illness that believed to have first emerged in late 2019
"CSDCC"	China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司)
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)
"DHS"	the Moroccan dirham, the official monetary currency of Morocco
"Director(s)"	the director(s) of our Company
"Domestic Unlisted Share(s)"	ordinary Shares in the share capital of our Company with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi
"EIT"	enterprise income tax

"EIT Law"	the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》), as amended, supplemented or otherwise modified from time to time
"EU"	European Union
"EUR"	the euro, the official currency of the European Union
"Extreme Conditions"	extreme conditions including but not limited to serious disruption of public transport services, extensive flooding, major landslides or large-scale power outage after super typhoons as announced by the government of Hong Kong
"FINI"	Fast Interface for New Issuance, an online platform operated by HKSCC that is mandatory for admission to trading and, where applicable, the collection and processing of specified information on subscription in and settlement for all New Listings
"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., a market research and consulting company, which is an Independent Third Party
"Frost & Sullivan Report"	an independent market research report commissioned by our Company on the Global and China hydrogen energy core equipment industries and prepared by Frost & Sullivan, as referred to in the section headed "Industry Overview" in this prospectus
"FVTOCI"	fair value through other comprehensive income
"General Rules of HKSCC"	the General Rules of HKSCC as may be amended or modified from time to time and where the context so permits, shall include the HKSCC Operational Procedures
"GFA"	gross floor area
"GF Hydrogen Europe"	GF Hydrogen Europe GmbH, a limited liability company established in Germany on January 19, 2023 and an indirect wholly-owned subsidiary of our Company
"GFH2 Dubai"	GFH2 ME DMCC, a limited liability company established in the UAE on October 11, 2023 and an indirect wholly-owned subsidiary of our Company
"Global Offering"	the Hong Kong Public Offering and the International Placing

"Group", "our Group", "the Group", "we", "us", or "our"	our Company and its subsidiaries from time to time, or, where the context so requires in respect of the period before our Company became the holding company of our present subsidiaries, the entities or the predecessors of the present subsidiaries (as the case may be) which carried on the business of the present Group at the relevant time
"GSA"	gross site area
"Guofuhee Singapore"	Guofuhee Holdings PTE. Ltd, a limited liability company established in Singapore on June 28, 2023 and an indirect wholly-owned subsidiary of our Company
"H Share(s)"	overseas-listed, foreign-invested, ordinary Shares issued by us with a nominal value of RMB1.00 each in the share capital of our Company, which are to be subscribed for and traded in HK dollars and for which an application has been made for listing and permission to trade on the Stock Exchange
"H Share Registrar"	Computershare Hong Kong Investor Services Limited
"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited
"HKSCC EIPO"	the application for the Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your designated HKSCC Participant's stock account through causing HKSCC Nominees to apply on your behalf, by instructing your **broker** or **custodian** who is a HKSCC Participant to give **electronic application instructions** through HKSCC's FINI system to apply for the Hong Kong Offer Shares on your behalf
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of the HKSCC

"HKSCC Operational Procedures"	the Operational Procedures of HKSCC, containing the practices, procedures and administrative or other requirements relating to HKSCC's services and the operations and functions of CCASS, FINI or any other platform, facility or system established, operated and/or otherwise provided by or through HKSCC, 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
"HK$" or "Hong Kong dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Guofu"	Guofu Hydrogen Energy (Hong Kong) Development Co., Limited (國富氫能(香港)發展有限公司), a limited liability company incorporated in Hong Kong on August 16, 2024, held by Hydrogen Cloud Research Institute as to 80% and Champion Access Investment Holding Limited as to 20% and a non-wholly owned subsidiary of our Company
"Hong Kong Offer Shares"	the 600,000 H Shares initially being offered for subscription in the Hong Kong Public Offering (subject to reallocation as described in the section headed "Structure and Conditions of the Global Offering" in this prospectus)
"Hong Kong Public Offering"	the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong at the Offer Price (plus brokerage of 1.00%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565%) on the terms and subject to the conditions described in this prospectus as further described in the section headed "Structure and Conditions of the Global Offering — The Hong Kong Public Offering" in this prospectus
"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offering as listed in the section headed "Underwriting — Hong Kong Underwriters" in this prospectus

"Hong Kong Underwriting Agreement"	the underwriting agreement, dated November 6, 2024, relating to the Hong Kong Public Offering, entered into by our Company, Mr. Wang, Mr. Wu and New Cloud Technology (as warranting shareholders), the Joint Sponsors, the Overall Coordinators, the Joint Bookrunners, the Joint Lead Managers, the CMIs and the Hong Kong Underwriters, as further described in the section headed "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering" in this prospectus
"Huajiu Hydrogen"	Huajiu Hydrogen Energy (Henan) Co., Ltd.* (華久氫能源(河南)有限公司), a limited liability company incorporated in the PRC on January 21, 2020. As of the Latest Practicable Date, Huajiu Hydrogen was held by us as to 13.02% and by Luoyang Lianhua Aoyou Chemical Industry Shares Co., Ltd.* (洛陽煉化奧油化工股份有限公司), Luoyang Lianhua Co., Ltd.* (洛陽煉化有限責任公司), Luoyang Jianguang Special Equipment Co., Ltd.* (洛陽澗光特種裝備股份有限公司), Jiangsu Yuanbang Investment Co., Ltd.* (江蘇元邦投資有限公司) and Zhengzhou Xirui Environmental Protection Technology Co., Ltd.* (鄭州西銳環保科技有限公司) as to 47.49%, 16.66%, 13.02%, 4.91% and 4.91%, respectively
"Hydrogen Cloud Research Institute"	Zhangjiagang Hydrogen Cloud New Energy Research Institute Co., Ltd.* (張家港氫雲新能源研究院有限公司), a limited liability company incorporated in the PRC on August 10, 2017, held by our Company as to 90.46% and Jiangsu Southeast University Asset Management Co., Ltd.* (江蘇東南大學資產經營有限公司) as to 9.54% and a non-wholly owned subsidiary of our Company
"Hydrogen Win New Energy"	Zhangjiagang Hydrogen Win New Energy Industry Partnership (Limited Partnership)* (張家港氫贏新能源產業合夥企業(有限合夥)), a limited partnership established in the PRC on December 14, 2023 as an employee incentive platform and a member of the Single Largest Group of Shareholders. It was owned by 38 limited partners comprising of our employees, with the general partner being Mr. Wu as of the Latest Practicable Date
"Hydrogen Ying New Energy"	Zhangjiagang Hydrogen Ying New Energy Industry Partnership (Limited Partnership)* (張家港氫盈新能源產業合夥企業(有限合夥)), a limited partnership established in the PRC on December 14, 2023 as an employee incentive platform and a member of the Single Largest Group of Shareholders. It was owned by 39 limited partners comprising of our employees, with the general partner being Mr. Wu as of the Latest Practicable Date

"IAS"	International Accounting Standards
"IFRS"	International Financial Reporting Standards which include standards and interpretations promulgated by the International Accounting Standards Board
"Independent Third Party(ies)"	person(s) or company(ies) and their respective ultimate beneficial owner(s), who/which, to the best of our Directors' knowledge, information and belief, having made all reasonable enquiries, is/are not connected (within the meaning of the Listing Rules) with our Company
"Inner Mongolia Guofu"	Inner Mongolia Guofu Hydrogen Energy Technology Co., Ltd.* (內蒙古國富氫能科技有限公司), a limited liability company incorporated in the PRC on November 29, 2022 and a wholly-owned subsidiary of our Company
"International Placing"	the conditional placing of the International Offer Shares at the Offer Price outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act or any other available exemption from the registration requirement under the U.S. Securities Act, as further described in the section headed "Structure and Conditions of the Global Offering" in this prospectus
"International Placing Shares"	the 5,400,000 new H Shares being initially offered for subscription and purchased at the Offer Price under the International Placing subject to reallocation as described under the section headed "Structure and Conditions of the Global Offering" in this prospectus
"International Sanctions"	all applicable laws and regulation to economic sanctions, export controls, trade embargoes and wider prohibitions and restrictions on international trade and investment related activities, including those adopted administered and enforced by the U.S. Government, the EU and its member states, the U.K., the UN or Government of Australia

"International Sanctions Legal Advisors"	Hogan Lovells, our legal advisors as to International Sanctions laws in connection with the Listing
"International Underwriters"	the underwriters of the International Placing
"International Underwriting Agreement"	the international underwriting agreement relating to the International Placing and expected to be entered into by, inter alia, our Company and the International Underwriters on or about the Price Determination Date, as further described in the section headed "Underwriting — Underwriting Arrangements and Expenses — The International Placing" in this prospectus
"Jiahua Hydrogen"	Jiangsu Jiahua Hydrogen Technology Co., Ltd.* (江蘇嘉化氫能科技有限公司), a limited liability company incorporated in the PRC on April 30, 2019. As of the Latest Practicable Date, Jiahua Hydrogen was held by us as to 10.00% and by Zhejiang Jiahua Energy Chemical Industry Co., Ltd.* (浙江嘉化能源化工股份有限公司) and Shanghai REFIRE Group Limited* (上海重塑能源集團股份有限公司) as to 80.00% and 10.00%, respectively
"Jiaxing Guofu"	Jiaxing Guofu Hydrogen Energy Special Equipment Co., Ltd.* (嘉興國富氫能特種設備有限公司), a limited liability company incorporated in the PRC on October 10, 2024 and a wholly-owned subsidiary of our Company
"Jinlutong"	Zibo Jinlutong Passenger Transport Service Co., Ltd.* (淄博金路通客運服務有限公司), a limited liability company incorporated in the PRC on July 17, 2007, is the largest shareholder of Qilu Hydrogen. As of the Latest Practicable Date, Jinlutong was held by Zibo Transportation Investment Construction Co., Ltd. *(淄博市交通投資建設有限公司) and Zibo Public Transportation Co., Ltd. *(淄博市公共交通有限公司) as to 96.43% and 3.57%, respectively
"Joint Bookrunners"	the joint bookrunners as named in the section headed "Directors, Supervisors and Parties Involved in the Global Offering" in this prospectus
"Joint Global Coordinators"	the joint global coordinators as named in the section headed "Directors, Supervisors and Parties Involved in the Global Offering" in this prospectus
"Joint Lead Managers"	the joint lead managers as named in the section headed "Directors, Supervisors and Parties Involved in the Global Offering" in this prospectus

"Joint Sponsors"	Haitong International Capital Limited and CITIC Securities (Hong Kong) Limited
"Latest Practicable Date"	October 30, 2024, being the latest practicable date for the purpose of ascertaining certain information contained in this prospectus prior to its publication
"Lingniu New Energy"	Lingniu New Energy Technology (Shanghai) Co., Ltd.* (羚牛新能源科技(上海)有限公司), a limited liability company incorporated in the PRC on June 21, 2021. As of the Latest Practicable Date, Lingniu New Energy was held by us as to 14.31% and by Shanghai Linger Management Consulting Partnership (Limited Partnership)* (上海羚貳管理諮詢合夥企業(有限合夥)), Shuimu Qingyuan, 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)), Shanghai Lingyi Management Consulting Partnership (Limited Partnership)* (上海羚壹管理諮詢合夥企業(有限合夥)), Chengdu Mingzhao Xiongchun Enterprise Management Partnership (Limited Partnership)* (成都名兆雄春企業管理合夥企業(有限合夥)), Pu Hongxia (蒲紅霞), Shanghai Lingqi Information Technology Partnership (Limited Partnership)* (上海羚柒信息科技合夥企業(有限合夥)), Shanghai Lingyuzheng Management Consulting Partnership (Limited Partnership)* (上海領裕正管理諮詢合夥企業(有限合夥)) as to 27.49%, 16.05%, 13.75%, 9.16%, 8.33%, 4.58%, 4.58% and 1.75%, respectively
"Listing"	the listing of the H Shares on the Main Board of the Stock Exchange
"Listing Committee"	the listing committee of the Stock Exchange
"Listing Date"	the date, expected to be on or around Friday, November 15, 2024, from which the H Shares are listed and dealings in the H Shares are permitted to take place on the Main Board of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange

"Mengfa Group"	Mengfa Group Holding Group Co., Ltd.* (蒙發能源控股集團有限責任公司), a limited liability company incorporated in the PRC on October 10, 2006. As of the Latest Practicable Date, Mengfa Group, being an Independent Third Party, was owned by Gao Zhu (高柱), Liang Fengying (梁風英) and Gao Xi (高喜) as to 80.00%, 10.00% and 10.00%, respectively. As of the Latest Practicable Date, our Company was owned by Mengfa Group as to 5.21%
"Mengfa Guofu"	Inner Mongolia Mengfa Guofu Hydrogen Energy Technology Co., Ltd.* (內蒙古蒙發國富氫能科技有限公司), a limited liability company incorporated in the PRC on January 15, 2024. As of the Latest Practicable Date, Mengfa Guofu was held by Mengfa Group and our Company as to 60.00% and 40.00%, respectively
"MIIT"	The Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)
"MOF"	the Ministry of Finance of the PRC (中華人民共和國財政部)
"MOST"	The Ministry of Science and Technology of the PRC (中華人民共和國科學技術部)
"Mr. Wang"	Mr. Wang Kai (王凱), the general manager of our Company, an executive Director and a member of the Single Largest Group of Shareholders
"Mr. Wu"	Mr. Wu Pinfang (鄔品芳), the chairman of the Board, an executive Director and a member of the Single Largest Group of Shareholders
"NDRC"	National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"New Cloud Technology"	Zhangjiagang New Cloud Technology Industry Consulting Enterprise (Limited Partnership)* (張家港新雲科技產業諮詢企業(有限合夥)), a limited partnership incorporated in the PRC on April 11, 2016, with two general partners, being Mr. Wu and Mr. Wang and 24 limited partners. As of the Latest Practicable Date, New Cloud Technology was a member of the Single Largest Group of Shareholders and our Company was owned by New Cloud Technology as to 19.07%

"Ningxia Guofuhee"	Ningxia Guofuhee Proton Hydrogen Energy Technology Co. Ltd.* (寧夏國富質子氫能源科技有限公司), a limited liability company incorporated in the PRC on May 11, 2022 and deregistered on June 28, 2024. Immediately prior to its deregistration, Ningxia Guofuhee was owned as to 40.00% and 60.00% by our Company and Beijing Proton Power Generation Technology Co., Ltd.* (北京質子動力發電技術有限公司), respectively
"Nomination Committee"	the nomination committee of the 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)
"OFAC"	the U.S. Department of Treasury's Office of Foreign Assets Control
"Offer Price"	the offer price per Offer Share (exclusive of brokerage of 1.00%, Stock Exchange trading fee of 0.00565%, SFC transaction levy of 0.0027% and AFRC transaction levy of 0.00015%) at which the Offer Shares are to be subscribed pursuant to the Global Offering
"Offer Shares"	Hong Kong Offer Shares and International Placing Shares
"Overall Coordinators"	has the meaning given to it in the Listing Rules and, unless the context requires otherwise, refers to the overall coordinators as named in the section headed "Directors, Supervisors and Parties Involved in the Global Offering" in this prospectus
"PBOC"	the People's Bank of China (中國人民銀行)

"PRC government" or "State"	the Central People's Government of the PRC, including all governmental subdivisions (including provincial, municipal and other regional or local government entities) and their instrumentalities or, where the context requires, any of them
"PRC Legal Advisors"	Lifeng Partners, the legal advisors of our Company as to PRC laws in connection with the Global Offering
"Pre-IPO Investment(s)"	the investments made by the Pre-IPO Investors in our Company, details of which are set out in "History and Corporate Structure — Pre-IPO Investments" in this prospectus
"Pre-IPO Investor(s)"	The pre-IPO investors of our Company, details of which are set out in "History and Corporate Structure — Pre-IPO Investments" in this prospectus
"Pre-IPO Share Incentive Plan"	the pre-IPO employee share incentive plans adopted by our Company on January 13, 2019, October 10, 2020 and November 24, 2023, the principal terms of which are summarized under the section headed "Appendix VII — Statutory and General Information — D. Pre-IPO Share Incentive Plans" in this prospectus
"Price Determination Agreement"	the agreement expected to be entered into among our Company and the Overall Coordinators (for themselves and on behalf of the Underwriters) on or about the Price Determination Date to record the agreement on the final Offer Price
"Price Determination Date"	the date, expected to be on or around Wednesday, November 13, 2024 (Hong Kong time), on which the Offer Price is determined, or such later time as our Company and the Overall Coordinators (for themselves and on behalf of the Underwriters) may agree, but in any event not later than 12:00 noon on Wednesday, November 13, 2024 (Hong Kong time)
"prospectus"	this prospectus being issued in connection with the Hong Kong Public Offering

"Province"	a province or, where the context requires, a provincial level autonomous region or municipality, under the direct supervision of the central government of the PRC
"Qilu Hydrogen"	Qilu Hydrogen Energy (Shandong) Development Co., Ltd.* (齊魯氫能(山東)發展有限公司), a limited liability company incorporated in the PRC on May 31, 2021. As of the Latest Practicable Date, Qilu Hydrogen was held by us as to 22.50% and by Jinlutong, Zibo Huaben Gas Co., Ltd.* (淄博華本燃氣有限公司), Suzhou Shengruichen Enterprise Consulting Management Partnership (Limited Partnership)* (蘇州晟瑞辰企業諮詢管理合夥企業(有限合夥)), Zibo Tianyuan Chemical Co., Ltd.* (淄博天元化工有限公司) by 40.00%, 15.00%, 15.00% and 7.50%, respectively
"Qingjie New Energy"	Zhangjiagang Qingjie New Energy Technology Partnership (Limited Partnership)* (張家港氫捷新能源科技合夥企業(有限合夥)), a limited partnership established in the PRC on January 17, 2019 as an employee incentive platform and a member of the Single Largest Group of Shareholders. It was owned by 37 limited partners primarily comprising of our employees, with the general partner being Mr. He Guangliang (何光亮), a Supervisor, as of the Latest Practicable Date
"R&D"	research and development
"Regulation S"	Regulation S under the U.S. Securities Act
"Relevant Jurisdiction"	any jurisdiction that is relevant to our Company and has sanctions related law or regulation restricting, among other things, its nationals and/or entities which are incorporated or located in that jurisdiction from directly or indirectly making assets or services available to or otherwise dealing in assess or certain countries, governments, person or entities targeted by such law or regulation, for the purpose of this prospectus, the United States, the EU, the U.K., the UN and Australia
"Relevant Persons"	means our Company, together with its investors and shareholders and persons who might directly or indirectly, be involved in permitting the listing, trading clearing and settlement of its shares including the Stock Exchange and related group companies

"Remuneration and Review Committee"	the remuneration and review committee of the Board
"RMB"	Renminbi, the lawful currency of the PRC
"SAC"	the Standardization Administration of China (國家標準化管理委員會)
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局), the PRC governmental agency responsible for matters relating to foreign exchange administration, including local branches, when applicable
"SAIC"	State Administration for Industry & Commerce of the PRC (中華人民共和國國家工商行政管理總局)
"SAMR"	State Administration for Market Regulation (國家市場監督管理總局)
"Sanctioned Person(s)"	certain person(s) and identity(ies) listed on OFAC's Specially Designated Nationals and Blocked Persons List or other restricted parties lists maintained by the U.S., EU, UN or Australia
"Sanctioned Target"	any person or entity (i) designated on any list of targeted persons or entities issued under the sanctions-related law or regulation of a Relevant Jurisdiction; (ii) that is, or is owned or controlled by, a government of a Comprehensively Sanctioned Country; or (iii) that is the target of sanctions under the law or regulation of a Relevant Jurisdiction because of a relationship of ownership, control, or agency with a person or entity described in (i) or (ii)
"SAT"	State Administration of Taxation (國家稅務總局)
"SCNPC"	the Standing Committee of the National People's Congress (全國人民代表大會常務委員會)
"SDN"	individuals and entities that are listed on the SDN List

"SDN List"	the list of Specially Designated Nationals, and Blocked Persons maintained by OFAC, which sets forth individuals and entities that are subject to its sanctions and restricted from dealings with U.S. persons
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"SGD"	Singapore dollar, the official currency of the Republic of Singapore
"Shanghai Guofu"	Shanghai Guofu Hydrogen Energy Technology Equipment Co., Ltd.* (上海國富氫能技術裝備有限公司), a limited liability company incorporated in the PRC on January 25, 2022 and a wholly-owned subsidiary of our Company
"Shanghai Qingmai"	Shanghai Qingmai Engineering Technology Co., Ltd.* (上海氫邁工程技術有限公司), a limited liability company incorporated in the PRC on January 4, 2021, held by Hydrogen Cloud Research Institute, Li Huaqiang (李華強) and Wang Xiaohong (王曉虹) as to 90.00%, 5.00% and 5.00%, respectively, and a non-wholly owned subsidiary of our Company
"Shanghai Qingping"	Shanghai Qingping Technology Equipment Co., Ltd.* (上海氫平技術裝備有限公司), a limited liability company incorporated in the PRC on January 14, 2021 and a wholly-owned subsidiary of our Company
"Share(s)"	ordinary share(s) with nominal value of RMB1.00 each in the share capital of our Company, comprising our Domestic Unlisted Shares and our H Shares
"Shareholder(s)"	holder(s) of Shares
"Shenzhen Pufa"	Shenzhen Pufa Hydrogen Technology Co., Ltd.* (深圳普發氫能科技有限公司), a limited liability company incorporated in the PRC on January 7, 2021 and was disposed of by us to a third party in March 2022. As of the Latest Practicable Date, Shenzhen Pufa was wholly owned by Huayong Guoqing (Shenzhen) New Energy Technology Co., Ltd.* (華永國氫(深圳)新能源科技有限公司), an Independent Third Party

"Sichuan Guofu"	Sichuan Guofu Hydrogen Energy Technology Co., Ltd.* (四川國富氫能科技有限公司), a limited liability company incorporated in the PRC on August 13, 2021 and a wholly-owned subsidiary of our Company
"Single Largest Group of Shareholders"	refers collectively to New Cloud Technology, Mr. Wu, Mr. Wang, Qingjie New Energy, Hydrogen Ying New Energy and Hydrogen Win New Energy
"Sponsor-OCs"	Haitong International Securities Company Limited and CLSA Limited
"sq.m."	square meter(s)
"SSE STAR Market"	Shanghai Stock Exchange Science and Technology Innovation Board
"State Council"	the State Council of the PRC (中華人民共和國國務院)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Strategy Committee"	the strategy committee of the Board
"subsidiary(ies)"	has the meaning ascribed thereto in section 15 of the Companies Ordinance
"substantial shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Supervisor(s)"	supervisor(s) of our Company
"Supervisory Committee"	the board of supervisors of our Company
"Takeovers Code"	the Hong Kong Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
"Track Record Period"	the years ended December 31, 2021, 2022 and 2023 and the five months ended May 31, 2024
"UAE"	United Arab Emirates
"U.K."	United Kingdom

"UN"	United Nations
"Underwriters"	the Hong Kong Underwriters and the International Underwriters
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"Urumqi Longshengda"	Urumqi Longshengda Environmental Protection Technology Co., Ltd.* (烏魯木齊市隆盛達環保科技有限公司), a limited liability company incorporated in the PRC on April 13, 2008. As of the Latest Practicable Date, Urumqi Longshengda held 10.00% equity interests in Xinjiang Guofu and was owned by Wei Ming (魏明) as to 55.60%, Han Yong (韓勇) as to 30.00%, Wei Hong (魏宏) as to 10.00%, Xie Jian (謝建) as to 1.55%, Wu Hui (吳輝) as to 1.50%, Yue Aimin (岳艾民) as to 0.75% and Luo Yong (羅勇) as to 0.60%, each being an Independent Third Party for the reason that Xinjiang Guofu was an insignificant subsidiary of ours as of the Latest Practicable Date
"Urumqi Outejie"	Urumqi Outejie Environmental Protection Technology Co., Ltd.* (烏魯木齊市歐特捷環保科技有限公司), a limited liability company incorporated in the PRC on August 28, 2014. As of the Latest Practicable Date, Urumqi Outejie was held by Urumqi Longshengda, Xinjiang Guofu and Lingniu New Energy as to 50.00%, 45.00% and 5.00%, respectively
"U.S." or "United States"	United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US$" or "U.S. dollar"	United States dollars, the lawful currency of the United States
"U.S. Securities Act"	the United States Securities Act 1933, as amended, supplemented or otherwise modified from time to time
"VAT"	value-added tax
"**White Form eIPO**"	the application for Hong Kong Offer Shares to be issued in the applicant's own name by submitting applications online through the designated website of the **White Form eIPO** Service Provider at **www.eipo.com.hk**

"**White Form eIPO** Service Provider"	Computershare Hong Kong Investor Services Limited
"Xinjiang Guofu"	Xinjiang Guofu Hydrogen Energy Technology Service Co., Ltd.* (新疆國富氫能科技服務有限公司), a limited liability company incorporated in the PRC on September 20, 2022, held by our Company as to 94.29% and as to 5.71% by Urumqi Longshengda as of the Latest Practicable Date, and a non-wholly owned subsidiary of our Company
"Yangtze River Delta"	the triangle-shaped territory of Shanghai, Jiangsu Province and Zhejiang Province
"Yudu Hydrogen"	Manas Longshengda Yudu Hydrogen Technology Co., Ltd.* (瑪納斯隆盛達玉都氫能科技有限公司), a limited liability company incorporated in the PRC on July 3, 2023. As of the Latest Practicable Date, Yudu Hydrogen was held by Urumqi Longshengda and Xinjiang Guofu as to 60.00% and 40.00%, respectively
"%"	per cent

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

In this prospectus, unless otherwise stated, certain amounts denominated in Renminbi have been translated into Hong Kong dollars or U.S. dollars at an exchange rate of RMB0.9188 = HK$1 or RMB7.1390 = US$1, respectively, for illustration purpose only. Such conversions shall not be construed as representations that amounts in Renminbi were or could have been or could be converted into Hong Kong dollars or U.S. dollars at such rates or any other exchange rates on such date or any other date.

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail. If there is any inconsistency between the names of any of the entities, laws and regulations mentioned in this prospectus which are not in the English language and their English translations, the names in their respective original languages shall prevail. The English translations are marked with "" for identification purpose only.*

This glossary of technical terms contains explanations of certain terms used in this prospectus as they relate to our Company and as they are used in this prospectus in connection with our business or us. These terms and their given meanings may not correspond to standard industry definitions.

"air compressor"	an electric pneumatic device that converts power into potential energy stored in pressurized air
"AEM"	anion exchange membrane water electrolysis, which is a kind of water electrolysis technology
"ALK"	alkaline water electrolysis, which is a kind of water electrolysis technology
"ASME"	the American Society of Mechanical Engineers
"CAGR"	compound annual growth rate. The CAGR formula is equal to (ending value/beginning value) ^ (1/number of periods) — 1
"Carbon Peaking and Carbon Neutrality" (碳達峰,碳中和)	carbon peak refers to the stage of declining carbon emissions following a historical peak in CO_2 emissions during a certain period. carbon neutrality, also known as "net zero carbon emissions," involves practicing afforestation, energy conservation, and emission reduction to offset the generated carbon emissions
"dB"	decibel, which is a logarithmic unit used to measure sound level
"electrochemical reaction"	a process either caused or accompanied by the passage of an electric current and involving in most cases the transfer of electrons between two substances — one a solid and the other a liquid
"factory acceptance test" or "FAT"	test undertaken at production facility to certify that the product tested meets the intended functional requirements and standards
"GW"	gigawatt, a unit of power equal to one billion watts
"HFCV"	hydrogen fuel cell vehicle

"hydrogen"	a chemical element with the symbol H and atomic number one
"hydrogen fuel cell stack" or "fuel cell stack"	an assembly of individual cells arranged in series and parallel to achieve the required voltage and power output
"hydrogen fuel cell system" or "fuel cell system"	a power system that generates electricity through an electrochemical reaction, primarily for automotive vehicles. In a hydrogen fuel cell, hydrogen and oxygen are combined to generate electricity, heat, and water
"hydrogen fuel cell vehicles"	vehicles that use propulsion systems similar to that of electric vehicles, where energy stored as hydrogen is converted to electricity by fuel cells
"IATF"	International Automotive Task Force
"IoT"	internet of things
"ISO"	the International Organization for Standardization
"K"	Kelvin Temperature, which is a unit of measurement for temperature. The Kelvin scale is an absolute scale, which is defined such that 0 K is absolute zero
"kilowatts" or "kW"	a unit equal to one thousand watt
"megawatts" or "MW"	a unit equal to one million watts
"MPa"	megapascal pressure per unit, a unit of pressure or tension measurement equals to 1,000,000 pascals
"Nm^3/h"	normal cubic meters per hour, which stands for normal cubic meters per hour and is a unit of volumetric flow rate of air or gas. It is used to measure gas flow rate at standard conditions of temperature and pressure
"PCT"	the Patent Cooperation Treaty (PCT) is an international patent law treaty, concluded in 1970. It provides a unified procedure for filing patent applications to protect inventions in each of its contracting states. A patent application filed under the PCT is called an international application, or PCT application

"PEM"	proton exchange membrane water electrolysis, which is a kind of water electrolysis technology
"SOEC"	solid oxide electrolysis cell water electrolysis, which is a kind of water electrolysis technology
"Type-III cylinder(s)"	Type-III vehicle-mounted high-pressure hydrogen storage cylinder(s), which are aluminum-lined carbon fiber wound cylinders
"Type-IV cylinder(s)"	Type-IV vehicle-mounted high-pressure hydrogen storage cylinder(s), which are plastic-liner carbon fiber wound cylinders
"μm"	microns, also known as micrometers, are a length of measurement equal to one millionth of a meter

This prospectus contains certain forward-looking statements and information relating to us and our subsidiaries that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this prospectus, the words “anticipate”, “believe”, “could”, “estimate”, “expect”, “forecast”, “going forward”, “intend”, “may”, “ought to”, “plan”, “project”, “seek”, “should”, “will”, “would”, “wish” and similar expressions, as they relate to our Company or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our Company’s management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These forward-looking statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this prospectus. Although we believe that our expectations expressed in these forward-looking statements are reasonable, our expectations may later be found to be incorrect. Our actual results could be materially different from our expectations. Important risks and factors that could cause our actual results to be materially different from our expectations are generally set forth in “Risk Factors”, “Business”, “Financial Information” and other sections in this prospectus. You should read thoroughly this prospectus with the understanding that our actual future results may be materially different from and worse than what we expect.

You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing our Company that could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our business strategies, plans, objectives and goals and our ability to implement such strategies, plans, objectives and goals;
- our business operations and prospects;
- our future business development, financial conditions and results of operations;
- the expected growth of the hydrogen energy industry in China and globally and the markets in which we operate;
- our expectations regarding demand for our products;
- changes to regulatory and operating conditions in the industry and markets in which we operate;
- the future developments and competitive environment in our industry;
- our ability to stay in compliance with laws and regulations that currently apply or become applicable to our business both in the PRC and internationally;
- our future debt levels and capital needs;

- intellectual property;
- margins, overall market trends, risk management and exchange rates;
- the actions and developments of our competitors;
- capital market development;
- other statements in this prospectus that are not historical fact; and
- all other risks and uncertainties described in the section headed "Risk Factors" in this prospectus.

Since actual results or outcomes could differ materially from those expressed in any forward-looking statements, we strongly caution investors against placing undue reliance on any such statements. Any forward-looking statements speaks only as of the date on which such statement is made, and, except as required by the Listing Rules, we undertake no responsibility to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of any subsequent unanticipated event. Statements of or references to our intentions or those of any of our Directors are made as of the date of this prospectus. Any such intentions may change in light of future developments.

All forward-looking statements in this prospectus are expressly qualified by reference to this cautionary statement.

An investment in our H Shares involves various risks. You should consider carefully all the information set out in this prospectus and, in particular, should evaluate the following risks associated with the investment in our Shares. You should pay particular attention to the fact that we conduct our operations in mainland China, the legal and regulatory environment of which in some respects may differ from that in Hong Kong and other jurisdictions. Any of the risks and uncertainties described below could have a material adverse effect on our business, results of operations, financial condition or on the trading price of our H Shares, and could cause you to lose all or part of your investment. The order in which the following risks are presented does not necessarily reflect the likelihood of their occurrence or the relative magnitude of their potential material adverse effect on our business, financial condition, results of operations, prospects or on the trading price of our H Shares.

We believe that there are certain risks involved in our operations, some of which are beyond our control. We have categorized these risks and uncertainties into: (i) risks relating to our business and industry; (ii) risks relating to doing business in the country where we operate; and (iii) risks relating to the Global Offering.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Updates of the PRC government policies and regulatory framework supporting hydrogen energy industry, hydrogen energy core equipment industry and new energy industry could have a material impact on our industry and our business operation.

Since our inception, our growth has benefited from the government policies and regulations that encourage the development of circular economy in connection with the strong commitment to the "Carbon Peaking and Carbon Neutrality" goal by the PRC government. Hydrogen energy has become one of the core solutions to achieve such goal in the energy and transportation fields. PRC national and local governments have introduced a series of favorable policies, including (i) the "14th Five-year Renewable Energy Development Plan" (《"十四五"可再生能源發展規劃》), which outline comprehensive strategies and focus on core technology development, annual production capacity targets, and carbon reduction goals; (ii) the "Standardized Construction Guidelines for the Hydrogen Industry (2023)" (《氫能產業標準體系建設指南(2023版)》), which provides a roadmap for standardizing hydrogen production, storage, transportation, refueling and use; and (iii) 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)》), which emphasizes the strategic position of hydrogen energy as an important part of the future national energy system, an important carrier for achieving green and low-carbon transformation, a strategic emerging industry and a key development direction for future industries in the PRC.

In addition, as the regulatory framework and government policies in China for hydrogen energy industry and hydrogen energy core equipment industry are relatively new and still evolving, the PRC government may continuously adjust and update these policies. Any reduction or cancellation of the favorable industry policies promulgated by the relevant government authorities, such as awards or other economic incentives, due to policy changes, fiscal tightening measures or otherwise, or any government guidance that reduces the demand for hydrogen energy industry and/or hydrogen and hydrogen energy core equipment industry could weaken the competitiveness of our products generally, which may adversely affect on our business and prospects.

Further, we are subject to factors that may impact the new energy industry as a whole. Any updates in the government policies towards the new energy market may adversely affect our business. The new energy market has historically benefited from government subsidies, economic incentives and policies that support its growth and development. For example, 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》) which was issued in 2020, put forward the "award in lieu of subsidy" (以獎代補) policy to provide monetary rewards to certain demonstration city clusters in China, which will 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 these city clusters instead of directly providing subsidies. However, these policies may be subject to updates, which may adversely affect our business. For instance, governments may reduce the grants, subsidies and other forms of economic and regulatory incentives that new energy companies have been entitled to. Any of the foregoing could materially and adversely affect the competitiveness of the products and services provided by new energy companies, and reduce the demand for new energy products and services. If any of the foregoing changes occur, our business, results of operations, financial condition and prospects could be materially and adversely affected.

We depend on our customers' demand for our products. A reduction of customer demand could have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.

The success of our business partially depends on the demand of our customers, which are primarily fuel cell system integrators, hydrogen energy vehicle manufacturers, city bus operation companies and energy companies. During the Track Record Period, we have benefitted from an increased demand for our products as a result of the continued growth of hydrogen energy industry in China. The hydrogen energy core equipment industry in China is still in the early stage of development, characterized by changing technologies, evolving government regulations and industry standards and changing market demands. The rapidly evolving market and the availability of the alternative or new products or technologies may jeopardize our market position and prospects in ways we do not currently anticipate.

Our customers' willingness and ability to purchase our products are also subject to, among others, the continued success of their own businesses and financial performance, changes in their available resources, their spending priorities, their budgetary policies and practices, and their need to develop new products or projects, which, in turn, are dependent upon a number of factors, including their competitors' discovery, development and commercialization initiatives, and the anticipated changes in the markets in which they operate. Any delay, non-approval or lack of demand for our customers' products may have a material impact on our business. Consequently, we may be required to reallocate our resources, a decision that could cause delays in our production and result in lower-than-expected revenue.

Moreover, changes in government regulations, government grants, subsidies and preferential policies could in the future cause participants in the hydrogen energy industry and related industries that we serve to purchase fewer products from us, reduce the prices they are willing to pay for our products, lower the acceptance rate of our products and increase our operating costs.

In addition, to maintain our market-leading position in the hydrogen energy core equipment industry, we are and will be required, on a timely and consistent basis, to continue to design, develop and introduce new, competitive and efficient products to cater to customers' needs. If any breakthrough technologies or new technological applications are introduced rapidly in the market, we may not be able to keep up with the technological upgrades and iterations or apply these technologies to our products in a timely manner or at all. Any failure by us to maintain the competitiveness of our products or bring new products that integrate new technologies to the market could negatively impact our reputation and reduce customers' demand for our products. If our customers reduce their spending on our products as a result of any of the foregoing or other factors, our business, financial condition, results of operations, cash flows and prospects could be materially and adversely affected.

We face intense market competition and the industry may undergo unforeseen changes under 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 energy storage and transport equipment manufacturer in China. We develop and manufacture hydrogen energy core equipment used in the entire industrial value chain of hydrogen energy. We currently face, and will continue to face, significant competition from other manufacturers of similar products. Our competitors may enjoy several competitive advantages over us, including, but not limited to, better brand recognition, more financial resources, longer operating history, broader product application, stronger R&D capabilities, larger customer base and stronger relationship with suppliers.

We believe that our ability to compete effectively against other market participants depends upon many factors, some of which are beyond our control. These factors include:

- the performance, reliability and technology advancement of our products compared to those of our competitors, which are highly dependent on our research and development and technological capabilities, 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.

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 the changes in alternative technologies and competitive market conditions could materially harm our competitive position and growth prospects.

We recorded net losses and had net cash used in operating activities during the Track Record Period, all of which may continue in the future.

During the Track Record Period, we recorded loss for the year/period of RMB75.2 million, RMB96.2 million, RMB75.0 million, RMB44.2 million and RMB96.8 million for the years ended December 31, 2021, 2022 and 2023 and the five months ended May 31, 2023 and 2024, respectively. In addition, we recorded net cash used in operating activities of RMB254.4 million and RMB173.9 million in 2021 and 2022, respectively, and realized net cash from operating activities of RMB8.4 million in 2023. We recorded net cash used in operating activities of RMB42.9 million and RMB41.3 million in the five months ended May 31, 2023 and 2024. For details, please refer to "Financial Information — Period to Period Comparison of Results of Operations — Loss for the Year/Period" and "Financial Information — Liquidity and Capital Resources — Cash Flows Analysis — Net Cash Flows Generated from/Used in Operating Activities" in this prospectus.

We cannot assure you that we will successfully execute our business strategies and generate sufficient income from our business operations, profits or positive cash flow from operating activities in the future for a number of reasons, including, among others, the lack of demand for our products, changes in government policies toward hydrogen energy industry and hydrogen energy core equipment industry, increasing market competition, inability to control our cost of sales, failure to collect outstanding trade and other receivables in a timely manner 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 operating results. In addition, we anticipate that our operating costs and expenses will increase in the foreseeable future as we continue to grow our business, invest and innovate in our technologies and develop and introduce new products. Any of these efforts may incur significant capital investments and recurring costs, have different revenue and cost structures and take time to achieve profitability. If we are unable to adequately control the costs associated with our operations, we may continue to experience losses and net cash outflows from operating activities in the future. In such event, we may have to replenish our working capital with equity or debt financing, which may not be available at price terms favorable to us, or at all. In the event we are unable to improve our profitability in the future, our business, results of operation, financial condition and reputation could be materially and adversely affected.

We are exposed to the credit risk of our customers and failure to collect our trade and other receivables in a timely manner may adversely affect our financial condition and results of operations.

Our business operations are subject to the risk of payment deferrals and/or defaults by our customers. As of December 31, 2021, 2022 and 2023 and May 31, 2024, our trade and other receivables amounted to RMB320.6 million, RMB395.1 million, RMB486.6 million and RMB426.5 million, respectively. Our trade receivables turnover days were 252 days, 321 days and 285 days in 2021, 2022 and 2023, respectively. We typically grant our customers a credit term of one year or less. However, as of December 31, 2021, 2022 and 2023 and May 31, 2024, our trade and other receivables aged over one year accounted for 30.1%, 33.8%, 37.7% and 40.9% to our total trade receivables, respectively, mainly because we historically experienced prolonged settlement of our trade receivables with certain of our customers.

As of May 31, 2024, our top five debtors mainly included hydrogen fuel cell vehicle manufacturers and manufacturers of hydrogen fuel cell stacks and hydrogen fuel cell systems, which are major customer types of our vehicle-mounted high-pressure hydrogen supply systems and related products. To the best knowledge, information and belief of our Directors after making reasonable inquiries, hydrogen fuel cell vehicle manufacturers and manufacturers of hydrogen fuel cell stacks and hydrogen fuel cell systems may experience capital constraints from time to time, and as a result, may negatively affect the collections of our trade and other receivables and our cash flow positions. Given that our trade and other receivables experienced an increasing trend during the Track Record Period, should the creditworthiness of our customers deteriorate or should a significant number of our customers fail to settle their trade and other receivables with us in full or in part for any reason, we may incur impairment losses. In addition, there may be a risk of delay in payment by our customers beyond their respective credit period, which in turn may also result in a large amount of impairment loss provision. As of December 31, 2021, 2022 and 2023 and the five months ended May 31, 2023 and 2024, our impairment losses, net of reversal, recognized on trade receivables amounted to a provision of RMB20.1 million, RMB3.5 million, RMB5.6 million, a reversal of RMB5.9 million and a provision of RMB13.5 million, respectively. There is no assurance that we will be able to fully recover our trade and other receivables from the customers or that they will settle our trade and other receivables in a timely manner or at all. Failure to do so could materially and adversely affect our results of operations and financial position.

In addition, as our businesses continues to develop, our trade receivables may continue to rise and would increase our credit risk exposure. Any significant delay in payment or default by our customers may affect our liquidity and cash flows, which may in turn adversely affect our results of operations and financial condition.

While we strive to maintain strict control over our outstanding trade receivables and the management of our Group assesses the collectability of the trade receivables regularly and on a case-by-case basis, we cannot assure you that such measures would always be effective. We also cannot guarantee that all of our customers are creditworthy and reputable, and will not default on us in the future, despite our efforts to conduct credit assessments on them. As a result, we are exposed to risks that our customers may fail to fulfil their obligations to us under our contracts in this regard.

Fluctuations in the market prices for our key raw materials such as carbon fiber and aluminum tubes, may materially and adversely affect our business, financial condition and results of operations.

The major raw materials we use in our manufacturing activities primarily comprise carbon fiber and aluminum tubes. Historically, we generally purchase carbon fiber from suppliers who are Independent Third Parties in China and abroad. Since 2021, we have procured substantially all of our carbon fiber from Chinese domestic suppliers. All of our suppliers of aluminum tubes are Chinese domestic suppliers since our inception. The procurement of such raw materials that are used to manufacture vehicle-mounted high-pressure hydrogen storage cylinders represents a major component of our cost of sales. Any failure to secure adequate supplies of such raw materials or any interruptions in any part of the supply chain may disrupt our operations.

During the Track Record Period, the cost of carbon fiber constituted a large portion of our total cost of raw materials. We normally enter into annual supply contracts with our carbon fiber suppliers. We cannot assure you that our relationship with our top suppliers will continue to be as stable, or that our current suppliers will continue to supply these products to us on terms that are reasonable and acceptable to us, or that we will be able to establish new or extend current supplier relationships to ensure a steady supply in a timely and cost-efficient manner. If our relationships with our important suppliers are terminated, interrupted or modified in any way adverse to us, our business, financial condition and results of operations could be adversely affected.

In addition, these raw materials used in our manufacturing activities are subject to price volatility caused by external conditions, such as market supply and demand, commodity price fluctuations, global government control, business performance and operational needs of the suppliers, all of which are beyond our control. For instance, carbon fiber faced supply constraints due to limited domestic production in China and foreign export controls in the past several years, leading to a price surge in 2021. Accordingly, the cost of our carbon fiber increased significantly in the 2021. Since 2019, we started to purchase carbon fiber from several domestic suppliers to control such cost. With the domestic substitution of core technologies and increasing production capacity of carbon fiber, its price gradually decreased in 2022 and is expected to further decline in the future. We cannot assure you that we are able to maintain stable and sufficient supply of these raw materials in the future. If we are not able to source a stable supply of key raw materials in light of sudden disruptions, or if we fail to effectively manage the price fluctuations in our raw materials or transfer the increased costs to our customers or modify our products or adjust our procurement strategy, any significant increase in the prices of our major raw materials would reduce our profit margin and materially and adversely affect our business, financial condition and prospect.

We may not be able to increase our production capacity and implement other expansions as planned.

Our revenue realized steady growth over the past several years and we intend to maintain our competitive advantages by, among others, expanding our production capacity and exploring new business opportunities in the hydrogen energy core equipment industry. Such expansion plans and any other future expansion plans would require significant capital investments in new production facilities and in the engagement of additional qualified personnel. To capture these opportunities, we are in the process of constructing Zhangjiagang Factory Phase III, new production lines for Type-IV cylinders in Shanghai, among others. For more information, see "Business — Our Facilities and Production — Production Expansion Plan" and "Future Plans and Use of Proceeds" in this prospectus. We expect that we will incur additional costs, such as depreciation charges, raw material costs, financial costs and labor costs in relation to the above expansion plans. The success of our business expansion plans depends on various factors, many of which are beyond our control. There can be no assurance that we will be successful in implementing our strategies or that our strategies, even if implemented, will lead to successful achievement of our business objectives.

Furthermore, in addition to cash on hand and the net proceeds from the Global Offering, we expect to continue to fund our expansion plan through banking facilities. Finance costs in relation to our banking facilities may increase in the future and adversely affect our profitability. Accordingly, we may not be able to achieve the expansion of our operations in a timely or cost-effective manner. For risk relating to our financing activities, please see "— Our business is capital-intensive, we may require additional financing to support our developments or adapt to changes in business conditions, but we may not be able to obtain additional financing on favorable terms or at all." in this section.

If we fail to develop and maintain management, operational and administrative systems, resources and supporting infrastructure effective and sufficient to keep pace with our planned growth, we may experience difficulties in managing our growth and our business, financial condition and results of operations could be materially and adversely affected. For example, we may encounter difficulties in producing or selling our new products or in constructing our production or operational facilities for new products as a result of budget overruns, shortage of necessary equipment components, shortage of labor, increase in construction costs or unexpected extreme weather condition. Furthermore, there is no assurance that we will be able to secure a stable supply of raw materials, power or water at favorable terms, or at all, to sustain our future expansion. Any delay or interruption in the schedule for our production and sales may impact our ability to meet increased customer demand. This could result in a loss of existing and potential new customers who, under such circumstances, may seek to source products from our competitors.

In addition, we may seek to expand our business through business cooperation, strategic investments and joint project construction. The success of these endeavors depends on the availability of, and competition for, suitable targets and on our financial resources, including available cash and borrowing capacity, and the business performance and financial condition of the targets. Moreover, future investments, joint ventures, mergers and acquisitions, partnerships and cooperation may expose us to potential risks, including the diversion of management attention and resources from our existing business and the inability to generate sufficient revenue to offset the costs and expenses. These endeavors may also result in an increased leverage, sharing of potential legal liabilities in respect of the target businesses, and incurrence of impairment charges related to goodwill and other intangible assets. As a result, we cannot assure you that we will be able to achieve the strategic purpose of any investment, joint venture, merger and acquisition, partnership or cooperation, the desired level of control in management decisions made by the targets or our anticipated investment return target. If we are unable to implement our strategies effectively, our business, financial condition and results of operations may be materially and adversely affected.

The industry we operate in is characterized by rapid technological changes and advancements, which requires us to invest substantial resources in the R&D, sustain technological innovation and keep up with the technological upgrades and iterations in a timely manner. Our failure to do so could result in the delay or failure by us in bringing new and competitive products to the market and adversely affect our financial performance.

The hydrogen energy core equipment industry evolves rapidly and is subject to rapid technological changes and developments. The products that we offer to our customers are highly technology-intensive products. We have achieved a leading position in vehicle-mount high-pressure hydrogen supply systems and related products and equipment for hydrogen refueling stations and related products in the hydrogen energy core equipment industry in China. Our future success in part depends on our ability to continue to improve the quality and performance of our existing products and develop and introduce new products that integrate new technological advances. If we are unable to integrate prevalent technological advances into our product offerings or design, develop, manufacture and market new products successfully in a timely manner or at all, our operating results and prospects may be adversely affected. We cannot assure you that we are able to bring new and competitive products to the market in a timely manner or at all. Any foregoing failure could threaten our market-leading position and damage our reputation. In the event we are unable to manage or mitigate the risks associated with technological changes and advancements, our business operation, profitability and future growth may be adversely affected.

To expand our product portfolio and achieve diversified revenue streams, we are actively seeking for the production and sales of new products, such as equipment and systems for water electrolysis hydrogen and Type-IV cylinders. Bringing in new products may expose us to market risks, including, but not limited to, low market acceptance, inefficient production capacity, fierce industry competition, potential difficulties in operating a new products or different operational requirements and regulatory schemes, with which we may not be familiar and which may require us to comply with new laws and regulations. Our production and sales of these new products may not be successful, which may materially and adversely affect our business, results of operations, financial condition and growth prospects.

Furthermore, to maintain our market position, we are and will be required, on a timely and consistent basis, to refine our existing technology and to design, develop and introduce new, improved and competitive products. Accordingly, we have devoted substantial resources to our research and development efforts. For the years ended December 31, 2021, 2022 and 2023 and the five months ended May 31, 2023 and 2024, our total R&D expenses amounted to RMB41.7 million, RMB42.7 million, RMB39.1 million, RMB10.0 million and RMB17.1 million, respectively. We plan to continue to invest human and capital resources to develop or acquire technologies that will allow us to enhance the scope, quality and performance of our products, which can be capital intensive and time consuming. We cannot assure you that our improved products will be successful commercially or that the new products we introduce will achieve widespread market acceptance. If we fail to generate ideal results from R&D, there may be a waste of capital and human resources, which may adversely affect our results of operations and financial condition. Moreover, we cannot assure you that our R&D efforts can be completed in the anticipated time frame. 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, and if our competitors respond to new technologies more promptly than we do, our business, financial condition and results of operations may be materially and adversely affected.

In addition, our future development is subject to the specific time cycle for the development and maturation of the hydrogen energy in China and globally. As the technologies and industry standards relating to the production, storage and transportation, refueling and use of hydrogen energy are still evolving and in an early stage, we cannot assure you that the progress of hydrogen energy industry could maintain successful, which may adversely affect our business, financial condition and results of operations.

We rely on our major customers and suppliers. The loss of any of these customers or suppliers could adversely affect our business, financial condition, results of operations and cash flows.

We rely on our major customers for a substantial portion of our revenue. In the years ended December 31, 2021, 2022 and 2023 and the five months ended May 31, 2024, our sales to our five largest customers in each year/period accounted for 44.8%, 53.5%, 56.7% and 69.1% of our total revenue, respectively, and our sales to our single largest customer accounted for 13.3%, 26.3%, 16.5% and 32.4% of our total revenue, respectively.

With respect to major suppliers, in the years ended December 31, 2021, 2022 and 2023 and the five months ended May 31, 2024, our purchases from our five largest suppliers in each year/period accounted for 44.1%, 55.4%, 33.6% and 39.7% of our total purchases, respectively, and our purchases from our single largest supplier accounted for 19.1%, 34.7%, 14.9% and 20.2% of our total purchases, respectively.

We anticipate that we will continue to rely on our major customers and suppliers. Our ability to maintain close relationships with these major customers and suppliers is essential to our strategy and to the stability of our business. We cannot guarantee that our major customers and suppliers will continue to work with us or will not reduce their business with us. Moreover, we cannot guarantee that our major customers and suppliers will not have a change of their business scope or business model, will continue to maintain their market position and reputation, will not cease to operate or will not experience operational or financial difficulties. Any material adverse change to the operation, financial performance or financial condition of our major customers and suppliers may have a significant adverse impact on us. If we are unable to find new customers and suppliers on comparable commercial terms or, in the case of customers, with similar revenue contribution, within a reasonable period of time, or at all, our business, financial condition, results of operations and profitability may be adversely affected.

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 may not be successful in expanding our operations in a timely or cost-effective manner.

As our markets are competitive and subject to rapid technological advances and frequent price fluctuations, we may not be able to accurately forecast market demand, produce the correct amounts of products or fully utilize purchase commitments. We had inventories of RMB167.6 million, RMB290.6 million, RMB178.4 million and RMB197.2 million as of December 31, 2021, 2022 and 2023 and May 31, 2024, respectively. Our average inventory turnover days were recorded at 161 days, 261 days and 199 days in 2021, 2022 and 2023, respectively. If we were unsuccessful in accurately quantifying appropriate levels of inventory, our business, financial condition and results of operation may be materially and adversely affected.

Our inventories mainly consist of raw materials and consumables, 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.

With the aging of inventory balance, we may be required to write down inventories, which, if significant, may have a material and adverse impact on our financial condition and results of operations.

Our business is subject to the geopolitical risks associated with conducting operations in various foreign jurisdictions.

During the Track Record Period, we expanded our footprint in the overseas markets and collaborated with several foreign business partners in Europe, South America, the Middle East, Australia, Southeast Asia and the United States, and we expect to continue to expand our overseas business in the future. Our overseas expansion may subject us to the dynamic and complex challenges of conducting business in an environment involving multiple languages, cultures, customs, legal systems, alternative dispute resolution systems and commercial infrastructures.

Our limited prior experience in international business operation and our expansion in various foreign jurisdictions may subject us to the risks relating to geopolitical uncertainty and international tension, including, but not limited to:

- increased and sometimes conflicting global regulatory compliance requirements;
- inability to cope with protectionist laws and business practices that favor local businesses in certain countries;
- inability to recruit and retain talented and capable management and employees with the experience and insight necessary for global operation;
- inability to cope with challenges caused by distance, language and cultural differences;
- inability to localize and customize our production activities;
- inability to build and maintain strong relationships with local partners;
- unrest, riot, terrorist threats, extended outage of critical utilities or transportation systems and the potential war resulting in political and economic instability in the countries where we operate;
- currency exchange rate fluctuations;
- worsening trade and diplomatic relationships between countries and regions in which we operate due to geopolitical and economic tensions; and
- changes in international trade policies and regulations, including economic sanctions, export controls, and import restrictions, as well in trade barriers such as imposition of tariffs.

Our business and financial results in the future could be materially and adversely affected by any of such risks and uncertainties.

Our business is capital-intensive, we may require additional financing to support our developments or adapt to changes in business conditions, but we may not be able to obtain additional financing on favorable terms or at all.

We operate in a capital-intensive industry that requires substantial capital and other long-term expenditures, including expenditures for the construction of production facilities. To the extent that we expand or add new production facilities, we expect to fund the related financial commitments and other capital and operating expenses from a combination of cash on hand, banking facilities and the net proceeds from the Global Offering. We may require additional financing if we incur operating losses or for future growth and/or incur additional capital expenditures for the development of our business, including any expansion plan of our production facilities to meet increasing customer demand and to manufacture more advanced hydrogen energy equipment. If our financing is insufficient to satisfy our working capital requirements, we may seek to issue additional equity or debt securities or obtain new or expanded credit facilities. Our ability to obtain external financing in the future is subject to a variety of uncertainties, including our future financial condition, results of operations, cash flows, share price performance, liquidity of international capital and lending markets and the PRC regulations over foreign investment and the industry we operate. In addition, incurring indebtedness would subject us to increased debt service obligations and could result in operating and financing covenants that would restrict our operations and growth. There can be no assurance that financing would be available in a timely manner or in amounts or on terms favorable to us, or at all. Any failure to raise sufficient funds on terms favorable to us, or at all, could severely restrict our liquidity as well as have a material and adverse effect on our business, financial condition and results of operations. Moreover, any issuance of equity or equity-linked securities could result in significant dilution to our existing Shareholders.

Our production capacity may be overloaded or may not be fully utilized due to fluctuating demand of our products, which may hinder our growth or prevent us from achieving the intended economic results or commercial viability, as the case may be.

If our products face insufficient or unstable demand, our utilization of production capacity will be affected. We experience seasonal fluctuations in the demand primarily for our vehicle-mounted high-pressure hydrogen supply systems and related products. Due to the nature of our business, we usually receive the largest number of orders from our customers during the second half of each calendar. Therefore, our utilization rates are higher in the second half of the year. For more information on the utilization rates of our production facilities, please refer to "Business — Our Facilities and Production — Production Capacity, Volume and Utilization Rate" and "Business — Seasonality" in this prospectus.

We plan to increase the production capacity at our existing production facilities and construct additional production lines for our existing products and certain new products, such as water electrolysis hydrogen production equipment and vehicle-mounted high-pressure hydrogen supply systems and related products. There is no assurance that we will be able to maintain the level of demand for our products in the future. Accordingly, 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, or if our new products are not widely accepted by the market, we may not be able to receive sufficient orders from our customers to start our production activities, our production facilities may be operated at utilization rates that are lower than our desired rates, which may adversely affect our business, financial condition and results of operations.

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

For the years ended December 31, 2021, 2022 and 2023 and the five months ended May 31, 2023 and 2024, we recognized government grants of RMB14.2 million, RMB10.1 million, RMB22.1 million, RMB2.9 million and RMB1.8 million, respectively. The government grants we received represented the various amounts from the local government from time to time, in relation to our research and development activities and acquisition of property, plant and equipment. We record government subsidies equipment or with certain conditions imposed by the respective PRC government authorities as deferred income. Our subsidies related to the acquisition of property, plant and equipment amounted to RMB8.9 million, RMB8.3 million, RMB7.7 million and RMB15.6 million as of December 31, 2021, 2022 and 2023 and May 31, 2024, respectively. Such amounts have been deferred and recognized as release of assets-related government subsidies in our other income on a systematic basis over the useful life of the relevant assets. For the same years/periods, our subsidies in relation to research and development activities amounted to RMB7.1 million, RMB34.0 million, RMB33.3 million and RMB33.9 million, respectively. Such amounts were recorded as deferred income and released to profit or loss upon certain conditions are fulfilled.

These government grants and subsidies 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. These factors, such as the government's focus on industries and criteria for government grants and subsidies, 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 or subsidies in the future. If we do not receive government grants and subsidies in subsequent periods after the Track Record Period or if the amount of government grants and subsidies we are entitled to decreases, our financial condition for such periods may be adversely affected.

In addition, our customers may also enjoy and benefit from government grants and subsidies or receive recognition and encouragement of enterprises in certain new or high technology fields. If our customers fail to meet certain selection criteria and procedures stipulated by the local governments resulting in a reduction of the corresponding subsidies and grants, their business, operation and financial positions may be materially and adversely affected, which in turn may reduce the demand for our products. If this occurs, our business, financial condition, results of operations and prospects could be adversely affected accordingly.

Our business performance is subject to seasonality.

We experience seasonal fluctuations in the demand primarily for our vehicle-mounted high-pressure hydrogen supply systems and related products. Due to the nature of our business, vehicle manufacturers are one of our major types of customers, whose businesses are subject to the seasonality of China's hydrogen fuel cell vehicle industry. As a result, we usually receive the largest number of orders from our customers during the second half of each calendar year. Please refer to "Business — Seasonality" in this prospectus for details. Due to these seasonal factors, comparison of operating results between different periods within a single financial year may not be meaningful and should not be relied upon as indicators of our performance. In addition, these seasonal sales patterns may cause our operating results and financial condition to fluctuate from period to period.

We may not be able to protect our intellectual property rights from unauthorized use or we may be subject to claims of alleged infringement on the intellectual properties of others, either of which could reduce the value of our products and harm our business and competitive position.

Intellectual property rights are important to our business. We rely on a combination of copyright, know-how, trade secret, patent and trademark laws and third-party non-disclosure agreements to protect our intellectual property rights and products. Please refer to the section headed "Appendix VII — Statutory and General Information — B. Further Information about Our Business — 2. Intellectual Property Rights" in this prospectus for details of our intellectual properties that are material to our business. However, we cannot assure you that our intellectual property rights will not be challenged, invalidated, circumvented or rendered unenforceable, or that meaningful protection or adequate remedies will be available to us. For instance, it may be possible for unauthorized third parties to copy our intellectual property, to reverse engineer or obtain and use information that we regard as proprietary, or to develop equivalent technologies independently. Third parties may bring suits alleging infringement of intellectual property rights or otherwise assert their rights or urge us to purchase licences from them. Additionally, third parties may assert exclusive patent, copyright and other intellectual property rights to the technologies that are important to us. We may find it necessary to enforce our patents or other intellectual property rights through litigation. Any such claims or litigation may (i) be time consuming and costly; (ii) divert significant management and staff resources; (iii) require us to enter into expensive royalty or licensing arrangements; (iv) prevent us from using important technologies, business methods or applications, content or other intellectual property rights; (v) result in monetary liability; (vi) prevent us from selling our products through the use of injunctions or other legal means; or (vii) otherwise harm our business and competitive position and adversely affect our reputation and results of operations. We also could incur substantial costs to redesign our products, or to defend any legal action taken against us.

In order to protect our brand and intellectual property rights, we may be required to spend significant resources to monitor and protect these rights. Litigation brought to protect and enforce our intellectual property rights could be costly, time-consuming and distracting to management, and could result in the impairment or loss of portions of our intellectual property. There is no assurance that we will prevail in such litigation, and even if we do prevail, we may not obtain an effective and full recovery in the event that the enforceable assets of the losing party are insufficient to compensate for our losses. Furthermore, our efforts to enforce our intellectual property rights may be met with defenses, counterclaims and countersuits challenging the validity and enforceability of our intellectual property rights. Accordingly, we may not be able to prevent third parties from infringing upon or misappropriating our intellectual property. If we fail to secure, protect and enforce our intellectual property rights, our brand and our business could be seriously damaged. In addition, our trade secrets may be leaked or otherwise become available to, or be independently discovered by, our competitors. Any failure in maintaining, protecting or enforcing our intellectual property rights could have a material adverse effect on our reputation, business, financial condition and results of operations.

In addition, our existing and future patents may not be sufficient to protect our products or technologies used in our products or product designs, or prevent others from developing competing products, technologies or designs. Furthermore, there can be no assurance that our patent applications will be approved, that any issued patents will adequately protect our intellectual property, or that such patents will not be challenged by third parties or found by a judicial authority to be invalid or unenforceable. If any of the foregoing occurs, our business, results of operations and financial condition could be materially and adversely affected.

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 raw materials. In the event of earthquake, fire, drought, flood or other natural disaster, environmental incidents, power outages, fuel shortages, mechanical breakdowns, extended outage of transportation systems 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, which may exceed our insurance coverage to repair or replace any damaged facilities. 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.

In addition, if our R&D projects are disrupted by a disaster or catastrophe, the launch of new products and the timing of improvements to existing products could be significantly delayed, which could adversely impact our ability to compete with other available products. If our or the third-party manufacturers' production capabilities are impaired, we may not be able to manufacture and deliver our products in a timely manner, which would adversely impact our business, results of operations and financial condition.

Our warranty 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.

We generally provide limited warranty for our products, including vehicle-mounted high-pressure hydrogen supply systems and related products, equipment for hydrogen refueling stations and related products and carbon fiber wound hydrogen storage cylinders. For example, in terms of vehicle-mounted high-pressure hydrogen supply systems, we generally provide a warranty period of five-year or 200,000 kilometers for passenger vehicles and eight-year or 400,000 kilometers for heavy trucks. We typically provide warranty period ranging from 12 to 18 months for hydrogen refueling stations. We have maintained warranty provisions during the Track Record Period to cover potential warranty-related claims. Our warranty provisions were RMB3.4 million, RMB5.4 million, RMB10.5 million and RMB10.1 million as of December 31, 2021, 2022 and 2023 and May 31, 2024, respectively. If our warranty 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 the changes in estimated warranty costs and actual warranty costs. Given that (i) we have experienced a growth in our revenue each year during the Track Record Period; and (ii) we have not experienced any material product return from our customers due to quality issue, we have limited operating experience with warranty claims for our products or with estimating warranty provisions for the future. As such, we may be subject to significant and unexpected warranty expenses in the future. We cannot assure you that the hen-existing warranty provisions will be sufficient to cover all claims.

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

As of December 31, 2021, 2022 and 2023 and May 31, 2024, we recognized deferred tax assets of RMB35.3 million, RMB55.2 million, RMB69.0 million and RMB89.2 million, respectively. Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in our financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future. While the deferred tax assets may enable us to reduce future tax payments, our deferred tax assets may also represent a risk to us as their recoverability depends on our ability to generate sufficient taxable profits or taxable temporary differences in the future. We cannot assure you that our deferred tax assets can be recovered in the future. In the event that the value of our deferred tax assets is changed, we may have to write-down the deferred tax assets, which may materially and adversely affect our financial condition.

We are exposed to changes in the fair value of our equity and debt instruments measured at FVTOCI.

Our results of operations are affected by changes in the fair value of our equity and debt instruments at FVTOCI. As of December 31, 2021, 2022 and 2023 and May 31, 2024, our equity instrument at FVTOCI amounted to RMB3.0 million, RMB34.3 million, RMB34.3 million and RMB35.0 million, respectively and our debt instrument at FVTOCI amounted to RMB15.6 million, RMB69.7 million, RMB33.5 million and RMB40.6 million, respectively. For the years ended December 31, 2021, 2022 and 2023 and the five months ended May 31, 2023 and 2024, the amount of gain on fair value change of equity instrument at FVTOCI recognized was nil, RMB16.3 million, nil, nil and RMB0.7 million, respectively.

The risks associated with our equity and debt instruments include interest rate risk and credit risk. In addition, certain factors that are beyond our control, including, but not limited to, general economic condition, changes in market interest rates and stability of the capital markets, can significantly influence and cause adverse changes to these market-observable data we use and thereby affect the fair value of such equity and debt instruments. Any of these factors could cause our estimates to vary from actual results, which could materially and adversely affect our results of operations and financial condition.

We may incur impairment loss on long-lived assets in the future. Significant impairment of our long-lived assets could materially impact our financial position and results of our operations.

In order to integrate prevalent technological advances into our product offerings, improve and iterate our existing products and manufacture new products, we need to continuously improve and expand our production capacity. We have made and will continue to make significant investment in long-lived assets. We review our long-lived assets, including property, plant and equipment (e.g., our Zhangjiagang Factory Phase I, II and III), right-of-use assets and intangible assets, whenever events or changes in circumstances indicate that the carrying amount of an asset may no longer be recoverable. If any such indication exists, we estimate the recoverable amount of the cash-generating unit to which the asset belongs in order to determine the extent of the impairment loss (if any). Recoverable amount is estimated based on future cash flows 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 cash-generating unit for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of the cash-generating unit is less than the carrying amount, we recognize an impairment loss in profit or loss by reducing the carrying amount of the cash-generating unit to its recoverable amount. The application of long-lived asset impairment test requires significant management judgment. If our estimates and judgments are inaccurate, the fair value determined could be inaccurate and the impairment may not be adequate, and we may need to record impairments in the future. Any significant impairment losses charged against our long-lived assets could materially adversely affect our results of operations.

Our failure to maintain an effective quality control system may result in a material adverse effect on our business, reputation, financial condition and results of operations.

The quality of our products is critical to the success of our business. These factors depend significantly on the effectiveness of our quality control system, which in turn, depends on a number of factors, including, among others, the quality of raw materials, the design of production systems, machineries and equipment used, the quality of our staff and related training programs and our ability to ensure that our employees adhere to our quality control policies and guidelines. We are required to comply with specific guidelines and standards based on international product safety laws and regulations that are applicable in the jurisdictions where we sell our products to our customers. Our safety standards for the inspection of our products are also based on the relevant national and industry standards, such as ISO and ASME. For details of our quality control, please refer to "Business — Quality Control" in this prospectus. We cannot assure you that our quality control system will continue to be effective and in compliant with relevant laws, regulations and standards. Any significant failure in or deterioration of the efficacy of our quality control systems could result in us damaging our relationships with our customers, and losing accreditations and requisite certifications or qualifications, which could in turn have a material and adverse effect on our business, reputation, financial condition and results of operations.

Our failure to obtain or renew certain approvals, licenses, permits or certificates required for our business may materially and adversely affect our business.

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. Please see the section headed "Business — Licenses, Certificates and Permits" in this prospectus. 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 be subject to updates. We cannot assure you that we can successfully obtain such renewals and/or reassessment. 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, or changes to the interpretation or implementation of existing laws and regulations. We cannot assure you that we will successfully obtain such approvals, permits, licenses or certificates. Our failure to obtain the additional approvals, permits, licenses or certificates may restrict the conduct of our business, decrease our revenue and/or increase our costs, which could materially reduce our profitability and prospects.

We may not continue to enjoy preferential tax treatments.

Our results of operations and profitability are affected by adjustments in tax rates in the PRC. We and one of our PRC subsidiaries have been accredited as a "New and High Technical Enterprise" and enjoyed a preferential PRC enterprise income tax rate at 15% historically. For more information, please refer to "Financial Information — Description of Major Components of Our Consolidated Statements of Profit or Loss and Comprehensive Income — Income Tax Credit" in this prospectus. Our effective tax rates may change from year to year due to the availability or expiration of any preferential tax treatments. The PRC policies with respect to the preferential tax treatments we currently enjoy are subject to updates and such updates may not be favorable to us. In addition, we cannot assure you that the approval for such preferential tax treatments would be granted to us in a timely manner, or at all.

The success of our business depends on our ability to attract, train and retain highly skilled employees and key personnel.

Our success depends, to a significant extent, on the capability, expertise and continued services of our key personnel, including among others, key executives and research and development personnel. We rely on the expertise and experience of our key personnel in developing business strategies, product research and development, business operation and maintaining relationships with customers. If we lose the services of any of our key personnel, we may not be able to find a suitable replacement with comparable knowledge and experience, and our business, financial condition, results of operations and prospects may be materially and adversely affected.

Our success also depends on our ability to attract and retain talented personnel. We may not be able to attract or retain all the key personnel we need. We may also need to offer better remuneration and other benefits to attract and retain key personnel and therefore we cannot assure you that we will have the resources to fully achieve our staffing needs or that our costs and expenses will not increase significantly as a result of increased talent acquisition and retention cost. Our failure to attract and retain competent personnel and any increase in staffing costs to retain such personnel may have a negative impact on our ability to maintain our competitive position and to grow our business. If this occurs, our business, financial condition, results of operations and prospects may be materially and adversely affected.

We may face administrative penalties arising from the defects of certain properties leased by us.

As of the Latest Practicable Date, we leased six properties in China with a total GFA of 2,576.48 sq.m. from Independent Third Parties, all of which did not complete the lease registration and filing. As advised by our PRC Legal Advisors, failure to register such lease agreement with the relevant Chinese government authorities does not affect the validity of the lease agreement, but the relevant Chinese government authorities may order us or the lessor to, within a prescribed time limit, register the lease agreement. Failure to do so with the time limit may subject us to a fine ranging from RMB1,000 to RMB10,000 for the non-registered lease. For details, please see "Business — Legal Proceedings and Compliance — Legal Compliance — Lease Registration and Filing" in this prospectus.

We failed to make adequate contributions to various employee benefits plans according to the requirements of the relevant PRC laws and regulations during the Track Record Period, which may subject us to penalties.

Companies operating in China are required to participate in various employee benefit plans, including pension insurance, unemployment insurance, medical insurance, work-related injury insurance, maternity insurance and housing provident fund, and contribute to the plans in amounts equal to certain percentages of the salaries, including bonuses and allowances, of their employees up to a maximum amount specified by the local governments from time to time at locations where they operate their businesses. During the Track Record Period, we did not pay social insurance contributions and housing provident fund in full for certain of our full-time employees based on their actual wages in accordance with the applicable PRC laws and regulations. For details of such non-compliances, including the potential penalties, please refer to "Business — Legal Proceedings and Compliance — Legal Compliance — Social Insurance Plan and Housing Provident Fund" in this prospectus. However, we cannot assure you that such authorities will not require us to pay the outstanding amount of social insurance and housing provident fund contributions within a specified time limit or impose late fees or fines on us for our such non-compliance, which may materially and adversely affect our financial condition and results of operations.

Any labor shortages, increased labor costs or other factors affecting labor supply for our production could adversely affect our business, financial condition, results of operations and prospects.

Any labor shortage, suspension or slowdown at our production facilities may significantly disrupt our business operations or delay our expansion plan. We may have difficulties in hiring or retaining sufficient and qualified employees. In addition, if our employees were to engage in a strike or other work stoppage, we could experience significant disruption of our operations and/or higher on-going labor costs, which may have an adverse effect on our business, results of operations and reputation.

Our historical results may not be indicative of our future growth rate, revenue and profit margin.

We cannot guarantee that we will be able to sustain our historical growth rate for various reasons, including the uncertainty relating to the launch of our new products and intensified competition within hydrogen energy industry in China, as well as unforeseen changes in the PRC laws and regulations which may have an impact on our businesses. The growth of our existing business is uncertain while the development of our new business is currently immature. Our revenue, expenses and operating results may vary from period to period due to factors beyond our control. We cannot assure you that our future revenue will increase or that we will be profitable. Accordingly, investors should not rely on our historical results as an indication of our future financial or operating performance.

In addition, our anticipated expansion and investment in new products may place a significant strain on our managerial, operational, financial and human resources. Our current and planned personnel, systems, procedures and controls may not be adequate to support our future operations. We cannot assure you that we will be able to effectively manage our growth or implement all such systems, procedures and control measures successfully. If we are not able to manage our growth or execute our strategies effectively, our business and prospects may be materially and adversely affected.

Our management uses certain key business metrics to evaluate our business, measure our performance, identify trends affecting our business, formulate financial projections and make strategic decisions and such metrics may not accurately reflect all of the aspects of our business needed to make such evaluations and decisions, in particular as our business continues to grow.

In addition to our consolidated financial results, our management regularly reviews a number of operating and financial metrics, such as sales volume, unit selling price, production volume, gross profit margin, liquidity status and its market share, to evaluate our business, measure our performance, identify trends affecting our business, formulate financial projections and make strategic decisions. We believe that these metrics are representative of our current business; however, they may not accurately reflect all aspects of our business and we anticipate that these metrics may change or may be substituted for additional or different metrics as our business grows and as we introduce new products. If our management fails to review other relevant information or change or substitute the key business metrics they use as our business grows and we introduce new products, their ability to accurately formulate financial projections and make strategic decisions may be compromised and our business, financial results and future growth prospects may be adversely impacted.

We rely on third parties for certain services in connection with our business, and their failure to perform their respective obligations may adversely affect our results of operations, financial condition and reputation.

During the Track Record Period, we engaged the providers of certain services in connection with our business, such as human resources service, construction service, logistics services and product testing services. Third-party service providers may not have sufficient resources and their services may not be provided in a timely manner or be of satisfactory quality. If the third-party service providers do not perform satisfactorily, substantially reduce the amount and scope of services provided to us, substantially increase the prices of their services or terminate their business relationship with us, we may need to replace such third-party service providers or take other remedial actions which could increase our costs of operations. 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.

Any failure to comply with the cybersecurity and data privacy laws and regulations in the PRC 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 — Laws and Regulations on Data Security and Cyber Security" in this prospectus for more details. 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 of our products and relevant services. Pursuant to the Personal Information Protection Law of the PRC, a service provider shall obtain explicit 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. Pursuant to Regulation on Protecting the Security of Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》), critical information infrastructure refers to any important network facilities or information systems of an important industry or field specified. In addition, relevant administration departments of each critical industry and sector are responsible for formulating eligibility criteria and determining the critical information infrastructure in the respective industry or sector. The operators will be informed about the final determination as to whether they are categorized as critical information infrastructure operators ("CIIO"). As of the Latest Practicable Date, we are not a CIIO provided the fact that we have not received any written notice nor been informed as a CIIO by any governmental authorities. We primarily collect and process limited system operating data from our station control system for analyzing the operations of our products and to support the research and development for product upgrades, which are not used to identify the customers who use the system. We only collect and process limited personal information of certain customers and employees of our hydrogen refueling stations within a necessary and narrow scope of conducting our daily business operations. We may incur further expenses to comply with laws and regulations relating to data privacy, cybersecurity, as well as relevant industry standards and contractual obligations.

In addition, regulatory requirements on cybersecurity and data privacy are constantly updated, resulting in potential updates to the scope of our responsibilities in that regard. 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. Provided that the PRC data compliance laws and regulations may develop and change in the future, we may be subject to higher compliance risk and cost subsequently if we are recognized as a critical information infrastructure operator or the data that we process is recognized as important data by the supervisory authority. If we are unable to comply with the applicable laws and regulations or effectively address data privacy and protection concerns, such failure could damage our reputation, discourage customers from purchasing our products and subject us to significant legal liabilities.

We depend on information technology and other infrastructure that face security risks, including cyber security risks.

We rely on a variety of information technology and automated operating systems to manage and support our operations. The proper functioning of these systems is critical to the efficient operation and management of our business. In addition, these systems may require modifications or upgrades as a result of technological changes or growth in our business. These changes may be costly and disruptive to our operations and could impose substantial demands on management time. In compliance with the relevant PRC laws, regulations and the competent authority's rules, we have designed a systematic security mechanism for maintaining our systems. However, it is difficult to eliminate all disruption and harm caused by unforeseeable events, such as malware, viruses, hacking, strong phishing attacks, improper or illegal use of our systems. Any significant disruption and harm to our systems could result in data leakage and adversely affect our business, financial condition and operating results.

Any failure to comply with environmental, health and safety regulations applicable to us could harm our business.

Our business operations are subject to national and local laws and regulations of the PRC pertaining to protection of the environment and health and safety requirements, including but not limited to the treatment and discharge of pollutants into the environment. For further details, please see the section headed "Business — Health, Safety and Environmental Matters" in this prospectus. In addition, the production facilities located in Shanghai that is currently a construction-in-progress can only be put into operation after the relevant administrative authorities in charge of environmental protection and health and safety have examined and approved the relevant production facilities. Since the requirements imposed by the relevant environmental protection laws and regulations may be updated and more stringent laws or regulations could be adopted, we may be unable to comply in a timely manner, or to accurately predict the potentially substantial cost of complying, with these laws and regulations. If we fail to comply with the relevant environmental protection and health and safety laws and regulations, we may be subject to rectification orders, substantial fines, potentially significant monetary damages, suspend production or suspensions in our business operations.

In addition, we cannot fully eliminate the risk of accidental contamination or personal injury at our production facilities during the development and manufacturing process. In the event of such accident, we could be held liable for damages and clean-up costs which, to the extent not covered by existing insurance or indemnification, could harm our business. Other adverse effects could result from such liability, including reputational damage resulting in the loss of business from customers. We may also be forced to close or suspend operations at certain of our affected production facilities temporarily, or permanently. As a result, any accidental contamination or personal injury could have a material and adverse impact on our business, financial condition, results of operations and prospects.

We have restricted shares schemes, which may materially impact our future results of operations and dilute the ownership interests of our Shareholders.

We adopted restricted shares schemes for certain personnel including Directors, Supervisors, senior management and key personnel, in order to recognize and reward their contribution and employees to our success and retain the services of eligible employees for our continuous growth and development. Our equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. At the end of each financial year/period of the Track Record Period, we revise our estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve. For the years ended December 31, 2021, 2022 and 2023 and the five months ended May 31, 2023 and 2024, we recorded an aggregate of nil, nil, RMB4.8 million, nil and RMB24.0 million of equity-settled share-based payment expenses, respectively. The equity-settled share-based payment expenses will decrease our net profit and the additional Shares issued will dilute the ownership interests of our Shareholders. On the other hand, if we reduce the amount of equity-settled share-based payment expenses, we may not be able to attract or retain key personnel by offering them incentives linked to the value of our Shares.

We may be involved in legal proceedings and commercial or contractual disputes, which could have a material adverse effect on our business, results of operations and financial condition.

We may be involved in legal proceedings and commercial or contractual disputes in the ordinary course of our business. We cannot assure you that we will not be involved in various legal and other disputes in the future, which may expose us to additional risks and losses. In addition, we may have to pay legal costs associated with such disputes, including fees relating to appraisal, auction, execution and legal advisory services. Litigation and other disputes may lead to enquiries, investigations and proceedings by regulatory authorities and other governmental agencies and may result in damage to our reputation, additional operating costs and diversion of resources and management's attention from our core business. The disruption of our business due to judgement, arbitration and legal proceedings against us or adverse adjudications in proceedings against our Directors, Supervisors, senior management or key employees may have a material adverse effect on our reputation and our financial condition, results of operations and prospects.

Negative publicity or damage to our reputation may adversely affect our business and results of operations.

We value and rely on our reputation to maintain and grow our business operations. Negative publicity associated with our operations could cause loss of business, divert management attention and other resources and incur litigation costs. We conduct business with a number of counterparties, including customers and suppliers. If any of such counter parties, or any of our former employees, is dissatisfied with us, whether or not justified, and raises any complaints or allegations relating to our operations and/or our Directors, Supervisors, senior management or employees, our business may be adversely affected. Any negative publicity on any form of media following such complaints or allegations, regardless of whether the court has ruled in our favor or otherwise, may also damage our reputation and impact customers' perceptions of our brand, which may in turn materially and adversely affect our business and results of operations.

Our risk management and internal control systems may not fully protect us against various risks inherent in our business.

We have established risk management and internal control systems consisting of organizational frameworks, policies, procedures and risk management methods. However, due to the inherent limitations in the design and implementation of risk management and internal control systems, including the identification and evaluation of risks, internal control variables and the communication of information, we cannot assure you that such systems will be able to identify, mitigate and manage all our exposure to risks.

Our risk management and internal controls also depend on the proficiency of and implementation by our employees. We cannot assure you that such implementation will not involve any human error or mistakes, which may materially and adversely affect our business, financial condition and results of operations.

We may not have adequate insurance coverage for losses and liabilities arising from various operational risks and hazards that we are subject to.

We maintain insurance policies that are required under the PRC laws and regulations and are based on the assessment of our operational needs. We also purchase key-man life insurance for our Directors (excluding independent non-executive Director), Supervisors, senior management and key personnel. In addition, we maintain workplace safety liability insurance for hazardous operation personal. We do not maintain insurance policies covering physical damage to, or loss of, our equipment, office furniture or inventory. We do not maintain product liability and professional errors and omissions insurance covering product liability claims arising from the use, consumption or operation of our products and claims arising from negligence in connection with our services to customers, which are not required by any applicable PRC laws or regulations.

We face various operational risks in connection with our business, including among others, (i) production interruptions caused by operational errors, electricity outages, the failure of equipment and other risks; (ii) operating limitations imposed by global environmental or global regulatory requirements; (iii) social, political and labor unrest; (iv) environmental or industrial accidents; and (v) catastrophic events such as the outbreak of fires, earthquakes, explosions, floods or other natural disasters. These risks can result in, among others, damage to, and destruction of, properties or production facilities, personal injury or loss of life, environmental damage, monetary losses, and legal liability. The occurrence of any of these events may result in the interruption of our operations and subject us to significant losses or liabilities. In the event that we incur substantial losses or liabilities and our insurance is unavailable or inadequate to cover such losses or liabilities, our business, financial condition and results of operations could be materially and adversely affected.

We are subject to anti-corruption, anti-bribery, anti-money laundering and similar laws, and non-compliance with such laws could adversely affect our business, results of operations, financial condition and reputation.

We are subject to anti-corruption, anti-bribery, anti-money laundering and similar laws and regulations. The anti-corruption laws and regulations strictly prohibit bribery of government officials. A violation of these laws or regulations could adversely affect our business, results of operations, financial condition and reputation. We have formulated internal policies and implemented measures with regards to the prevention and control, monitoring and response procedure as well as the establishment of risk prevention mechanism to ensure the compliance with the applicable anti-corruption, anti-bribery and anti-money laundering related laws and regulations. However, our policies and procedures may not be sufficient and our Directors, Supervisors, officers, employees, representatives, consultants, agents and business partners could engage in improper conduct for which we may be held responsible.

Non-compliance with anti-corruption, anti-bribery, anti-money laundering and similar laws could subject to whistleblower complaints, adverse media coverage, investigations, and severe administrative, civil and criminal sanctions, collateral consequences, remedial measures and legal expenses, all of which could materially and adversely affect our business, results of operations, financial condition and reputation.

We could be adversely affected as a result of any sales we make to certain countries that are, or become subject to, sanctions administered by the United States, the EU, the U.K., the UN, Australia and other relevant sanctions authorities.

The United States and other jurisdictions or organisations, including the EU, the U.K., the UN and Australia, have, through executive order, passing of legislation or other governmental means, implemented measures that impose economic sanctions against such countries or against targeted industry sectors, groups of companies or persons, and/or organisations within such countries.

During the Track Record Period, we had engaged a non-sanctioned company in the Russia (excluding Crimea) to procure testing services for certain liquid hydrogen equipment we developed in-house. Our transactions involving the Russia (excluding Crimea) were limited to aforementioned procurements of testing services. As advised by our International Sanctions Legal Advisors after performing the procedures they consider necessary, during the Track Record Period, our procurement of testing services from the Russia (excluding Crimea) involving our non-sanctioned supplier based in the Khanty-Mansi Autonomous Okrug region of Russia did not implicate International Sanctions.

Sanctions laws and regulations are constantly evolving, and new persons and entities are regularly added to the list of Sanctioned Persons. Further, new requirements or restrictions could come into effect which might increase the scrutiny on our business or result in one or more of our business activities being deemed to have violated sanctions. We cannot provide any assurance that our future business will be free of sanctions risk or our business will conform to the expectations and requirements of the authorities of U.S. or any other jurisdictions. Our business and reputation could be adversely affected if the authorities of U.S., the EU, the U.K., the UN, Australia or any other jurisdictions were to determine that any of our future activities constitutes a violation of the sanctions they impose or provides a basis for a sanctions designation of us. For details of our business operations in the Countries subject to International Sanctions and our undertakings to the Hong Kong Stock Exchange and its related group companies, please refer to the section headed "Business — Business Activities with a Supplier in a Country Subject to International Sanctions" in this prospectus.

Natural disasters, epidemics, acts of war or terrorism or other factors beyond our control in the future could materially and adversely affect our business, financial condition and results of operations.

Natural disasters, epidemics, acts of war or terrorism or other factors beyond our control may adversely affect the economy, infrastructure and livelihood of the people in the regions we conduct our business. These regions may be under the threat of typhoons, tornados, snowstorms, earthquakes, floods, droughts, power shortages or failures, or are susceptible to epidemics, such as COVID-19, Severe Acute Respiratory Syndrome, avian influenza, H1N1 influenza, H5N1 influenza, H7N9 influenza, Middle East respiratory syndrome, potential wars or terrorist attacks, riots, disturbances or strikes. Serious natural disasters may result in a tremendous loss of lives and injury and destruction of assets and disrupt our business and operations. Severe communicable disease outbreaks could result in a widespread health crisis that could materially and adversely affect business activities in the affected regions, which could materially and adversely affect our operations. Acts of war or terrorism, riots or disturbances may also injure or cause deaths to our employees, and disrupt our business network and operations. Any of these factors and other factors beyond our control could have an adverse effect on the overall business environment, cause uncertainties in the regions where we conduct business, cause our business to suffer in ways that we cannot predict and materially and adversely affect our business, financial condition and results of operations.

RISKS RELATING TO DOING BUSINESS IN THE COUNTRY WHERE WE OPERATE

We are subject to regulatory requirements on currency conversion as required by laws and regulations, which may affect our business and daily operations involving foreign exchange transactions, including dividend payments to our holders of H Shares.

Conversion and remittance of foreign currencies are subject to certain foreign exchange regulations. It cannot be guaranteed that under a certain exchange rate, we would have sufficient foreign exchange to meet our foreign exchange needs. For example, under the PRC current foreign exchange regulation system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from the SAFE; however, we are required to present relevant documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within the PRC that have the licenses to carry out foreign exchange business. Foreign exchange transactions under the capital account, however, normally need to be approved by or registered with the SAFE or their local branch unless otherwise permitted by law. Any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments to holders of H Shares or satisfy any other foreign exchange obligation. Moreover, non-compliance with any applicable foreign exchange regulations could subject us to administrative penalties and fines, and could affect our business and reputation.

We face foreign exchange risk, and fluctuations in exchange rates could have an adverse effect on our business and investors' investments.

Fluctuations in the exchange rate of Renminbi against Hong Kong dollar, U.S. dollar and other foreign currencies are affected by, among other things, the changes in domestic and international political, economic conditions and monetary policies.

Any appreciation or depreciation in the value of Renminbi or other foreign currencies that our operations are exposed to will affect our business in different ways. In addition, changes in foreign exchange rates may have an impact on the value of, and any dividends payable on, the H Shares in Hong Kong dollars. In such events, our business, financial condition, results of operations and growth prospects may be materially and adversely affected.

It may be difficult to effect service of process upon us, our Directors or our executive officers that reside in China or to enforce against them or us in China any judgments obtained from non-PRC courts.

The legal framework to which our Company is subject is different from the Companies Ordinance or corporate law in the United States and other jurisdictions with respect to certain areas, including the protection of minority shareholders. A judgment made by a court of another jurisdiction may only be reciprocally recognized or enforced in China if such jurisdiction has concluded a treaty with China or if such jurisdiction has otherwise been deemed by the Chinese courts to satisfy the requirements for reciprocal recognition, subject to the satisfaction of other requirements. However, according to the PRC Company Law, shareholders may commence a derivative action against the directors, supervisors, officers or any third party on behalf of a company under certain circumstances.

On July 14, 2006, the Supreme People's Court of the PRC and the Government of Hong Kong signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (《關於內地與香港特別行政區法院互相認可和執行當事人協議管轄的民商事案件判決的安排》). Under such an arrangement, where any designated people's court in the PRC or any designated 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 in writing by the parties, any party concerned may apply to the relevant people's court in the PRC or Hong Kong court for recognition and enforcement of the judgment.

On January 18, 2019, the Supreme People's Court of the PRC and the Department of Justice under the Government of the Hong Kong Special Administrative Region signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the "2019 Arrangement"), which became effective and came into force on January 29, 2024. The 2019 Arrangement, for the reciprocal recognition and enforcement of judgments in civil and commercial matters between the courts in mainland China and those in the Hong Kong Special Administrative Region, stipulates the scope and particulars of judgments, the procedures and ways of the application for recognition or enforcement, the review of the jurisdiction of the court that issued the original judgment, the circumstances where the recognition and enforcement of a judgment shall be refused, and the approaches towards remedies, among others. On October 26, 2022, the legislative council of Hong Kong enacted the Mainland Judgments in Civil and Commercial Matters (Reciprocal Enforcement) Ordinance (the "MJCCMO") to give effect to the 2019 Arrangement and the MJCCMO became effective and came into force on January 29, 2024. Although the implementation of the 2019 Arrangement will greatly enhance the convenience for mutual recognition and enforcement of judgments made by courts in the two jurisdictions, we cannot guarantee that all foreign court judgments against us or our Directors, supervisors and executive officers residing in China will be effectively enforced.

We are subject to PRC tax laws and regulations.

We are subject to periodic examinations on fulfillment of our tax obligation under the PRC tax laws and regulations by PRC tax authorities. We cannot assure you that we can continue to act in compliance with the requirements under the relevant PRC tax laws and regulations in all material respects and our internal control measures can continue to be effective in tax and accounting aspects, nor can we assure you that future examinations by PRC tax authorities would not result in fines, other penalties or actions that could adversely affect our business, financial condition and results of operations, as well as our reputation.

Holders of H Shares may be subject to PRC taxations.

Under the applicable PRC tax laws, both the dividends we pay to non-PRC resident individual holders of H Shares ("non-resident individual holders"), and gains realized through the sale or transfer by other means of H Shares by such shareholders, are subject to PRC individual income tax at a rate of 20%, unless reduced by the applicable tax treaties or arrangements.

Under applicable PRC tax laws, the dividends we pay to, and gains realized through the sale or transfer by other means of H shares by, non-PRC resident enterprise holders of H Shares ("non-resident enterprise holders") are both subject to PRC enterprise income tax at a rate of 10%, unless reduced by applicable tax treaties or arrangements. Pursuant to the Arrangements between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Incomes (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) dated August 21, 2006, any non-resident enterprise registered in Hong Kong that holds directly at least 25% of the shares of our Company shall pay Enterprise Income Tax for the dividends declared and paid by us at a tax rate of 5%.

For non-resident individual holders, gains realized through the transfer of properties are normally subject to PRC individual income tax at a rate of 20%. However, according to the Circular of the Ministry of Finance and the State Administration of Taxation on Issues Concerning Individual Income Tax Policies (《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》), income received by individual foreigners from dividends and bonuses of a foreign-invested enterprise are exempt from individual income tax for the time being. According to the Circular Declaring that Individual Income Tax Continues to Be Exempted over Individual Income from Transfer of Shares issued by the MOF and the SAT (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) effective as of March 30, 1998, income from individuals' transfer of stocks of listed companies continued to be temporarily exempted from individual income tax. On February 3, 2013, the State Council approved and promulgated the Notice of Suggestions to Deepen the Reform of System of Income Distribution (《國務院批轉發展改革委等部門關於深化收入分配制度改革若干意見的通知》). On February 8, 2013, the General Office of the State Council promulgated the Circular Concerning Allocation of Key Works to Deepen the Reform of System of Income Distribution (《國務院辦公廳關於深化收入分配制度改革重點工作分工的通知》). According to these two documents, the PRC government is planning to cancel foreign individuals' tax exemption for dividends obtained from foreign-invested enterprises, and the Ministry of Finance and the State Administration of Taxation should be responsible for making and implementing details of such plan. However, relevant implementation rules or regulations have not been promulgated by the Ministry of Finance and the State Administration of Taxation.

Considering the foregoing factors, 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 gains realized through sales or transfers of the H Shares. Please refer to the section headed "Appendix III — Taxation and Foreign Exchange" in this prospectus.

RISKS RELATING TO THE GLOBAL OFFERING

An active trading market for our H Shares may not develop.

Prior to the Global Offering, there was no public market for our H Shares. We cannot assure you that a public market for our H Shares with adequate liquidity will develop and be sustained following the completion of Global Offering. In addition, the Offer Price of our H Shares may not be indicative of the market price of our H Shares following the completion of the Global Offering. If an active public market for our H Shares does not develop following the completion of the Global Offering, the market price and liquidity of our H Shares could be materially and adversely affected.

Normally, a stabilizing manager acting on behalf of the underwriters may over-allocate or effect short sales or any other stabilizing transactions with a view to stabilizing or maintaining the market price of the offer shares at a level higher than that which might otherwise prevail in the open market. However, given that we will not grant any over-allotment option to the underwriters, no stabilizing manager has been appointed by us in connection to the Global Offering and it is anticipated that no price stabilization activities will be conducted by any underwriters, which may result in substantial losses for investors during the period when price stabilization activities would normally have been conducted.

The liquidity, trading volume and market price of our H Shares following the Global Offering may be volatile.

The price at which our H Shares will trade after the Global Offering will be determined by the marketplace, which may be influenced by many factors, some of which are beyond our control, including:

- our financial results;
- changes in securities analysts' estimates, if any, of our financial performance;
- the history of, and the prospects for, us and the industry in which we compete;
- an assessment of our management, our past and present operations, and the prospects for, and timing of, our future revenues and cost structures such as the views of independent research analysts, if any;
- the present state of our development;
- the valuation of publicly traded companies that are engaged in business activities similar to ours;
- updates in laws and regulations in the PRC;

- our inability to compete effectively in the market; and
- political, economic, financial and social developments in China and worldwide.

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

Furthermore, if additional funds are raised through our issuance of new equity or equity-linked securities other than on a pro-rata basis to existing Shareholders, the percentage ownership for such Shareholders may be reduced. Such new securities may also confer rights and privileges that take priority over those conferred by the H Shares.

Any possible conversion of our Domestic Unlisted Shares into H Shares in the future could increase the supply of our H Shares in the market and negatively impact the market price of our H Shares.

Subject to the approval of the State Council securities regulatory authority, all of our Domestic Unlisted Shares may be converted into H Shares, and such converted Shares may be listed or traded on an overseas stock exchange. Any listing or trading of the converted Shares on an overseas stock exchange shall also comply with the regulatory procedures, rules and requirements of such stock exchange. However, the PRC Company Law provides that in relation to the public offering of a company, the shares of that company which are issued prior to the public offering shall not be transferred within one year from the date of the listing. Therefore, upon obtaining the requisite approval, our Domestic Unlisted Shares may be traded, after the conversion, in the form of H Shares on the Stock Exchange after one year of the Global Offering, which could further increase the supply of our H Shares in the market and could negatively impact the market price of our H Shares.

Because the initial public Offer Price per H Share is higher than the net tangible book value per H Share, purchasers of our H Shares in the Global Offering will experience immediate dilution.

The Offer Price of our Offer Shares is higher than the net tangible book value per Share immediately prior to the Global Offering. Therefore, purchasers of our Offer Shares in the Global Offering will experience an immediate dilution and existing Shareholders will receive an increase in the pro forma adjusted consolidated net tangible asset value per share of their shares. If we issue additional H Shares in the future, purchasers of our Offer Shares may experience further dilution. Moreover, we may in the future consider seeking a listing of our Shares in jurisdictions other than Hong Kong, which would similarly dilute the holdings of our H Share investors.

Further, we may be allowed to convert certain of our Domestic Unlisted Shares into H Shares after the Listing if we are qualified pursuant to the relevant CSRC requirements. Such conversion will increase the number of H Shares and your shareholding under the class of holders of our H Shares will be diluted.

Future sales or perceived sales of substantial number of our H Shares in the public market could have a material adverse effect on the price of our H Shares and our ability to raise additional capital in the future.

The market price of our H Shares could decline as a result of future sales of a substantial number of our H Shares or other securities relating to our H Shares in the public market, or the issuance of new shares or other securities, or the perception that such sales or issuances may occur. Future sales, or anticipated sales, of substantial number of our securities, including any future offerings, 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 issue more securities in the future. New shares or shares-linked securities issued by us may also confer rights and privileges that take priority over those conferred by the H Shares.

We cannot assure you that the H Shares will remain listed on the Stock Exchange.

Although it is currently intended that the H Shares will remain listed on the Stock Exchange, there is no guarantee of the continued listing of the H Shares. Among other factors, our Company may not continue to satisfy the listing requirements of the Stock Exchange. Holders of H Shares would not be able to sell their H Shares through trading on the Stock Exchange if the H Shares were no longer listed on the Stock Exchange.

The interest of our Single Largest Group of Shareholders may differ from your interests and it may exercise its vote to the disadvantage of our minority Shareholders.

Immediately after the completion of the Global Offering, our Single Largest Group of Shareholders will own 25.34% of the total issued share capital of our Company. As such, our Single Largest Group of Shareholders will have substantial influence over our business, including decisions regarding mergers, consolidations and the sale of all or substantially all of our assets, election of Directors and other significant corporate actions. This concentration of ownership may discourage, delay or prevent a change in control of our Company, which could deprive our Shareholders of an opportunity to receive a premium for their H Shares in a sale of our Company or may reduce the market price of our H Shares. These actions may be taken even if they are opposed by our other Shareholders, including those who purchased H Shares in the Global Offering. In addition, the interests of our Single Largest Group of Shareholders may differ from the interests of our other Shareholders.

We cannot assure you whether and when we will declare and pay dividends in the future.

Any future dividend declaration and distribution by our Company will be at the discretion of our Directors and will depend on our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that our

Directors deem relevant. Any declaration and payment as well as the amount of dividends will also be subject to our Articles of Association and the PRC laws, including (where required) the approvals from our Shareholders and our Directors. In addition, our future dividend payments will depend upon the availability of dividends received from our subsidiary. As a result of the above, we cannot assure you that we will make any dividend payments on our H Shares in the future with reference to our historical dividends. For further details, please refer to the section headed "Financial Information — Dividends" in this prospectus.

Under the applicable PRC laws, the payment of dividends may be subject to certain limitations. The calculation of our profit under applicable accounting standards differs in certain respects from the calculation under IFRS. As a result, we may not be able to pay a dividend in a given year even if we were profitable as determined under IFRS. Our Board may declare dividends in the future after considering our results of operations, financial condition, cash requirements and availability and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the PRC laws and regulations and requires approval at our Shareholders' meeting. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution.

We have significant discretion as to how we will use the net proceeds of the Global Offering, and you may not necessarily agree with how we use them.

Our management may spend the net proceeds from the Global Offering in ways you may not agree with or that do not yield a favorable return to our Shareholders. Please refer to the section headed "Future Plans and Use of Proceeds — Use of Proceeds" in this prospectus for more information. However, our management will have discretion as to the actual application of our net proceeds. You are entrusting your funds to our management, upon whose judgment you must depend, for the specific uses we will make of the net proceeds from this Global Offering.

Waivers have been granted from compliance with certain requirements of the Listing Rules by the Stock Exchange. Shareholders will not have the benefit of the Listing Rules that are so waived. These waivers could be revoked, exposing us and our Shareholders to additional legal and compliance obligations.

We have applied for, and the Stock Exchange has granted to us, a number of waivers from strict compliance with the Listing Rules. Please refer to the section headed "Waivers from Strict Compliance with the Listing Rules" in this prospectus for further details. There is no assurance that the Stock Exchange will not revoke any of these waivers granted or impose certain conditions on any of these waivers. If any of these waivers were to be revoked or to be subject to certain conditions, we may be subject to additional compliance obligations, incur additional compliance costs and face uncertainties arising from issues of multijurisdictional compliance, all of which could adversely affect us and our Shareholders.

We cannot guarantee the accuracy of facts and other statistics with respect to certain information obtained from the Frost & Sullivan Report contained in this prospectus.

Certain information and statistics, including, but not limited to, the information and statistics relating to the hydrogen energy and hydrogen energy core equipment industries, set out in the section headed "Industry Overview" and other sections of this prospectus were extracted from the Frost & Sullivan Report, 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 Global Offering. The information from the official government sources has not been independently verified by us, the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors and advisors, or any other persons or parties involved in the Global Offering, and no representation is given as to its accuracy.

You should read the entire prospectus carefully, and we strongly caution you not to place any reliance on any information contained in press articles or other media regarding us or the Global Offering.

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

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

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

MANAGEMENT PRESENCE

Rules 8.12 and 19A.15 of the Listing Rules requires that a new applicant applying for a primary listing on the Stock Exchange must have a sufficient management presence in Hong Kong. This normally means that at least two of its executive directors must be ordinarily resident in Hong Kong. Our Group's principal business operations and assets are primarily located, managed and conducted in the PRC and will continue to be based in the PRC. As the executive Directors play very important roles in the business operations of our Group, it is in the best interests of our Group for them to be based in or near the places where our Group has significant operations. Currently, our Company's executive Directors and senior management members are and will continue to be based in the PRC and none of our executive Directors is ordinarily resident in Hong Kong. The Directors consider that it would be practically difficult, unduly burdensome and not commercially feasible for our Company to appoint another person who is ordinarily resident in Hong Kong as an executive Director or to relocate any of the existing executive Directors to Hong Kong merely for the purpose of complying with the requirements under Rules 8.12 and 19A.15 of the Listing Rules. Accordingly, we have applied to the Stock Exchange for, and obtained, a waiver from strict compliance with the requirements set out in Rules 8.12 and 19A.15 of the Listing Rules subject to the following conditions:

(a) we have appointed two Authorized Representatives pursuant to Rule 3.05 of the Listing Rules who will act as our principal channel of communication with the Stock Exchange. The two Authorized Representatives are Mr. Shi Jian (施劍) ("Mr. Shi"), an executive Director and a joint Company Secretary, and Ms. Wong Hoi Ting (黃凱婷) ("Ms. Wong"), a joint Company Secretary. Each of the Authorized Representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable period of time upon request and will be readily contactable by home, office, mobile and other telephone numbers, email address and correspondence address (if the authorized representative is not based at the registered office), facsimile numbers if available, and any other contact details prescribed by the Stock Exchange from time to time. Each of the authorized representatives has been duly authorized to communicate on our behalf with the Stock Exchange. All of them have confirmed that they possess valid travel documents to Hong Kong and will be able to meet with the Stock Exchange within a reasonable period of time, when required;

(b) our Authorized Representatives have means of contacting all Directors promptly at all times as and when the Stock Exchange wishes to contact our Directors on any matters. To enhance communication between the Stock Exchange, the Authorized Representatives and our Directors, our Company has implemented a policy whereby (a) each Director will provide his/her office phone number, mobile phone number, residential phone number, office facsimile number (if any) and email address to the Authorized Representatives; (b) each Director will provide valid phone numbers or means of communication to the Authorized Representatives when he or she travels; and (c) all Directors will provide their mobile phone numbers, office phone numbers, email addresses and facsimile numbers (if any) to the Stock Exchange;

(c) our Company has, in accordance with Rule 3A.19 of the Listing Rules, also appointed Soochow Securities International Capital Limited as its compliance advisor, who will act as an additional channel of communication with the Stock Exchange. The compliance advisor will advise on on-going compliance requirements and other issues arising under the Listing Rules and other applicable laws and regulations in Hong Kong for a period commencing on the Listing Date at least until the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of our Company's financial results for the first full financial year after the Listing Date;

(d) meetings between the Stock Exchange and our Directors could be arranged through our Authorized Representatives or our Company's compliance advisor, or directly with our Directors within a reasonable time frame. Our Company will inform the Stock Exchange promptly in respect of any change in our Authorized Representatives and compliance advisor; and

(e) each Director who is not ordinarily resident in Hong Kong has confirmed that he has valid travel documents to visit Hong Kong and will be able to meet with the Stock Exchange in Hong Kong within a reasonable period.

JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, our Company Secretary must be an individual who by virtue of his or her academic or professional qualifications or relevant experience is, in the opinion of the Stock Exchange, capable of discharging the functions of Company Secretary. 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 Hong Kong 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.

Our Company has appointed Mr. Shi, our executive Director and secretary of the Board, as one of our joint Company Secretaries, considering his past working experiences within our Group and his thorough understanding of our internal administration, business operations and corporate culture. As such, although Mr. Shi does not possess the specified qualifications strictly required by Rule 3.28 of the Listing Rules, our Directors believe that Mr. Shi is capable of discharging the functions of a joint Company Secretary with the assistance of Ms. Wong, who meets the requirements under Rule 3.28 of the Listing Rules and has been appointed to act as the other joint Company Secretary and to assist Mr. Shi in the compliance matters for the Listing as well as other Hong Kong regulatory requirements for an initial period of three years from the Listing. Over such period, we will implement the following measures to assist Mr. Shi to satisfy the requisite qualifications as prescribed in Rules 3.28 and 8.17 of the Listing Rules:

(a) Ms. Wong will assist Mr. Shi so as to enable him to discharge his duties and responsibilities as a joint Company Secretary. Given Ms. Wong's relevant experiences, she will be able to advise both Mr. Shi and us on the relevant requirements of the Listing Rules as well as other applicable laws and regulations of Hong Kong;

(b) Mr. Shi will be assisted by Ms. Wong for an initial period of three years commencing from the Listing, which should be sufficient for him to acquire the requisite knowledge and experience under Rule 3.28 of the Listing Rules;

(c) we will ensure that Mr. Shi has access to the relevant trainings and support to enable him to familiarize himself with the Listing Rules and the duties required of a company secretary of an issuer, and Mr. Shi has undertaken to attend such trainings;

(d) Ms. Wong will communicate with Mr. Shi on a regular basis regarding matters in relation to corporate governance, the Listing Rules as well as other applicable laws and regulations of Hong Kong which are relevant to our operations and affairs. Ms. Wong will work closely with, and provide assistance to Mr. Shi with a view to discharging his duties and responsibilities as a company secretary, including but not limited to organizing the Board meetings and Shareholders' meetings; and

(e) pursuant to Rule 3.29 of the Listing Rules, Ms. Wong and Mr. Shi will also attend in each financial year no less than 15 hours of relevant professional training courses to familiarize themselves with the requirements of the Listing Rules and other legal and regulatory requirements of Hong Kong. Both Ms. Wong and Mr. Shi will be advised by our legal advisors as to Hong Kong law and our compliance advisor as and when appropriate and required.

Accordingly, we have applied for, and the Stock Exchange has granted us, a waiver from strict compliance with the requirements of Rules 3.28 and 8.17 of the Listing Rules, for an initial period of three years from the Listing (the "Waiver Period"). Pursuant to paragraph 13 under Chapter 3.10 of the Guide for New Listing Applicants (the "Guide"), the waiver is granted on the conditions: (1) our Company appoints Ms. Wong, who meets the requirements under Note 1 to Rule 3.28 of the Listing Rules, as a joint company secretary, to assist Mr. Shi in discharging his functions as a joint company secretary and in gaining the relevant experience as required under Rule 3.28 of the Listing Rules; and (ii) the waiver will be revoked immediately if Ms. Wong, during the three-year period, ceases to provide assistance to Mr. Shi, or if there are material breaches of the Listing Rules by our Company. Before the end of the three-year period, we will conduct a further evaluation of the qualification and experience of Mr. Shi to determine whether the requirements as stipulated in Rules 3.28 and 8.17 of the Listing Rules can be satisfied, and we will demonstrate to and seek the Stock Exchange's confirmation that Mr. Shi, having had the benefit of Ms. Wong's assistance for three years, has acquired the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules so that a further waiver wouldn't be necessary.

For more details of Ms. Wong and Mr. Shi's biographies, please refer to the section headed "Directors, Supervisors and Senior Management".

PLACING TO A CLOSE ASSOCIATE OF THE EXISTING SHAREHOLDER AS CORNERSTONE INVESTOR

Rule 10.04 of the Listing Rules provides that a person who is an existing shareholder of the issuer may only subscribe for or purchase any securities for which listing is sought which are being marketed by or on behalf of a new applicant either in his or its own name or through nominees if the conditions in Rules 10.03(1) and (2) of the Listing Rules are fulfilled. The conditions in Rules 10.03(1) and (2) of the Listing Rules are that (a) no securities are offered to the existing shareholders on a preferential basis and no preferential treatment is given to them in the allocation of the securities; and (b) the minimum prescribed percentage of public shareholders required by Rule 8.08(1) of the Listing Rules is achieved.

Paragraph 5(2) of Appendix F1 to the Listing Rules provides that, unless with the prior written consent of the Stock Exchange, no allocations will be permitted to directors or existing shareholders of the applicant or their close associates, whether in their own names or through nominees unless the conditions set out in Rules 10.03 and 10.04 of the Listing Rules are fulfilled.

As further described in the section headed "Cornerstone Investors", Hongkong Frontier Tanzhonghe Limited (香港前沿碳中禾有限公司) (the "Relevant Cornerstone Investor") is a close associate of Lingang Frontier Capital which is our existing Shareholder and has entered into a cornerstone investment agreement with our Company.

We have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with the requirements under Rule 10.04 of the Listing Rules, and consent under paragraph 5(2) of Appendix F1 to the Listing Rules to allow the Relevant Cornerstone Investor to participate in the Global Offering as a cornerstone investor, subject to the following conditions:

1. Lingang Frontier Capital is interested in less than 5% of our Company's voting rights before the Global Offering;

2. Lingang Frontier Capital and its close associates are not core connected person (as defined in the Listing Rules) of our Company or our close associate;

3. Lingang Frontier Capital and its close associates do not have the power to appoint Directors or any other special rights in our Company;

4. the allocation to Lingang Frontier Capital or its close associates will not affect our Company's ability to satisfy the minimum public float requirement under Rule 8.08(1) of the Listing Rules; and

5. written confirmations pursuant to paragraph 13 of Chapter 4.15 (Placing-related Matters) of the Guide being provided to the Stock Exchange, which includes confirmation set out in conditions 1 to 4 above and the following:

    a. the Joint Sponsors having confirmed that, based on (i) their discussions with our Company; and (ii) the confirmation provided to the Stock Exchange by our Company (the confirmation mentioned in sub-paragraph (b) below), and to the best of their knowledge and belief, they have no reason to believe that Lingang Frontier Capital or its close associates received any preferential treatment in the allocation in the International Placing as a cornerstone investor by virtue of its relationship with our Company other than the preferential treatment of assured entitlement under a cornerstone investment following the principles set out in Chapter 4.15 (Placing-related Matters) of the Guide, and details of the allocation will be disclosed in this prospectus and/or the allotment results announcement of our Company; and

b. our Company having confirmed that no preferential treatment has been, nor will be, given to Lingang Frontier Capital or its close associates by virtue of its relationship with our Company other than the preferential treatment of assured entitlement under a cornerstone investment following the principles set out in Chapter 4.15 (Placing-related Matters) of the Guide, and that the Relevant Cornerstone Investor's the cornerstone investment agreement does not contain any material terms which are more favorable to it than those in other cornerstone investment agreements.

DIRECTORS' RESPONSIBILITY

This prospectus, for which the directors of the issuer collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information to the public with regard to our Group. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

CSRC FILING

The CSRC accepted our Company's filing application on April 1, 2024, and issued a notice of filing on August 14, 2024 in respect of the Global Offering and the application for listing of our H Shares on the Stock Exchange. As advised by our PRC Legal Advisors, our Company has obtained all necessary approvals and authorisations in the PRC pursuant to the applicable PRC laws and regulations in relation to the Global Offering and the Listing and the conversion of some of our Domestic Unlisted Shares into H Shares upon Listing.

THIS HONG KONG PUBLIC OFFERING AND THE PROSPECTUS

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. For applicants under the Hong Kong Public Offering, this prospectus contains the terms and conditions of the Hong Kong Public Offering. See "How to Apply for Hong Kong Offer Shares" in this prospectus for details of the procedures for applying for the Hong Kong Offer Shares.

The Hong Kong Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and on the terms and conditions set out herein and therein. No person has been authorised to give any information or make any representations in connection with the Hong Kong Public Offering other than those contained in this prospectus and, if given or made, such information or representations must not be relied on as having been authorised by us, the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, the Capital Market Intermediaries, any of our or their affiliates or any of their respective directors, officers, employees or agents or any other person or party involved in the Global Offering. Neither the delivery of this prospectus nor any offering, sale or delivery made in connection with our H Shares shall, under any circumstances, constitute a representation or create any implication that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information in this prospectus is correct as of any subsequent time.

THE GLOBAL OFFERING AND UNDERWRITING

Details of the structure of the Global Offering, including its conditions, are set out in "Structure and Conditions of the Global Offering" in this prospectus.

The Listing is sponsored by the Joint Sponsors, and the Global Offering is managed by the Overall Coordinators.

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters pursuant to the Hong Kong Underwriting Agreement. The International Underwriting Agreement relating to the International Placing is expected to be entered into on or around the Price Determination Date, subject to agreement on the Offer Price between the Overall Coordinators (for themselves and on behalf of the Underwriters) and us. If, for any reason, the Offer Price is not agreed, the Global Offering will not proceed and will lapse. See "Underwriting" in this prospectus for details of the Underwriters and the underwriting arrangements.

RESTRICTIONS ON OFFER OF THE OFFER SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to confirm, and is deemed by his acquisition of Hong Kong Offer Shares to have confirmed, that he is aware of the restrictions on offer of the Offer Shares described in this prospectus and that he is not acquiring, and has not been offered, any Offer Shares in circumstances that contravene any such restrictions.

No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, without limitation to the following, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or an authorisation by the relevant securities regulatory authorities or an exemption therefrom.

APPLICATION FOR LISTING OF OUR H SHARES ON THE STOCK EXCHANGE

We have applied to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, our H Shares to be issued pursuant to the Global Offering and our H Shares to be converted from some of our Domestic Unlisted Shares. Dealings in our H Shares on the Stock Exchange are expected to commence on Friday, November 15, 2024.

Save as disclosed in this prospectus, no part of our share capital or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

All the Offer Shares will be registered on our H Share Registrar in order to enable them to be traded on the Stock Exchange.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, our H Shares on the Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to our Company by or on behalf of the Stock Exchange.

H SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the Stock Exchange granting the listing of, and permission to deal in, our H Shares on the Stock Exchange and our compliance with the stock admission requirements of HKSCC, our H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second settlement day after any trading day. All necessary arrangements have been made for our H Shares to be admitted into CCASS. All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time. Investors should seek the advice of their stockbroker or other professional advisor for details of the settlement arrangements and how such arrangements will affect their rights and interests.

INFORMATION ON THE CONVERSION OF DOMESTIC UNLISTED SHARES INTO H SHARES

Our Company has applied for conversion of 73,487,717 Domestic Unlisted Shares (representing 70.18% of our issued share capital immediately upon completion of the Global Offering) held by certain existing Shareholders. See “History and Corporate Structure” and “Share Capital” in this prospectus for details of the Shareholders and their interests in our Company and the relevant procedures for conversion of Domestic Unlisted Shares into H Shares.

Such H Shares to be converted from the Domestic Unlisted Shares are restricted from trading for a period of one year after the Listing. Our Company has received the filing notice from the CSRC dated August 14, 2024 in relation to the conversion of the Domestic Unlisted Shares.

H SHARE REGISTER AND STAMP DUTY

All H Shares issued by us pursuant to applications made in the Hong Kong Public Offering will be registered on our H share register to be maintained by our H Share Registrar, Computershare Hong Kong Investor Services Limited, in Hong Kong. Our principal register of members will be maintained by us at our head office in the PRC.

Dealings in the H Shares registered on our H share register in Hong Kong will be subject to Hong Kong stamp duty. See "Statutory and General Information — E. Other Information — 6. Taxation of Holder of H Shares" in Appendix VII to this prospectus for further details.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisors if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding, disposing of, dealing in or exercising any rights in relation to, our H Shares. None of us, the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, the Capital Market Intermediaries, any of our or their affiliates or any of their respective directors, officers, employees or agents or any other person or party involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription for, purchase, holding, disposition of, dealing in, or exercising any rights in relation to, our H Shares.

EXCHANGE RATE CONVERSION

Solely for your convenience, this prospectus contains translations of certain RMB amounts into Hong Kong dollars at a specified rate. Unless we indicate otherwise, the translations of RMB into Hong Kong dollars and vice versa have been made at the rate of RMB0.9188 to HK$1 in this prospectus.

No representation is made that any amount in RMB or Hong Kong dollars can be or could be, or have been, converted at the above rate or any other rate or at all.

LANGUAGE

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail. However, the translated English names of the PRC and foreign national, entities, departments, facilities, certificates, titles, laws, regulations (including certain of our subsidiaries) and the like included in this prospectus and for which no official English translation exists are unofficial translations for your reference only. If there is any inconsistency, the names in their original languages shall prevail.

ROUNDING

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

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Wu Pinfang (鄔品芳)	No. 8 Huyuan Road Dongshan Village, Jingang (Gangqu) Town Zhangjiagang City, Suzhou City Jiangsu Province the PRC	Chinese
Mr. Wang Kai (王凱)	Room 904, Building 14 Huijing Haoyuan, Yangshe Town Zhangjiagang City Jiangsu Province the PRC	Chinese
Mr. Shi Jian (施劍)	Room 201, Building 15 Yuanlin East Village, Yangshe Town Zhangjiagang City Jiangsu Province the PRC	Chinese
Non-executive Directors		
Mr. Gu Yanjun (顧彥君)	Room 1303, No. 12 Lane 390 Shiguang Road, Yangpu District Shanghai the PRC	Chinese
Mr. Zhou Lin (周林)	Room 1201, Unit 2, Building 6 Jingang International Courtyard 19 West Dawang Road Chaoyang District Beijing the PRC	Chinese
Ms. Liu Yilin (劉伊琳)	Room 902, Floor 8 No. 36 Lane 2580 Jinxiu Road, Pudong New District Shanghai the PRC	Chinese

Name	**Address**	**Nationality**
Independent non-executive Directors		
Ms. Tong Sze Wan (唐詩韻)	Suite 02, 30/F, Tower B 623 Castle Peak Road, Serenade Cove Tsuen Wan, New Territories Hong Kong	Chinese
Mr. Zhang Yongjun (張擁軍)	No. 81, Zhonghai Peninsula Huafu Suzhou Industrial Park Jiangsu Province the PRC	Chinese
Dr. Zou Jiasheng (鄒家生)	Room 102, Building 34 Jiangkeda Village, No. 6 Mengxi Road Zhenjiang City Jiangsu Province the PRC	Chinese
SUPERVISORS		
Mr. He Guangliang (何光亮)	Room 1304, Building 8 Langtai Lvse Jiayuan, Yangshe Town Zhangjiagang City Jiangsu Province the PRC	Chinese
Ms. Zhao Jing (趙靜)	Room 201, Building 14 Yangguang Licheng, Yangshe Town Zhangjiagang City Jiangsu Province the PRC	Chinese
Mr. Kuang Kaifeng (況開鋒)	Room 102, Building 22 Yangguang Lvcheng, Jingang Town Zhangjiagang City Jiangsu Province the PRC	Chinese

For further information regarding our Directors and Supervisors, see also "Directors, Supervisors and Senior Management" in this prospectus.

PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Sponsors	**Haitong International Capital Limited** Suites 3001-3006 and 3015-3016 One International Finance Centre No. 1 Harbour View Street Central, Hong Kong
	CITIC Securities (Hong Kong) Limited 18/F, One Pacific Place 88 Queensway Hong Kong
Sponsor-OCs, Overall Coordinators, Joint Global Coordinators, Joint Bookrunners, Joint Lead Managers and CMIs	**Haitong International Securities Company Limited** 22/F, Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong
	CLSA Limited 18/F, One Pacific Place 88 Queensway Hong Kong
Overall Coordinators, Joint Global Coordinators, Joint Bookrunners, Joint Lead Managers and CMIs	**CCB International Capital Limited** 12/F, CCB Tower 3 Connaught Road Central Central, Hong Kong
	China Securities (International) Corporate Finance Company Limited 18/F, Two Exchange Square 8 Connaught Place Central, Hong Kong

Joint Bookrunners, Joint Lead Managers and CMIs	**Livermore Holdings Limited** Unit 1214A, 12/F Tower II Cheung Sha Wan Plaza 833 Cheung Sha Wan Road Kowloon Hong Kong
	Zhongtai International Securities Limited 19/F, Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong
	Fortune Origin Securities Limited Room 404-405, Nan Fung Tower 88 Connaught Road Central Central, Hong Kong
	ICBC International Securities Limited 37/F, ICBC Tower 3 Garden Road Hong Kong
	Quam Securities Limited 5/F and 24/F (Rooms 2401 and 2412) Wing On Centre 111 Connaught Road Central Hong Kong
	Soochow Securities International Brokerage Limited Level 17, Three Pacific Place 1 Queen's Road East Hong Kong
Legal advisors to our Company	*As to Hong Kong law:* **Morgan, Lewis & Bockius** 19/F, Edinburgh Tower The Landmark 15 Queen's Road Central Central, Hong Kong
	As to PRC law: **Lifeng Partners** 39/F, Tower 2, Jing An Kerry Centre 1539 West Nanjing Road Shanghai, PRC
	As to PRC cybersecurity and data privacy protection law: **Lifeng Partners** 39/F, Tower 2, Jing An Kerry Centre 1539 West Nanjing Road Shanghai, PRC

	As to International Sanctions law: **Hogan Lovells** 11th Floor, One Pacific Place 88 Queensway Hong Kong
Legal advisors to the Joint Sponsors and the Underwriters	*As to Hong Kong law:* **Deacons** 5th Floor, Alexandra House 18 Chater Road Central, Hong Kong
	As to PRC law: **Jincheng Tongda & Neal** 18F, 21F Jinmao Tower No. 88, Century Avenue Pu Dong New District Shanghai, PRC
Reporting accountants and independent auditor	**Deloitte Touche Tohmatsu** *Certified Public Accountants* *Registered Public Interest Entity Auditor* 35/F, One Pacific Place 88 Queensway, Admiralty Hong Kong
Independent industry consultant	**Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.** Room 2504, Wheelock Square No. 1717 West Nanjing Road Shanghai, PRC
Property valuer	**AVISTA Valuation Advisory Limited** Suites 2401-06, 24/F Everbright Centre 108 Gloucester Road, Wan Chai Hong Kong
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Company's website	**www.guofuhee.com** (*information contained in this website does not form part of this prospectus*)
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Remuneration and Review Committee	Dr. Zou Jiasheng *(Chairman)* Mr. Wu Pinfang Ms. Tong Sze Wan
Nomination Committee	Mr. Zhang Yongjun *(Chairman)* Mr. Shi Jian Dr. Zou Jiasheng
Strategy Committee	Mr. Wu Pinfang *(Chairman)* Ms. Tong Sze Wan Mr. Zhang Yongjun
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The information and statistics set out in this section and other sections of this prospectus were extracted from the Frost & Sullivan Report, 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 Global Offering. The information from official government sources has not been independently verified by us, the Joint Sponsors, Overall Coordinators, Joint Global Coordinators, Joint Bookrunners, Joint Lead Managers, Underwriters, any of their respective directors and advisors, or any other persons or parties involved in the Global Offering, and no representation is given as to its accuracy.

SOURCES OF INFORMATION

We commissioned Frost & Sullivan, an independent consulting firm, to conduct a detailed research on global and China hydrogen energy core equipment industries and prepare the Frost & Sullivan Report. The report commissioned has been prepared by Frost & Sullivan independent of our influence. We have agreed to pay a fee of RMB480,000 to Frost & Sullivan in connection with the preparation of the Frost & Sullivan Report. We have extracted certain information from the Frost & Sullivan Report in this section, as well as in the sections headed "Summary", "Risk Factors", "Business", "Financial Information" and elsewhere in this prospectus to provide our potential investors with a more comprehensive presentation of the industry in which we operate.

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

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

Our Directors and Frost & Sullivan confirmed that, after taking reasonable care, as of the Latest Practicable Date, there had been no adverse change in the market information set forth herein since the date on which the Frost & Sullivan Report was issued.

OVERVIEW OF HYDROGEN ENERGY INDUSTRY

Overview of Global Hydrogen Energy Industry

Hydrogen is a prominent secondary energy source, which can be produced by conversion of primary energy sources, such as fossil fuel and renewable energy. Hydrogen boasts a number of advantages, including wide availability, low-carbon emission, high flexibility and efficiency and diverse applications. Hydrogen has a high energy density and significantly higher thermal value than fossil fuels. It can be used broadly in various fields, such as industrial, transportation, power generation, energy storage and construction, among others.

As countries strive to meet ambitious emissions reduction targets and transition towards sustainable energy systems, hydrogen emerges as a key solution driven by its pivotal role in addressing pressing challenges such as climate change, promoting energy structure transformation, and ensuring energy security. The race to develop and scale up hydrogen energy industries in the major countries and regions around the world further underscores its significance in shaping the future of global energy systems and addressing the urgent imperatives of climate action and energy resilience. According to the data published by International Energy Agency ("IEA") and the International Renewable Energy Agency it is estimated that hydrogen energy will meet 12%-13% of global final energy demand by 2050. By the end of 2023, more than 40 countries and regions around the world have announced hydrogen energy strategies, and the countries that have released national hydrogen energy strategies cover major economies with more than 80% of the world's GDP. Investment in the global hydrogen energy industry has grown rapidly in the past few years. According to the data published by the Bloomberg New Energy Finance, global investment in hydrogen-related projects reached US$34 billion in 2023, a year-on-year increase of 146%. In addition, according to the report released by IEA, the spending on electrolyzer installations has consistently increased over the past few years and hit a new record in 2022, at US$0.6 billion globally, double the 2021 value. The following sets forth the overview of the hydrogen energy industries in the representative markets in the world:

Asia

In Asia, the development of the hydrogen energy industry is also driven by ambitious regional and national policies. China, for instance, unveiled its "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)》) in March 2022 which regards hydrogen energy as an important strategy for the country's future development and aims to form a complete hydrogen energy industry system by 2030. Similarly, in January 2023, India launched the "National Green Hydrogen Mission" with the aim of making it a global hub for green hydrogen manufacturing and exports. This mission aims to achieve a targeted production capacity of 5 million tonnes per annum of green hydrogen by 2030. Asia's hydrogen energy industry benefits from diverse and complementary strengths across different countries. One prominent trend of the hydrogen energy industry in Asia is the increasing emphasis on international cooperation and partnerships to promote the market development. Countries in the region are also investing in R&D to drive down the costs of hydrogen energy. Singapore is actively advancing its hydrogen energy sector through various policies and initiatives. In 2019, the Singapore government launched the "National Hydrogen Strategy" to explore hydrogen as a key component of its future energy mix. The Energy Market Authority (EMA) is collaborating with industry partners on pilot projects and feasibility studies to integrate hydrogen into the energy system. Additionally, Singapore is investing in research and development to improve the technologies for hydrogen production, storage and utilization, aiming to position itself as a leader in the hydrogen economy in Southeast Asia.

Middle East

In the Middle East, the hydrogen energy industry is gaining significant attention as part of the broader strategies to diversify their economies away from traditional hydrocarbon resources. UAE plans to develop its domestic hydrogen production capabilities, fostering innovation, and positioning the UAE as a hub for hydrogen trade and technology development. In January 2020, Mubadala Investment Company (Mubadala), the Abu Dhabi National Oil Company, and Abu Dhabi Development Holding Company established the Abu Dhabi Hydrogen Alliance. The alliance partners will collaborate to position Abu Dhabi as a trusted leader of low-carbon green and blue hydrogen in emerging international markets. In November 2023, the UAE launched its new National Hydrogen Strategy, signaling a strong commitment to becoming a key player in the hydrogen energy industry. The strategy targeted that the hydrogen production capacity in the UAE will reach 1.4 million tons per year by 2031 (consisting of 1.0 million tons per year of green hydrogen and 0.4 million tons per year of blue hydrogen), 7.5 million tons per year by 2040, and 15.0 million tons per year by 2050. One of the key characteristics of the hydrogen energy industry in the Middle East is the region's abundant renewable energy resources, particularly solar energy. This provides a significant advantage for green hydrogen production through water electrolysis. Moreover, the Middle East's established infrastructure and experience in the energy sector position it well to scale up hydrogen production and export operations efficiently. Looking ahead, the hydrogen energy industry in the Middle East is expected to experience rapid growth as countries in the region continue to invest in the development of their hydrogen sectors. Key trends include increasing investment in large-scale hydrogen projects, advancements in technology to improve the efficiency of hydrogen production and utilization, and the establishment of international partnerships to drive innovation and market expansion.

Europe

In Europe, the development of the hydrogen energy industry has been strongly influenced by the EU's strategies and policies, particularly the European Green Deal announced in December 2019. The EU's Hydrogen Strategy, unveiled in July 2020, sets out the objective to produce up to 10 million tons of renewable hydrogen in the EU. In March 2023, the European Commission launched the European Hydrogen Bank to stimulate and support the production and investment of sustainable hydrogen energy. EUR3 billion is planned to be invested to help build the future market for hydrogen. In addition, European Hydrogen Bank will provide hydrogen production subsidies of up to EUR4.5/kg in the form of an auction around selected pilot projects, which can operate for up to 10 years. Germany has also announced ambitious hydrogen strategies and funding initiatives. Germany's National Hydrogen Strategy was released in June 2020, targeting the establishment of a domestic hydrogen economy and aiming to become a global leader in hydrogen technologies. In July 2023, Germany's National Hydrogen Strategy set the goal of reaching 10GW capacity for domestic hydrogen production through water electrolysis by 2030. 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. Netherlands is a major hydrogen producer in Europe and has formed a relatively complete hydrogen energy ecosystem. The Netherlands' Hydrogen Vision and Strategy, released in March 2020, emphasizes the role of hydrogen in achieving "carbon neutrality" by 2050. Europe's hydrogen energy industry benefits from its strong renewable energy infrastructure, particularly in countries like Germany, which has substantial wind and solar power capacity. The region also boasts advanced technological capabilities and a well-established industrial base. The hydrogen energy industry in Europe is witnessing a growing trend towards cross-sectoral integration. In addition, the carbon trading (European Union Emissions Trading System) and carbon taxes in Europe provide financial incentives for reducing carbon emissions, which in turn drive investment and innovation in low-carbon hydrogen production technologies. Green hydrogen, produced through water electrolysis using renewable electricity, is gaining traction as a key enabler of decarbonization efforts. European countries are also exploring the potential of hydrogen blending in natural gas pipeline networks and deploying hydrogen fuel cell vehicles. As the industry continues to mature, investments in R&D, regulatory support, and international collaboration are expected to drive further advancements in the hydrogen energy industry across Europe.

Brazil

Brazil is also leveraging its abundant renewable resources to drive the development of its low-carbon hydrogen industry. The three-year action plan (2023-2025) under the National Hydrogen Program sets ambitious goals, aiming to establish low-carbon hydrogen pilot plants across all regions of Brazil by 2025. The Ministry of Mines and Energy (MME) in Brazil estimates the country's technical potential to produce 1.8 gigatons of hydrogen annually at a lower production cost. Brazil's National Hydrogen Program exemplifies the country's dedication to spearheading the global energy transition. Through a multi-faceted strategy, ambitious targets, and active engagement with international partners, Brazil is well-positioned to emerge as one of the prominent players in the hydrogen industry.

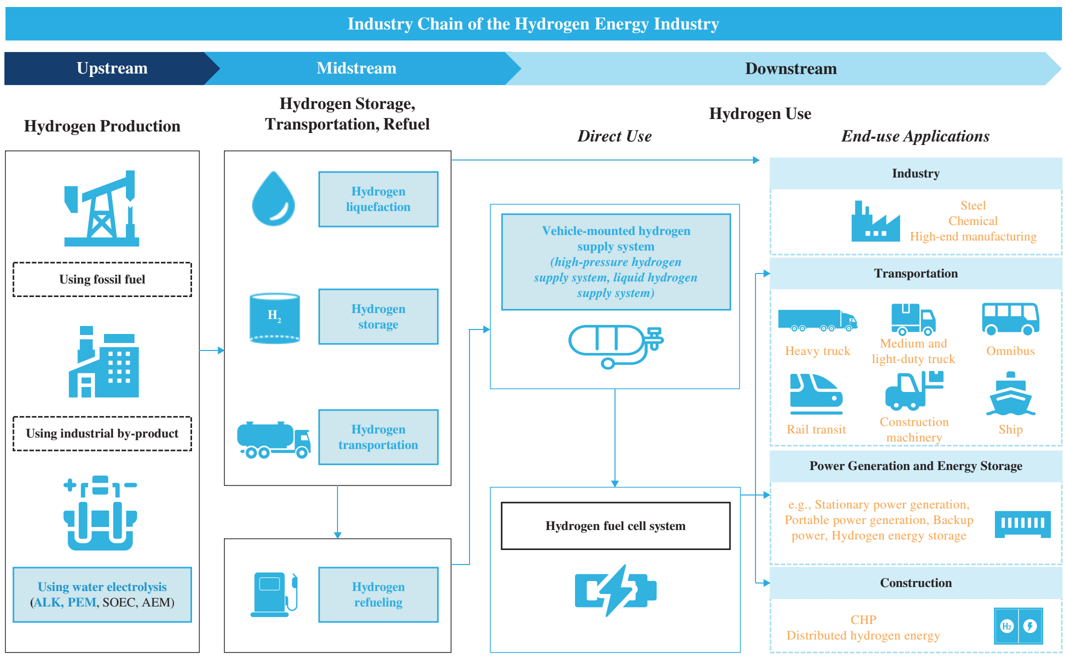
North Africa

North African countries are also focusing on domestic green hydrogen production with the intent to export green hydrogen to countries committed to reducing carbon emissions. For example, Morocco's National Hydrogen Strategy outlines a roadmap towards a hydrogen-based economy by 2050. In the short term, from 2020 to 2030, Morocco aims to use hydrogen as a feedstock for the local production of green ammonia. Between 2030 and 2040, Morocco anticipates scaling up green hydrogen, green ammonia, and synthetic fuel production for both domestic use and export. By 2050, the strategy envisions a globalized hydrogen market in Morocco and domestic hydrogen utilization across industrial, residential, and transportation sectors.

Driven by the strategic blueprint for hydrogen energy development in major economies worldwide, prominent hydrogen energy equipment manufacturing companies in China are proactively seeking global opportunities while delving deeply into local markets. Leveraging their advantages in competitive product costs, well-established supply chain systems, and robust R&D and production capabilities, these Chinese companies are effectively delivering hydrogen energy equipment solutions to overseas markets, thus driving the commercial adoption of hydrogen energy while enhancing their global influence in the hydrogen industry. For example, we have expanded our presence in the global hydrogen energy market by selling products directly and forming partnerships in regions such as the Middle East, the South America, Europe, Asia and the North Africa. These Chinese companies strategically integrate their inherent strengths with the attributes of overseas markets by offering core equipment of the hydrogen energy industry such as water electrolysis hydrogen production equipment, hydrogen refueling station equipment, vehicle-mounted high-pressure hydrogen supply systems, and liquid hydrogen equipment to international markets. Through the overseas deployment of these companies, they facilitate the ecological development of local hydrogen energy industries, drive the commercial adoption of hydrogen energy, and expedite the global implementation of carbon reduction targets.

Industry Chain Analysis of the Hydrogen Energy Industry

The hydrogen energy industry can be segmented into upstream (i.e., production of hydrogen), midstream (i.e., storage, transportation and refuel of hydrogen) and downstream (i.e., application of hydrogen). The following diagram illustrates the hydrogen energy chain:



Note: The blue-colored text represents items fall within our Company's business scope. The orange-colored text represents downstream applications of our Group's products. Hydrogen fuel cell systems equipped with vehicle-mounted hydrogen supply systems are only applied in the transportation sector.

Industry Landscape of Hydrogen Energy Industry

Types of hydrogen

The types of hydrogen available in the market include grey hydrogen, blue hydrogen and green hydrogen. Grey hydrogen refers to hydrogen produced from fossil fuels (e.g., natural gas and coal) or industrial by-products. Grey hydrogen is currently the most common hydrogen in China (approximately 96% of total). In 2023, fossil fuel (approximately 75%) was the main source in the production of hydrogen, followed by industrial by-products (approximately 21%). Blue hydrogen refers to hydrogen produced from fossil fuels in combination with carbon capture, utilization and storage ("CCUS") technology, which can achieve low or zero carbon emission in the overall hydrogen production process. Blue hydrogen still relies on fossil fuels as raw materials. The current cost of CCUS technology is relatively high, so it has not yet been applied on a large scale. Green hydrogen, produced through water electrolysis powered by renewable energy, such as solar, wind and hydro power, represents a pivotal advancement in sustainable energy. Downstream applications of green hydrogen span diverse industries, including chemicals, metallurgy and transportation, showcasing its versatility as a clean energy carrier. It is expected that the proportion of green hydrogen in China will increase from less than 5% in 2023 to approximately 20% of the total hydrogen production volume by 2030.

Hydrogen Storage

There are three main types of hydrogen storage methods: gaseous, liquid and solid. Hydrogen can be stored as gas by high-pressure compression, which is the main storage method currently, with the advantages of fast filling and discharging, simple structure of containers and low cost. At present, high-pressure gaseous hydrogen storage and cryogenic liquid hydrogen storage have entered a commercial application stage, while organic liquid hydrogen storage and solid material hydrogen storage are still in the pilot demonstration stage. China has seen pilot application of solid hydrogen storage in distributed power generation. With further development of hydrogen storage techniques, approaches such as multi-phase hydrogen storage will be increasingly applied in the future.

Hydrogen Transportation

Depending on the different storage methods, hydrogen can be transported in gaseous, liquid and solid forms. The transportation of gaseous hydrogen through tube trailers and pipelines is currently the major method of hydrogen transportation. Pipeline transportation is ideal for large-scale and long-distance hydrogen transportation, but with the characteristics of long pipeline construction period, large investment, and complicated approval process. Liquid hydrogen can be transported by liquid hydrogen tankers and liquid hydrogen tanks, of which hydrogen tanks have the advantage of intermodal transportation, and its storage and transportation can significantly improve hydrogen transport efficiency for large-capacity and long-distance hydrogen transportation. For transportation distances below 200 kilometers, tube trailer transportation of gaseous hydrogen holds a cost advantage. For transportation distances exceeding 200 kilometers, there is a cost advantage for transporting liquid hydrogen via liquid hydrogen tanks and tankers due to high-energy and volume density of liquid hydrogen.

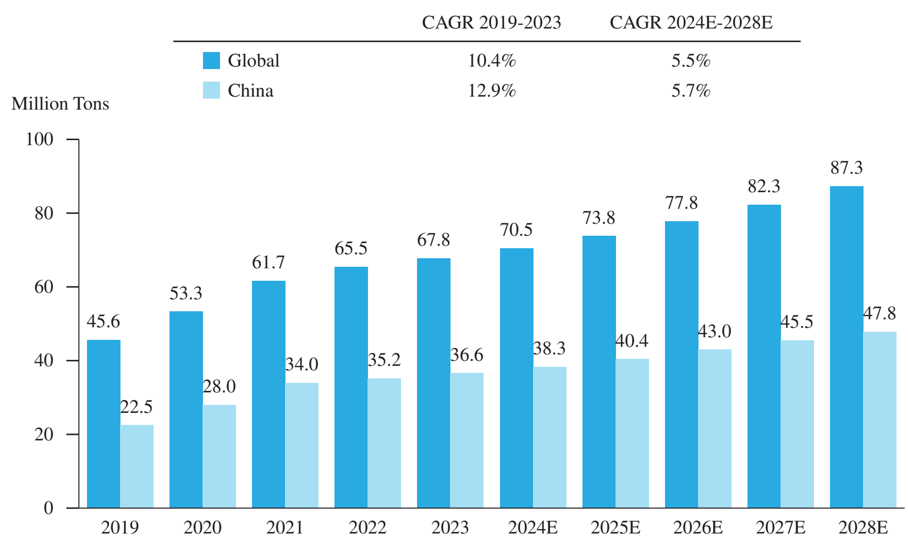
Hydrogen Downstream Application

The downstream applications of hydrogen can be further categorized based on specific utilization scenarios. With continuous industrial development, hydrogen plays a pivotal role as a vital industrial raw material, catering to stable and mature demand markets. Notably, the industrial sector represents the largest consumption segment of hydrogen in China. Looking ahead, driven by favorable policies, the transportation sector is poised to offer extensive commercial market opportunities. In order to capitalize on this potential, vehicle manufacturers and upstream core equipment and component suppliers need to consistently prioritize technological advancements, enhance product quality and reduce costs. These efforts are essential to attract more downstream customers and encourage the widespread adoption of hydrogen fuel cell vehicles in the transportation sector. In addition, hydrogen will also be applied in the fields of power generation and energy storage, such as hydrogen blending in natural gas pipeline networks, distributed heat and power cogeneration, hydrogen energy storage and hydrogen-electricity coupling.

Market Size Analysis of Hydrogen

The global and China's hydrogen consumption volume increased from 45.6 million tons and 22.5 million tons in 2019 to approximately 67.8 million tons and 36.6 million tons in 2023 at CAGRs of 10.4% and 12.9%, respectively, and is expected to reach approximately 87.3 million tons and 47.8 million tons in 2028, respectively. The following chart illustrates the historical and forecast consumption volume of hydrogen globally and in China from 2019 to 2028:

Consumption Volume of Hydrogen (Global and China), 2019-2028E



Source: Frost & Sullivan Report and interviews with industry experts by Frost & Sullivan.

Drivers and Trends of Global and China's Hydrogen Energy Industry

The key growth drivers and development trends of global and China's hydrogen energy industry are set forth below:

- *Favorable policies to support the development of hydrogen energy industry:* Governments globally are actively pursuing the objective of "carbon neutrality" and have implemented a series of policies to promote the development of clean energy. As an important measure to tackle climate change and accelerate energy transformation, more economies attach great importance to the development of the hydrogen energy industry and regard it as a part of the energy development strategy. Notably, green hydrogen has become an emerging pivotal strategy to achieve "carbon neutrality", facilitate the transition to low-carbon energy sources, enhance energy security and modernize traditional industries.

- *Market demand continues to increase:* Driven by global promotion of decarbonization and sustainable energy solutions, the demand for hydrogen energy increased significantly. The increasing demand is propelled by (i) advancements in hydrogen production technologies such as water electrolysis. Water electrolysis, especially when coupled with renewable energy sources such as wind and solar power, enables the production of green hydrogen with minimal carbon emissions, further enhancing its appeal in the transition to a low-carbon economy; and (ii) the nature of a versatile energy carrier that is capable of powering various sectors. In transportation, hydrogen fuel cell vehicles offer a promising alternative to internal combustion engines, providing long driving ranges and fast refueling times. Similarly, in industries such as steel manufacturing, ammonia production and chemical processing, hydrogen serves as a low-carbon alternative to carbon-intensive processes, facilitating the reduction of greenhouse gas emissions. Furthermore, in the realm of power generation and energy storage, the capacity for large-scale, extended-duration energy storage offered by hydrogen presents a new path for tackling the disparities between power supply and demand. Moreover, hydrogen is expected to serve as a promising solution for ensuring reliable power provision to critical scenarios such as data centers, telecommunications towers, hospitals, and emergency response systems. The demand for hydrogen energy will continue to grow in a foreseeable future in light of these growing number of applications.

- *Technology development:* The development of hydrogen technologies has undergone thorough research and validation, focusing on cleaner, safer and more economical approaches. The technology breakthroughs improve the efficiency and safety of the production, storage, transportation, refueling and use of hydrogen energy. The technology advancements also contribute to domestication and cost reduction of hydrogen energy industry. In particular, as China's independent production capability of core equipment and components of the hydrogen energy industry continues to improve, leading hydrogen energy equipment manufacturers will begin to explore broader development opportunities in overseas hydrogen energy markets while deeply exploring the China's market.

Favorable Policies and Documents in China

In recent years, the relevant government authorities in China have issued a number of favorable policies and documents to support the development of hydrogen energy industry and related sub-industries, which became the key drivers for the development of China's hydrogen energy industry and thereby, directly benefiting all stakeholders in the industry value chain, including core equipment manufacturers like our Company, as well as our customers (e.g. hydrogen fuel cell vehicle manufacturers and hydrogen fuel cell system manufacturers).

These supportive policies and documents underscore the strategic importance of hydrogen energy within the energy system, ensuring national energy security and facilitating the transition towards a green and low-carbon energy structure. Such policies and documents encourage the coordinated development of hydrogen energy across its entire value chain, spanning production, storage, transportation and use. This emphasis aims to bolster the competitiveness of the hydrogen energy sector as a whole. Furthermore, the relevant government authorities in China have been committed to the orderly advancement of infrastructure for the hydrogen energy industry, expediting the establishment of a safe, stable and efficient hydrogen energy network. This involves enhancing equipment manufacturing capabilities and fortifying the hydrogen energy supply system. Moreover, the Chinese government incentivized the demonstration applications of hydrogen energy across various sectors, thereby catalyzing its commercialization. There has been substantial support for the innovation of key technologies throughout the research, development, and application phases of the hydrogen energy value chain. Additionally, the exploration of diverse pathways for key technologies pertaining to hydrogen energy core equipment will be pursued vigorously. These related policies have geared towards establishing a comprehensive system of the hydrogen energy industry standard to drive the sustainable development of the hydrogen energy industry.

The following sets forth the key supportive policies and documents relating to the entire hydrogen energy industry in China:

- "2024 Government Work Report" (《2024政府工作報告》) was released by the Chinese government in March 2024. The report proposed to actively cultivate emerging industries and future industries, consolidate and expand the leading advantages of industries such as intelligent connected new energy vehicles, and accelerate the development of cutting-edge emerging industries, including hydrogen energy industry.

- "Green and Low-Carbon Transformation Industry Guidance Catalog (2024 Edition)" (《綠色低碳轉型產業指導目錄(2024年版)》) was issued by seven national departments of China, including the NDRC and the MIIT, in March 2024. A new special guidance catalog for the entire hydrogen energy industry chain was added, expanding the scope of hydrogen energy infrastructure. Moreover, hydrogen production and hydrogen production equipment were included in the catalog.

- "Guiding Opinions on Accelerating the Green Development of the Manufacturing Industry" (《關於加快推動製造業綠色化發展的指導意見》) was issued by seven national departments of China, including the MIIT, in February 2024. The document proposed to build a complete hydrogen energy technology and equipment system for hydrogen production, storage, transportation and application in the fields of petrochemicals, steel, transportation, energy storage and power generation.

- "Standardized Construction Guidelines for the Hydrogen Industry (2023)" (《氫能產業標準體系建設指南(2023版)》) was issued by the SAC, the NDRC, the MIIT and three other official authorities in August 2023. The publication of these guidelines marked a milestone process of standardization of China's hydrogen energy industry and provide a three-year roadmap for standardizing the entire production, storage, transportation and use of hydrogen through clear goals for six sub-sectors.

- "Energy Carbon Peak Carbon Neutral Standardization Promotion Action Plan" (《能源碳達峰碳中和標準化提升行動計劃》) was published by the National Energy Administration in October 2022. It proposed to further promote the standardized management of the development of the hydrogen energy industry, and accelerate the improvement of the top-level design and standard system of hydrogen energy standards.

- "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)》) was issued by the NDRC and the National Energy Administration in March 2022. It clarified the strategic position of hydrogen energy as an important part of the future national energy system, an important carrier for achieving green and low-carbon transformation, and a strategic emerging industry and a key development direction for future industries.

- "14th Five-Year Renewable Energy Development Plan" (《"十四五"可再生能源發展規劃》) was issued by the NDRC, the MIIT and other seven national departments of China in October 2021. It proposed to strengthen the R&D of frontier technologies such as energy storage and hydrogen energy, and to put forward the requirements for the R&D of key technologies and diversified pilot applications in the field of hydrogen energy such as the preparation, storage and transportation of hydrogen.

- "Energy Law of the People's Republic of China (Draft for Comments)" (《中華人民共和國能源法(徵求意見稿)》) was published by the National Energy Administration in April 2019. Hydrogen energy is officially included in the legal definition of energy for the first time.

Favorable Policies and Documents Relating to the Vehicle-mounted High-pressure Hydrogen Supply Systems and Hydrogen Storage Cylinders Industry

The national and local governments' supportive policies, such as the relevant "award in lieu of subsidy" (以獎代補) policies and the subsidy policies before 2020, were key in promoting the development of the hydrogen fuel cell vehicles industry by providing incentives to the hydrogen fuel cell vehicle manufacturers, and directly benefiting the relevant component and equipment manufacturers in the value chain, including the manufacturers of vehicle-mounted high-pressure hydrogen supply systems and hydrogen storage cylinders, as well as hydrogen fuel cell systems manufacturers. These policies stimulated the promotion of hydrogen fuel cell vehicles by providing financial support and encouraging the formation of the relevant demonstration city clusters in China. Additionally, such policies clearly stated the plans and goals of the hydrogen fuel cell vehicles industry in the medium and long-term development to guide market participants. Some local governments are also actively introducing favorable policies, such as temporarily exempting highway toll fees, to promote the adoption of hydrogen fuel cell vehicles.

The following sets forth the key supportive policies and documents relating to the vehicle-mounted high-pressure hydrogen supply systems and hydrogen storage cylinders industry in China:

- "Notice on the Temporary Exemption of Toll Fees for Hydrogen Vehicles on High-speed Highways" (《關於對氫能車輛暫免收取高速公路通行費的通知》) was issued by the Department of Transportation and other related official authorities of Shandong Province in February 2024. The policy allowed hydrogen vehicles equipped with ETC equipment driving on high-speed highways in Shandong Province to be temporarily exempted from highway tolls. The policy was implemented on March 1, 2024 with a trial period of two years, which is expected to promote the demand for hydrogen fuel cell vehicles.

- "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)》) was issued by the NDRC and the National Energy Administration in March 2022. It aimed that by 2025, the number of hydrogen fuel cell vehicles will reach approximately 50,000 units.

- "14th Five-Year Plan for the Development of Modern Integrated Transport System" (《"十四五"現代綜合交通運輸體系發展規劃》) was issued by the State Council in December 2021. The policy proposed to promote low-carbon and diversified energy of transportation sector, actively promote new energy and clean energy transportation vehicles, and further reduce energy consumption of transportation. In addition, the policy proposed to select suitable areas to build near-zero carbon transportation demonstration zones, prioritize the development of public transportation, advocate green travel and promote new energy transportation tools.

- "Implementation Plan for the Promotion of Green Consumption" (《促進綠色消費實施方案》) was issued by the State Council in January 2021. The policy proposed to vigorously develop green transportation consumption, orderly carry out demonstration applications of hydrogen fuel cell vehicles, and build supporting infrastructure such as hydrogen refueling stations.

- "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》) issued by the MOF, the MIIT, the Ministry of Science and Technology, the NDRC and the National Energy Administration in September 2020. It proposed to adopt the "award in lieu of subsidy" (以獎代補) policy to the cities that meet hydrogen fuel cell vehicle demonstration requirements to further promote the application of hydrogen fuel cell vehicles, and clarified specific application requirements for the demonstration city clusters. By the end of 2023, five demonstration city clusters have passed the approval by the PRC government.

- "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 the MOF, the MIIT, the Ministry of Science and Technology and the NDRC in April 2020. It proposed to adopt the "award in lieu of subsidy" (以獎代補) policy to give incentives to the demonstration city clusters, which will reward eligible city clusters for the commercialization of key technologies used in the hydrogen fuel cell vehicles and the pilot adoption of hydrogen fuel cell vehicles within the city clusters instead of directly providing subsidies. The policy also proposed to establish relatively mature hydrogen energy and hydrogen fuel cell vehicle value chains in four years with breakthroughs in key core technologies.

Favorable Policies and Documents Relating to the Core Equipment for Hydrogen Refueling Stations Industry

The relevant government authorities in China have provided supportive policies and documents to promote the construction of hydrogen refueling stations, which stimulated the expansion of the hydrogen refueling stations network across the country over the past few years, and directly benefited the relevant core equipment manufacturers for hydrogen refueling stations. These supportive policies and documents have put forward clear plans and set targeted goals for the development of hydrogen refueling stations in China (e.g. build 1,000 hydrogen refueling stations by 2025 and 5,000 hydrogen refueling stations by 2030 to 2035). In addition, the relevant policies proposed to support the use of existing gas station facilities to reconstruct and expand hydrogen refueling stations, and explore new models such as hydrogen refueling stations that integrate hydrogen production, storage and refueling within the station, which are expected to drive the innovation and upgrade of the technologies of core equipment for hydrogen refueling stations industry in China.

The following sets forth the key supportive policies relating to the core equipment for hydrogen refueling stations industry in China:

- "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)》) was issued by the NDRC and the National Energy Administration in March 2022. This policy set the goal of deploying and constructing a number of hydrogen refueling stations by 2025.

- "Action Plan for Carbon Peaking Before 2030" (《2030年前碳達峰行動方案》) was issued by the State Council in October 2021. This document encouraged to promote the construction of charging piles, supporting power grids, filling (gas) stations, hydrogen refueling stations and other infrastructure in an orderly manner to improve the level of urban public transportation infrastructure.

- "Energy-Saving and New Energy Vehicle Roadmap 2.0" (《節能與新能源汽車路線2.0》) was issued by the China Society of Automotive Engineers in October 2020. It proposed to build 1,000 hydrogen refueling stations by 2025 and 5,000 hydrogen refueling stations by 2030-2035 in China.

Favorable Policies and Documents Relating to the Core Equipment for Liquid Hydrogen Industry

Due to the absence of comprehensive standards and relevant regulations, the utilization of liquid hydrogen in China has been primarily confined to the aerospace and military sectors for an extended period. In November 2021, the Chinese government unveiled three national standards specifically for liquid hydrogen, encompassing its production, storage, transportation and use. With the establishment and enhancement of these liquid hydrogen standard frameworks, manufacturers of core equipment for liquid hydrogen in China are poised to intensify their R&D efforts and expedite the localization process of core equipment, thereby facilitating the widespread deployment of liquid hydrogen in China in the future.

The following sets forth the key supportive policies and documents relating to the core equipment for liquid hydrogen industry in China:

- GB/T 40045-2021 "Hydrogen Fuel for Hydrogen-Powered Vehicles-Liquid Hydrogen" (GB/T40045-2021《氫能汽車用燃料液氫》) was issued by the Standard Administration of State Administration for Market Regulation and implemented in November 2021. It provided technical indicators, testing methods, and requirements for storage and transportation of liquid hydrogen as a fuel for hydrogen-powered vehicles.

- GB/T 40060-2021 "Technical Requirements for Storage and Transportation of Liquid Hydrogen" (GB/T40060-2021《液氫貯存和運輸技術要求》) was issued by the Standard Administration of State Administration for Market Regulation and implemented in November 2021. It specified requirements for the installation of fixed storage tanks, transportation using mobile tankers, container purging, replacement and safety operations in the process of civil storage and transportation of liquid hydrogen.

- GB/T40061-2021 "Technical Specifications for Liquid Hydrogen Production Systems" (GB/T40061-2021《液氫生產系統技術規範》) was issued by the Standard Administration of China and implemented in November 2021. It outlined the basic configuration requirements for civilian liquid hydrogen production systems, including hydrogen liquefaction units, tank configurations, hydrogen emissions, etc.

Favorable Policies and Documents Relating to the Water Electrolysis Hydrogen Production Equipment Industry

The Chinese government has implemented a comprehensive set of policies aimed at fostering the advancements in water electrolysis technology and promoting the utilization of renewable energy sources for hydrogen production. Concurrently, in alignment with the government's initiatives to bolster the water electrolysis industry, several local governments have eased restrictions on both production and installation of water electrolysis hydrogen production. Such supportive measures are poised to promote the increasing demand for hydrogen produced from renewable energy, thus yielding substantial benefits for equipment manufacturers of the water electrolysis hydrogen production industry. As a result, these manufacturers are expected to experience significant growth opportunities and enhanced market competitiveness, driving further innovation and development within the industry.

The following sets forth the key supportive policies and documents relating to the water electrolysis hydrogen production equipment industry in China:

- "Notice on Accelerating the Development of the Hydrogen Energy Industry" (《關於加快推進氫能產業發展的通知》) was issued by the authorities of Inner Mongolia Autonomous Region in February 2024. This document allowed (i) water electrolysis hydrogen production projects with renewable energy sources as well as hydrogen production and refueling stations to be constructed outside the chemical industry park; and (ii) water electrolysis hydrogen production projects with renewable energy sources do not need to obtain the safety production license for hazardous chemicals in the Inner Mongolia Autonomous Region.

- "Blue Book on the Development of New Power Systems" (《新型電力系統藍皮書》) was issued by the National Energy Administration in June 2023. This document encouraged breakthroughs in key technologies applicable to renewable energy electrolysis for hydrogen production, including PEM.

- "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)》) was issued by the NDRC and the National Energy Administration in March 2022. By 2025, the fleet of hydrogen fuel cell vehicles was aimed to reach approximately 50,000 units, with the deployment and construction of a number of hydrogen refueling stations, and hydrogen produced from renewable energy will reach 100,000 to 200,000 tons per year.

- "14th Five-Year Plan for Renewable Energy Development" (《"十四五"現代能源體系規劃》) was issued by the NDRC and the National Energy Administration in March 2022. The policy proposed to strengthen the R&D on sectors of cutting-edge technologies such as energy storage and hydrogen energy, focus on core technologies such as renewable energy hydrogen production and hydrogen energy storage, transportation and application, and strive to achieve breakthroughs in key technologies throughout the hydrogen energy industry chain.

- "14th Five-year Plan for Implement Plan for the Development of New Energy Storage" (《"十四五"新型儲能發展實施方案》was issued by the NDRC and the National Energy Administration in January 2022. This document proposed to increase R&D efforts on key technologies and equipment for hydrogen energy storage. In addition, the policy proposed to carry out demonstration applications of hydrogen energy storage such as renewable energy production and storage of hydrogen and hydrogen-electric coupling.

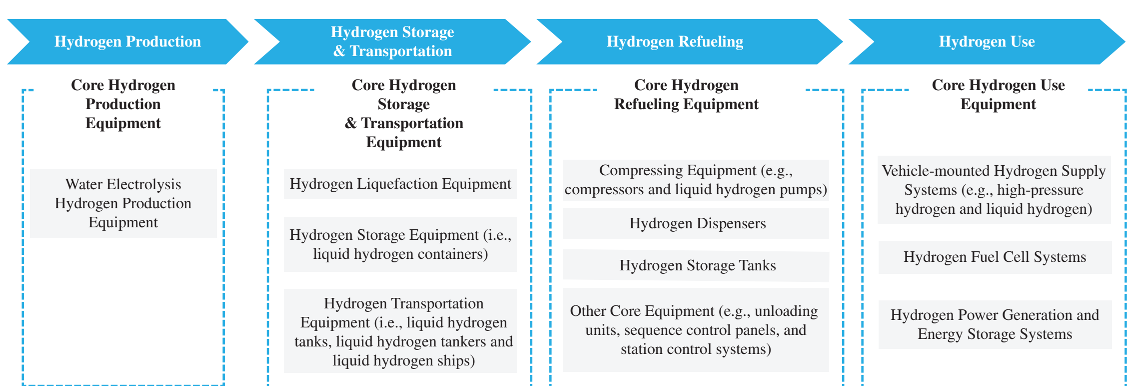
- "Guiding Opinions on Promoting the Integration of Power Generation, Grids, Demand, and Storage & the Development of Multi-energy Complementarity" (《關於推進電力源網荷儲一體化和多能互補發展的指導意見》) was issued by the NDRC and the National Energy Administration in February 2021. It proposed to build a clean, safe and efficient energy system, and improve the clean energy utilization and the efficiency of power system operation.

OVERVIEW OF HYDROGEN ENERGY CORE EQUIPMENT INDUSTRY

Definition of Hydrogen Energy Core Equipment

Hydrogen energy core equipment refers to the devices and technologies crucial in various processes of the industrial value chain of hydrogen energy, including production, storage, transportation, refueling and use of hydrogen energy. Hydrogen energy core equipment plays a key role in advancing the commercialization and application of the technologies in relation to hydrogen energy.

The following diagram illustrates the hydrogen energy core equipment used in the entire value chain of the hydrogen energy industry:



Leading industry players contribute to the growth of the hydrogen industry by expanding their presence into various processes of the industrial value chain, providing integrated solutions to customers that encompass the production, storage, transportation, refueling and use of hydrogen energy.

Core Competencies of the Market Players in Hydrogen Energy Core Equipment Industry

Companies thriving in the hydrogen energy core equipment industry distinguish themselves through a multitude of core competencies, which collectively contribute to their success and differentiate them from competitors:

Robust R&D Capabilities

The hydrogen energy industry is in its early stage of development, with its industrial ecosystem awaiting further maturation. Leading companies in the hydrogen energy core equipment industry are seizing opportunities by leveraging their technological advantages in the relevant fields to establish an early presence in key segments of the industry, such as Type-IV cylinders, equipment for liquid hydrogen production and storage, equipment for 70MPa hydrogen refueling station and equipment for water electrolysis hydrogen production. Simultaneously, these frontrunners actively participate in the formulation of industry standards pertinent to the hydrogen energy core equipment industry. This engagement not only solidifies their early-mover advantage but also fosters a conducive environment for industry growth and standardization.

Product Innovation and Production Capabilities

The ability to innovate products and enhance production capabilities is paramount in the hydrogen energy core equipment industry, as it reflects a company's adaptability in aligning product features with evolving downstream demands. For instance, with the increasing demand for longer range and higher capacity hydrogen fuel cell vehicles, manufacturers are witnessing an iteration in specifications for vehicle-mounted high-pressure hydrogen storage cylinders in China. Leading manufacturers are not only responding to these evolving demands by developing new products but also by ramping up their production capacities. Concurrently, they are investing in automation, digitization and intelligent management of production processes. This strategic progress facilitates cost reductions in manufacturing, enhances production efficiency and elevates product quality standards, thereby ultimately bolstering their competitive position in the market.

Supply Chain Integration Capabilities

The integration of supply chains is another strategic advantage of the leading hydrogen energy core equipment manufacturers, marked by forming enduring partnerships with top-tier suppliers of hydrogen core equipment to facilitate the continuous technological evolution and upgrades in the hydrogen energy industry. Meanwhile, by embedding themselves within the industry supply chain and fostering R&D collaborations, these companies accelerate the domestication of key hydrogen energy components and technologies.

Strong Relationship with High Quality and Stable Customers

Leading companies in the hydrogen energy core equipment industry leverage their deep industry knowledge and extensive experience to cultivate, sustain and expand their customer base. Their comprehensive reach across the demonstration city clusters of hydrogen fuel cell vehicles in China and partnerships with prominent entities in the energy sector, such as well-known energy companies, hydrogen fuel cell vehicle manufacturers and hydrogen fuel cell system manufacturers, among others, reinforce their industry impact and brand recognition, securing consistent demand for their products. Furthermore, leading companies in the hydrogen energy core equipment industry are capable of tailoring their products and services specifically to customer requirements, further extending their business reach and fostering customer loyalty.

Forward-looking Strategic Approach

Leading industry players have developed forward-looking strategic layout by expanding their presence into various key stages of the industrial value chain of hydrogen energy industry, providing integrated solutions to customers that encompass the production, storage, transportation, refueling and use of hydrogen energy. Meanwhile, leveraging the advantages in the domestic market, some leading industry players are actively exploring the overseas markets to capture the growing opportunities in the global hydrogen energy industry. This expansive involvement propels the growth of the global hydrogen industry, solidifying the key positions of these companies within the industry chain of their suppliers and customers.

OVERVIEW OF VEHICLE-MOUNTED HIGH-PRESSURE HYDROGEN SUPPLY SYSTEMS INDUSTRY

Overview of Hydrogen Fuel Cell Vehicle

Hydrogen fuel cell vehicle is a vehicle that uses a hydrogen fuel cell system as a single power source, or a hydrogen fuel cell system and a rechargeable energy storage system as a hybrid power source. The pivotal elements of hydrogen fuel cell vehicles encompass the vehicle-mounted hydrogen supply system and the hydrogen fuel cell system.

The following table sets forth the comparison of hydrogen fuel cell vehicle with battery electric vehicle and internal combustion engine vehicle:

Metric	Hydrogen Fuel Cell Vehicle	Battery Electric Vehicle	Internal Combustion Engine Vehicle
Mechanical system	Fuel cell system	Lithium battery	Internal combustion engine
Filling material	Hydrogen	Electricity	Gasoline or diesel

Metric	Hydrogen Fuel Cell Vehicle	Battery Electric Vehicle	Internal Combustion Engine Vehicle
Environmental protection	No carbon emission or pollution when operating the vehicle	Pollution partially transferred upstream	Emissions of greenhouse gases such as CO_2, CO, SO_2, etc.
Mileage	500-800 km	300-600 km	500-700 km
Infrastructure for refilling/charging services	Hydrogen refueling station, filling time: 3-15 min	Charging port, charging time: 30 min to 8 hours on average	Gas station, filling time: 5-10 min
Field of application	Medium and long distance, heavy transportation	Short- and medium-distance transportation	Universally applicable

Source: Frost & Sullivan Report

Hydrogen fuel cell vehicles (HFCVs) hold substantial promise as one of the main directions in the transition towards low-carbon energy in the automotive sector, offering several compelling advantages over traditional internal combustion engine vehicles and electric vehicles. One of the most significant benefits is the refueling time. HFCVs can be refueled in several minutes, akin to traditional internal combustion engine vehicles, offering convenience and efficiency for drivers. This compares favorably to battery electric vehicles (BEVs), which, even with fast charging technology, require significantly more time to recharge. In addition, HFCVs boast relatively long mileage, which not only addresses range anxiety issues that are still prevalent among BEV consumers, but also makes it an excellent carrier for energy storage and transportation over long distances. Moreover, there is no carbon emission or pollution when operating HFCVs. This is a crucial factor as the world increasingly seeks sustainable and environmentally friendly transportation solutions to combat climate change. Meanwhile, the development of HFCVs also encourages the growth of renewable energy sectors, as hydrogen can be produced through water electrolysis powered by renewable energy. This symbiotic relationship could facilitate a broader integration of renewable energy into the transportation sector, enhancing energy security and reducing dependency on fossil fuels. Finally, the continuous advancements in hydrogen infrastructure, such as the increasing number of hydrogen refueling stations and improvements in the logistics of hydrogen transportation and storage, continue to support the promotion of HFCVs. As a result of combined advantages above, HFCVs are likely to become one of the main directions for the development of low-carbon energy in vehicles in the future.

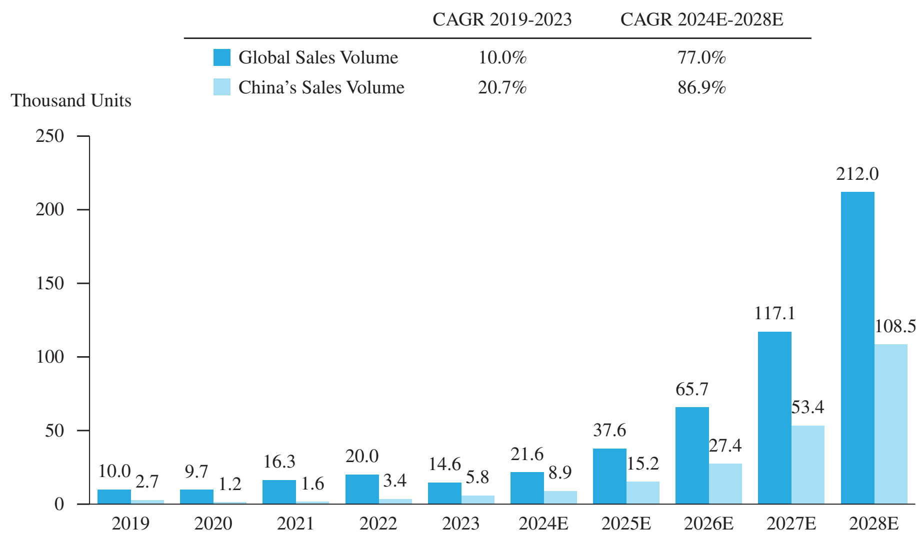
The rise in popularity of BEVs has led to increased competition in the automotive industry in China, where both BEVs and HFCVs are gaining traction. This competition from BEVs encourages hydrogen core equipment manufacturers to focus on technological advancements, such as enhancing the performance and cost-effectiveness of hydrogen-related technologies. The drive for innovation has the potential to yield breakthroughs across various aspects of the production, storage, transportation and use of hydrogen, thereby benefiting the entire hydrogen ecosystem. In addition, HFCV manufacturers may differentiate themselves in the rapidly evolving new energy vehicle market by emphasizing the inherent advantages of HFCVs over BEVs, such as longer mileage, quicker refueling time and suitability for heavy-duty applications. This differentiation strategy is pivotal for capturing niche markets and sustaining demand for both HFCV manufacturers and relevant hydrogen core equipment manufacturers. Furthermore, compared to the well-established BEV market, China's HFCVs industry is still in the initial stage of commercialization. In the future, it is expected that the government will take proactive measures to promote the growth of the HFCV market, recognizing its potential to contribute to environmental sustainability and energy diversification. Overall, as China seeks to transition towards a low-carbon economy, the government's proactive support and strategic policy interventions are expected to play a pivotal role in propelling the commercial development of the HFCV market and catalyzing the growth of all the stakeholders in the hydrogen energy industry, including hydrogen core equipment manufacturers.

Commercial vehicles such as buses, logistic vehicles and trucks are major types of hydrogen fuel cell vehicles in China while in the international market, passenger vehicles such as sedans and sport utility vehicles ("SUVs") are representative application of hydrogen fuel cell vehicles. Global hydrogen fuel cell vehicle industry has experienced a relatively stable growth in sales volume from 10.0 thousand units in 2019 to 14.6 thousand units in 2023, with a CAGR of 10.0%, and is expected to reach 212.0 thousand units in 2028.

China's hydrogen fuel cell vehicle industry was in its early start-up phase from 2019 to 2023, with sales volume rising from 2.7 thousand units to 5.8 thousand units, at a CAGR of 20.7%. According to the development goals in the "Mid-to-Long-Term Plan for the Development of the Hydrogen Energy Industry (2021-2035)" (《氫能產業發展中長期規劃(2021-2035年)》), the total number of hydrogen fuel cell vehicles in China will reach approximately 50,000 units in 2025. Driven by strong policy support, continuous breakthroughs in core technologies and improved equipment such as vehicle-mounted high-pressure hydrogen storage cylinder, the sales volume of hydrogen fuel cell vehicles in China will enter a stage of rapid growth. China is expected to become the largest market in global hydrogen fuel cell vehicle industry and witness a surge in its sales volume of hydrogen fuel cell vehicles, from approximately 8.9 thousand units in 2024 to 108.5 thousand units in 2028, with a CAGR of approximately 86.9%.

The following chart sets forth the historical and forecast sales volume of hydrogen fuel cell vehicles globally and in China from 2019 to 2028:

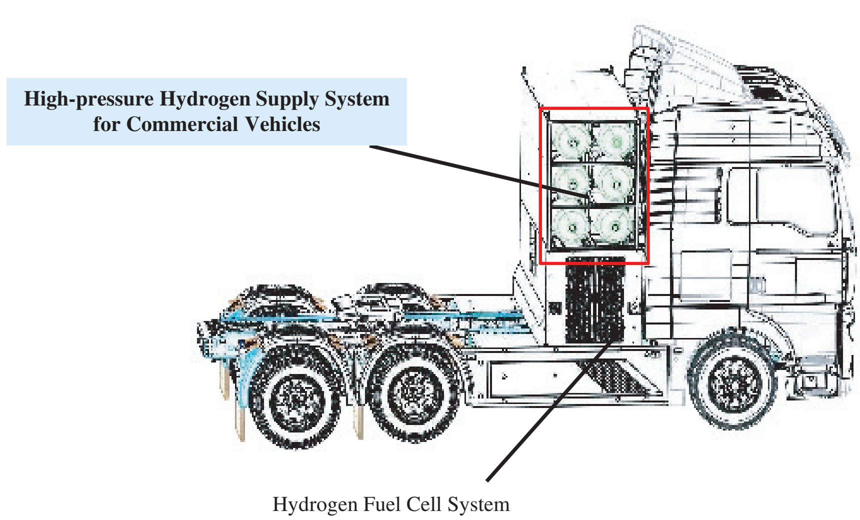
Sales Volume of Hydrogen Fuel Cell Vehicles (Global and China), 2019-2028E



Source: China Association of Automobile Manufacturers, Frost & Sullivan Report and interviews with industry experts by Frost & Sullivan.

Overview of Vehicle-mounted High-pressure Hydrogen Supply System

Vehicle-mounted high-pressure hydrogen-supply system is the main type of hydrogen supply system for hydrogen fuel cell vehicles in the current stage and serves as the energy storage unit for the vehicle, which is responsible for storing and supplying hydrogen to the hydrogen fuel cell stack. The vehicle-mounted high-pressure hydrogen supply system is primarily composed of high-pressure hydrogen storage cylinders, pipelines and valves parts, pressure/temperature sensors, control systems and other components. The following picture illustrates the structure of a hydrogen fuel cell vehicle:



Comparison of the Major Types of High-pressure Hydrogen Storage Cylinders in High-pressure Hydrogen Supply Systems

For high-pressure gaseous hydrogen storage, hydrogen storage cylinders can be divided into four types according to their materials: (i) pure steel metal cylinders (Type-I); (ii) steel-lined fiber wound cylinders (Type-II); (iii) aluminum-lined carbon fiber wound cylinders (Type-III); and (iv) plastic-liner carbon fiber wound cylinders (Type-IV). Vehicle-mounted high-pressure hydrogen storage cylinder is currently the most widely used gaseous hydrogen storage method and is one of the core components of the vehicle-mounted high-pressure hydrogen supply system. Currently, China's hydrogen fuel cell vehicles primarily use Type-III cylinders, while Type-IV cylinders have been widely used in the overseas markets. The technology for Type-IV cylinders in China is still in its early stages and has not yet reached commercial-scale mass production. As a result, the price of Type-IV cylinders with similar specifications is higher than that of Type-III cylinders in China. The following table sets forth the comparison between different types of hydrogen storage cylinders.

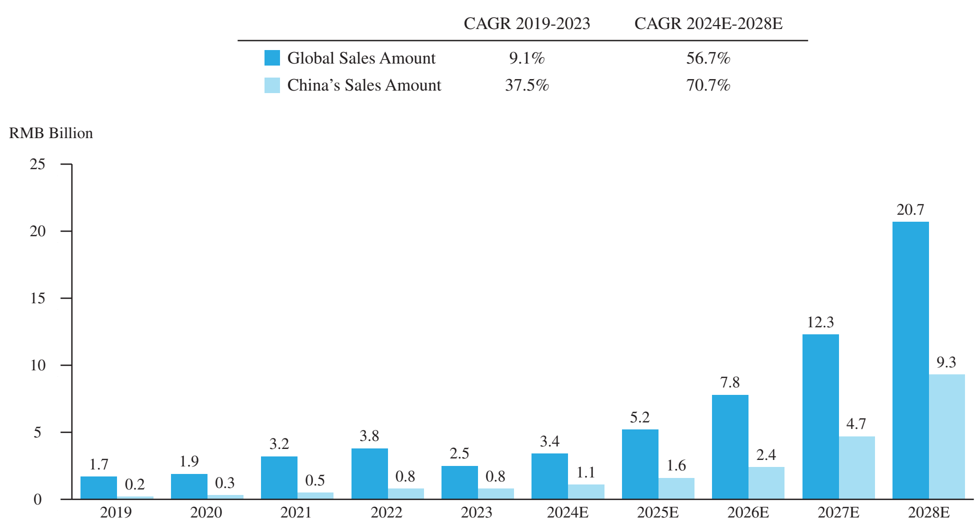
	Type-I Cylinder	Type-II Cylinder	Type-III Cylinder	Type-IV Cylinder
Material	Pure steel metal	Steel-lined fiber wound	Aluminum-lined carbon fiber wound	Polymeric-lined carbon fiber wound
Maximum Pressure (MPa)	17.5-20	26-30	30-70	30-70
Weight-to-volume Ratio (Kg/L)	0.9-1.3	0.6-1.0	0.35-1.0	0.3-0.8
Cost	Low	Medium	High	
Lifespan	15 years		15-20 years	
Automotive Use	Not applicable		Applicable	
Major Applications	Stationary hydrogen storage scenarios such as hydrogen refueling station		Hydrogen fuel cell vehicle	

Source: Frost & Sullivan Report

Market Size Analysis of Vehicle-mounted High-pressure Hydrogen Supply Systems Industry

The global and China's vehicle-mounted high-pressure hydrogen storage cylinders markets have experienced growth in the past five years, and are expected to continue to expand rapidly in the next five years. The following chart illustrates the global and China's historical and forecast sales amount of vehicle-mounted high-pressure hydrogen storage cylinders from 2019 to 2028:

Sales Amount of Vehicle-mounted High-pressure Hydrogen Storage Cylinders[1] (Global and China), 2019-2028E



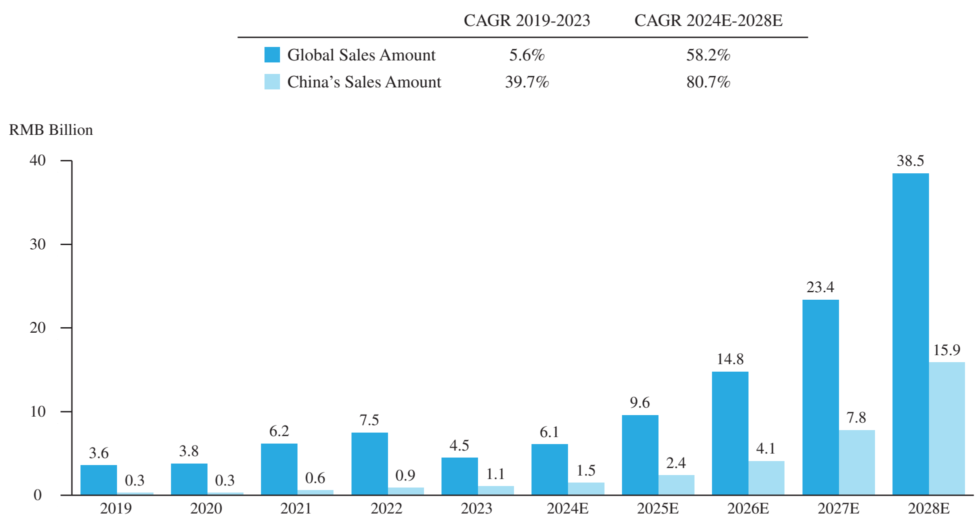
Note:

(1) The sales amount of vehicle-mounted high-pressure hydrogen storage cylinders include: (i) vehicle-mounted high-pressure hydrogen storage cylinders sold as individual products; and (ii) vehicle-mounted high-pressure hydrogen storage cylinders sold as components of the vehicle-mounted high-pressure hydrogen storage systems.

Source: Frost & Sullivan Report and interviews with industry experts by Frost & Sullivan.

The growth of hydrogen fuel cell vehicle industry has contributed and will continue to promote the development of vehicle-mounted high-pressure hydrogen supply systems markets. The global and China's vehicle-mounted high-pressure hydrogen supply systems markets have experienced growth in the past five years and is expected to continue to expand rapidly in the next five years. The following chart illustrates the global and China's historical and forecast sales amount of vehicle-mounted high-pressure hydrogen supply systems from 2019 to 2028:

Sales Amount of Vehicle-mounted
High-pressure Hydrogen Supply Systems (Global and China), 2019-2028E



Source: Frost & Sullivan Report and interviews with industry experts by Frost & Sullivan.

Market Drivers and Developing Trends for Vehicle-mounted High-pressure Hydrogen Supply Systems Industry

- *Regulatory policies promote hydrogen as key strategy to combat climate change:* As an important measure to tackle climate change and accelerate energy transformation, increasing number of economies attach great importance to the development of the hydrogen energy industry and regard it as a part of the energy development strategy. Hydrogen energy has become an important solution for accelerating the transformation and upgrading of energy structure as well as cultivating new economic growth drivers. Favorable policies globally will further promote the application of hydrogen fuel cell vehicles and development of the relevant core components and equipment, thus driving the growth of vehicle-mounted high-pressure hydrogen supply systems industry and vehicle-mounted high-pressure hydrogen storage cylinders industry.

- *Continuous development of hydrogen fuel cell vehicle and relevant infrastructure systems:* Hydrogen fuel cell vehicles reduce the environmental impact of traditional internal combustion engine vehicles, while tackling the problems of mileage anxiety and long charging time of electric vehicles. Hydrogen fuel cell vehicles are likely to become one of the main directions for the development of low-carbon energy in vehicles. Furthermore, with the continuous construction of infrastructure system featuring with the production, storage, transportation and refueling of hydrogen energy, it is expected that the demand for Hydrogen fuel cell vehicles will further increase, thus promoting the development of vehicle-mounted high-pressure hydrogen supply systems industry and vehicle-mounted high-pressure hydrogen storage cylinders industry in both global and China's markets.

- *Technological transformation in hydrogen storage cylinders:* Currently, considering factors such as cost and operational stability, the 35MPa Type-III cylinder serves as the predominant vehicle-mounted hydrogen storage solution in China in the short-term. Looking forward, considering (i) the approval of Type-IV cylinder production in China; (ii) the advancement of 70MPa hydrogen storage technology for hydrogen fuel cell vehicles and refueling infrastructure; and (iii) the rising demand for longer range and higher capacity vehicles, the specifications for vehicle-mounted high-pressure hydrogen storage cylinders in China will gradually expand from 35MPa Type-III cylinders to 70MPa Type-III and Type-IV cylinders.

Key Entry Barriers to the Vehicle-mounted High-pressure Hydrogen Supply Systems Industry

- *Technological Capabilities Barrier:* The vehicle-mounted high-pressure hydrogen supply systems industry is a technology-driven industry. Some key technologies such as the relevant production technology of the core components of Type-IV hydrogen storage cylinders are still monopolized by overseas suppliers. Meanwhile, the winding process of hydrogen storage cylinders is relatively complicated, and vehicle-mounted high-pressure hydrogen supply system itself has a high technological threshold, requiring continuous R&D inputs. In addition, high-pressure hydrogen storage cylinders are special equipment and must obtain the B3 grade pressure vessel special equipment manufacturing license from Chinese competent authorities before they can be produced. This also places higher requirements on the manufacturer's technical capabilities, production processes and quality consistency.

- *Production Capabilities Barrier:* Control of supply chain and capital investment are crucial to strong and stable production capacity for companies in vehicle-mounted high-pressure hydrogen supply systems industry. Establishing a robust supply chain system contributes to reducing production risks and enhance production stability. In addition, companies that can secure sufficient financial investment in design, development and construction of production facilities are more likely to establish stable production capacity and strengthen its competitive position.

- *Brand and Customer Recognition Barrier:* Leading vehicle-mounted high-pressure hydrogen supply system manufacturers actively establish close cooperative relationships with different partners to ensure stable product sales and improve brand image. These companies are able to continuously expand the scale and scope of cooperation based on the reputation they have accumulated in the industry. A broad and diverse customer base also provides vehicle-mounted high-pressure hydrogen supply system manufacturers with further growth opportunities by tapping into new products or new application scenarios.

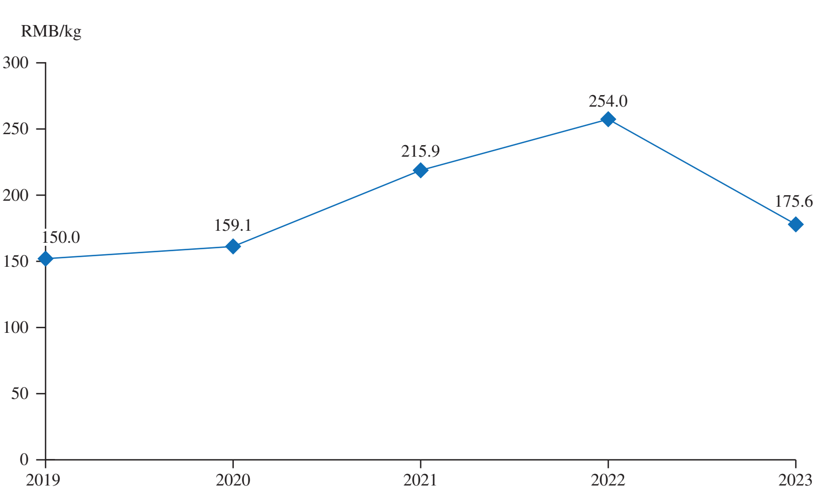
Price Analysis of Vehicle-mounted High-pressure Hydrogen Supply Systems in China

In order to meet the demands of downstream hydrogen fuel cell vehicle manufacturers for longer driving range and larger loading capacity, vehicle-mounted high-pressure hydrogen supply systems are gradually developing towards "large-volume and multi-cylinder sets" (大容量、多瓶組). As a result, the price of China's vehicle-mounted high-pressure hydrogen supply system has shown an overall upward trend in the past few years. For a single vehicle-mounted high-pressure hydrogen storage cylinder, with the increase in the domestication of raw materials, the price of the vehicle-mounted high-pressure hydrogen storage cylinder in China of the same specification has experienced a modest decline. Meanwhile, the emergence of some large-volume storage cylinders and heightened demand for 70MPa hydrogen storage cylinders spurred by downstream hydrogen fuel cell passenger vehicles has had a certain upward impact on the overall average price of vehicle-mounted high-pressure hydrogen storage cylinders in China. Looking forward, as hydrogen fuel cell vehicles are increasingly promoted and related technologies continue to advance, it is anticipated that the prices of vehicle-mounted high-pressure hydrogen supply systems and high-pressure hydrogen storage cylinders with the same specification in China will gradually decrease in the future.

Raw Material Price Analysis of the Vehicle-mounted High-pressure Hydrogen Supply Systems Industry

The raw material cost structure of a vehicle-mounted high-pressure hydrogen supply system mainly include hydrogen storage cylinders, pipe valve parts, sensors and controllers and others, among which the hydrogen storage cylinders accounted for the largest proportion of the system's total cost. For a single vehicle-mounted hydrogen storage cylinder, the raw material cost structure mainly includes carbon fiber and aluminum liner and others, among which the carbon fiber accounted for over 50% of the total raw material costs of a hydrogen storage cylinder. In particular, carbon fiber serves as a reinforcing material in hydrogen storage cylinders to enhance the load-bearing capacity and durability of the container. As an advanced material for hydrogen storage cylinders, carbon fiber encountered supply constraints due to limited domestic production and foreign export controls over the past few years, resulting in an increase of price in 2021 and 2022. With the domestication of core technologies and increase in production capacity in China, the price of carbon fiber has gradually decreased and reached RMB175.6/kg in 2023. The chart below reflects a historical fluctuation in the price of carbon fiber in China in the past five years:

Prices of Carbon Fiber (China), 2019-2023

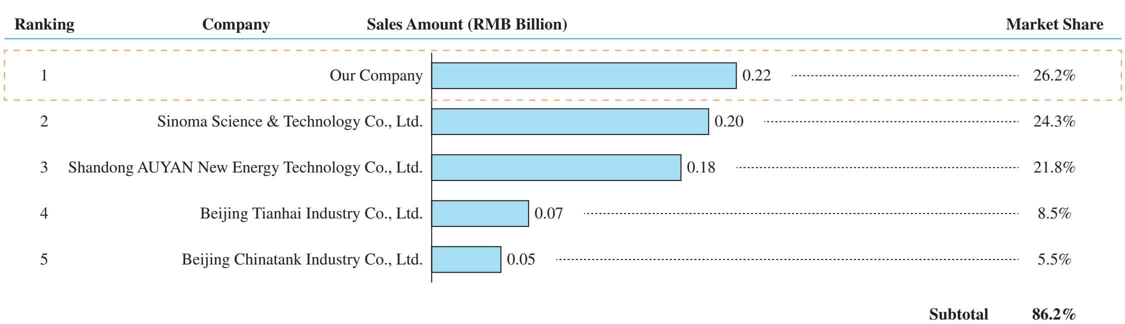


Source: Frost & Sullivan Report, BAIINFO, and interviews with industry experts by Frost & Sullivan.

Competitive Landscape of Vehicle-mounted High-pressure Hydrogen Storage Cylinders Industry and Vehicle-mounted High-pressure Hydrogen Supply Systems Industry in China

Both vehicle-mounted high-pressure hydrogen storage cylinders industry and vehicle-mounted high-pressure hydrogen supply systems industry are relatively concentrated. The top five players had an aggregate of 86.2% of the market share of vehicle-mounted high-pressure hydrogen storage cylinders industry in terms of sales amount in 2023. We ranked first among all providers of vehicle-mounted high-pressure hydrogen storage cylinders in China, with a market share of 26.2% in China's vehicle-mounted high-pressure hydrogen storage cylinders industry. The following chart illustrates the market share information of the top five players in the vehicle-mounted high-pressure hydrogen storage cylinders industry in China in terms of sales amount in 2023:

Top Five Companies of Vehicle-mounted High-pressure Hydrogen Storage Cylinders by Sales Amount (China)[1], 2023



Notes:

(1) The sales amount of vehicle-mounted high-pressure hydrogen storage cylinders include: (i) vehicle-mounted high-pressure hydrogen storage cylinders sold as individual products; and (ii) vehicle-mounted high-pressure hydrogen storage cylinders sold as components of the vehicle-mounted high-pressure hydrogen storage systems.

(2) Sinoma Science & Technology Co., Ltd., established in Beijing in 2001, is mainly engaged in the business of vehicle control CNG cylinders, automotive steel deep drawing CNG cylinders, tube bundles and vehicle-mounted hydrogen storage cylinders. The company is listed on the Shenzhen Stock Exchange.

(3) Shandong AUYAN New Energy Technology Co., Ltd., established in Weifang, Shandong province in 2011, is mainly engaged in the business of automobile gas supply equipment systems (including vehicle-mounted high-pressure hydrogen supply systems).

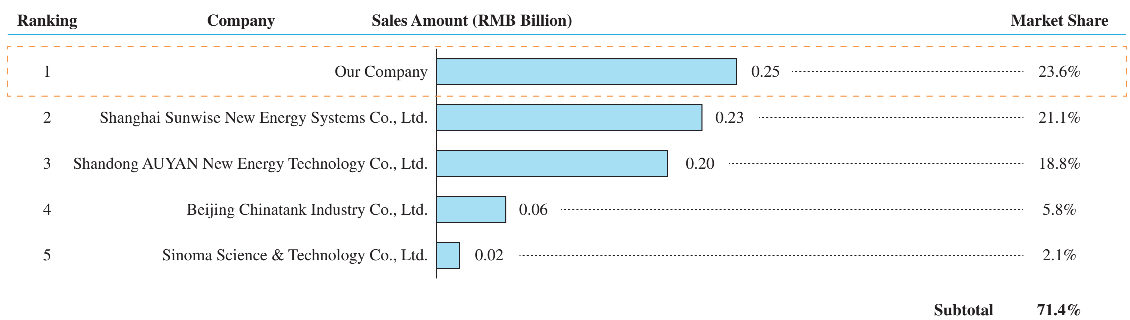
(4) Beijing Tianhai Industry Co., Ltd., established in Beijing in 1992, is mainly engaged in the business of steel seamless gas cylinders, wound gas cylinders, welded insulated gas cylinders, carbon fiber fully wound composite gas cylinders (including vehicle-mounted hydrogen storage cylinders).

(5) Beijing Chinatank Industry Co., Ltd., established in Beijing in 2003, is mainly engaged in the business of aluminium alloy liners, composite cylinders for vehicles, high-pressure and ultra-high-pressure containers (including vehicle-mounted hydrogen storage cylinders).

Source: Frost & Sullivan Report and interviews with industry experts by Frost & Sullivan.

In addition, the top five players had an aggregate of 71.4% of the market share of vehicle-mounted high-pressure hydrogen supply systems industry in terms of sales amount in 2023. We ranked first among all providers of vehicle-mounted high-pressure hydrogen supply systems in China, with a market share of 23.6% in China's vehicle-mounted high-pressure hydrogen supply systems industry. The following chart illustrates the market share information of the top five players in the vehicle-mounted high-pressure hydrogen storage systems industry in China in terms of sales amount in 2023:

Top Five Companies of Vehicle-mounted High-pressure Hydrogen Supply Systems by Sales Amount (China), 2023



Note:

(1) Shanghai Sunwise New Energy Systems Co., Ltd., established in Shanghai in 2004, is mainly engaged in the business of vehicle-mounted hydrogen supply systems, hydrogen refueling station equipment, engineering and technical services.

Source: Frost & Sullivan Report and interviews with industry experts by Frost & Sullivan.

OVERVIEW OF CORE EQUIPMENT FOR HYDROGEN REFUELING STATIONS INDUSTRY

Overview of Core Equipment in Hydrogen Refueling Stations

A hydrogen refueling station typically consists of a compression system, a storage system and a refueling system. These systems are used in the compression, storage and refueling process of hydrogen. The core equipment in hydrogen refueling stations include compressors, hydrogen dispensers, hydrogen storage tanks and other core equipment, such as unloading units, sequence control panels and station control systems. Among them, compressors, hydrogen dispensers and hydrogen storage tanks are the three major equipment accounting for over 80% of the costs in core equipment in hydrogen refueling stations.

Below sets forth a brief introduction of core equipment in hydrogen refueling stations:

- ***Compressor***: Compressor is the core equipment for pressurizing and injecting hydrogen into the storage system. The most important performance indicators of a compressor are output pressure and gas sealing performance.

- ***Hydrogen Dispenser***: Hydrogen dispenser is responsible of refueling hydrogen fuel for hydrogen fuel cell vehicles. Main technical indicator of a hydrogen dispenser is the refueling pressure.

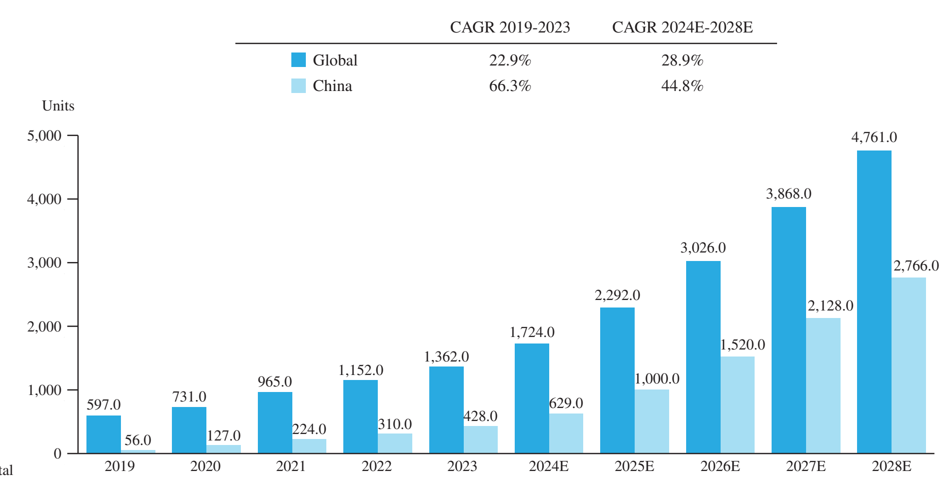
- ***Hydrogen Storage Tank***: Hydrogen storage tank is the storage container for the hydrogen refueling station. The safety of hydrogen storage is extremely important, and the key performance indicator of a hydrogen storage tank is the storage pressure.

- ***Other Core Equipment***: Other core equipment, such as unloading units, sequence control panels and station control systems, are associated with the steps of unloading hydrogen and controlling the whole hydrogen refueling stations, as the case may be.

Market Size Analysis of Equipment in Hydrogen Refueling Stations Industry

With supportive policies and increasing downstream applications, the global and China's hydrogen refueling stations markets have experienced rapid growth in the past five years. However, the number of hydrogen refueling stations built in China is relatively small at present. Specifically, as at the end of 2023, there were approximately 105.8 thousand fossil fuel gas stations in China, while there were only 428 hydrogen refueling stations built across the country. This was mainly because the hydrogen energy industry in China is still in its early stage of commercialization. In the future, China is expected to remain as the world's largest market in terms of number of the hydrogen refueling stations built with the scale of the hydrogen refueling station network that far exceeds that of other countries. The following chart illustrates the historical and forecast cumulative number of the global and China's hydrogen refueling stations built from 2019 to 2028:

Cumulative Number of Built Hydrogen Refueling Stations (Global and China), 2019-2028E



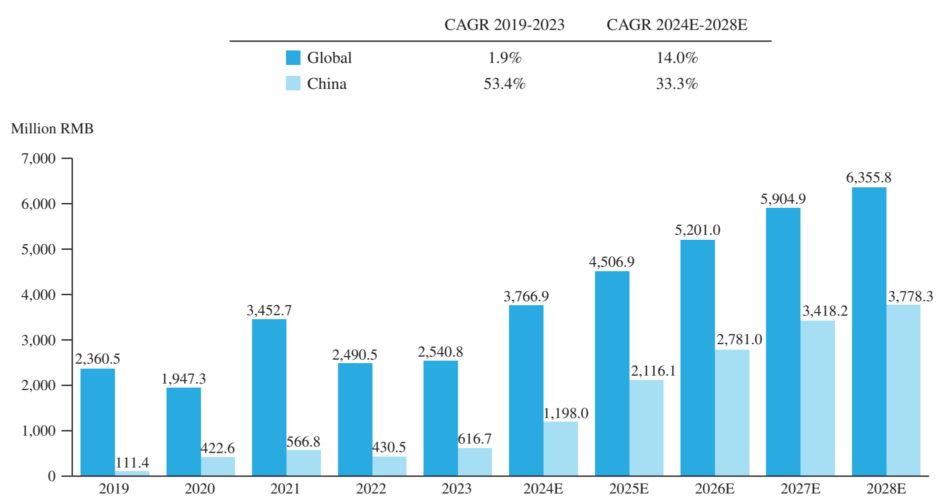
Incremental Number of Newly Built Hydrogen Refueling Stations										
Global	110	134	234	187	210	362	568	734	842	893
China	20	71	97	86	118	201	371	520	608	638

Source: IEA, Frost & Sullivan Report, Fuel Cell Commercialization Conference of Japan, Hydrogen Council, The State Council of the People's Republic of China, Official Website of Provinces/Municipality Governments and interviews with industry experts by Frost & Sullivan.

The incremental number of global and China's newly built hydrogen refueling stations surged from 110 and 20 units in 2019 to 210 and 118 units in 2023, respectively. Driven by supportive policies on the construction of hydrogen energy infrastructure, it is expected that the growth trend of hydrogen refueling stations will continue in the future. The incremental number of global and China's newly built hydrogen refueling stations are expected to reach 893 and 638 units in 2028 from 362 and 201 units in 2024.

The following chart illustrates the historical and forecast sales revenue of the global and China's core equipment in newly built hydrogen refueling stations from 2019 to 2028:

Sales Revenue of Core Equipment in Newly Built Hydrogen Refueling Stations (Global and China), 2019-2028E



Source: Frost & Sullivan Report and interviews with industry experts by Frost & Sullivan.

Market Drivers and Developing Trends for Core Equipment in Hydrogen Refueling Stations

- *Policies support the development of global and China's hydrogen refueling stations industries:* Major countries and regions around the world have put forward clear plans and deployments for the development of hydrogen refueling station. For example, Japan has published the "Hydrogen Basic Strategy", which plans to reach 900 hydrogen refueling stations by 2030. The United States is focusing on California for its hydrogen refueling station layout, with plans to achieve 1,000 hydrogen refueling stations by 2030. Korea Hydrogen Economy Roadmap 2040 plans to build 1,200 hydrogen charging stations in 2040 in South Korea. In China, the "Energy-Saving and New Energy Vehicle Technology Roadmap 2.0" (《節能與新能源汽車技術路線圖2.0》) proposes to build 1,000 hydrogen refueling stations by 2025 and 5,000 hydrogen refueling stations by 2030-2035.

- *Promotion of hydrogen fuel cell vehicles drives the popularization of hydrogen refueling stations:* With the promotion of hydrogen fuel cell vehicles in the world and China, the construction of hydrogen refueling stations is accelerating, and the number of hydrogen refueling stations put into operation will also realize rapid growth. Meanwhile, the construction of China's five city clusters for demonstration application of fuel cell vehicles is also accelerating, the core technologies are constantly evolving, and the hydrogen energy industry chain is gradually being improved, which in turn will lead to a peak period for the construction and operation of hydrogen refueling stations, thereby driving the growth of the core equipment in hydrogen refueling stations.

- *Technology of core equipment in hydrogen refueling stations will be further improved:* Currently, China still faces some disparities with foreign industry peers in key technologies and equipment for hydrogen refueling stations. Looking ahead, China aims to develop the integration of high-pressure gaseous hydrogen storage with liquid hydrogen storage and refueling technologies. To optimize the utilization of land resources and operational efficiency, it is likely that there will be an increasing number of integrated energy stations in the future, with integrated oil and gas mixed stations representing a prominent model.

Key Entry Barriers to Providers of Equipment for Hydrogen Refueling Stations and Related Products in China

- *Technological Barrier:* Energy-saving hydrogen refueling technology and hybrid pressurized multi-stage filling technology represent the key technologies for leading providers of core equipment for hydrogen refueling stations and related products, requiring rich technical reserves and robust R&D capabilities to constantly enhance the safety and performance of the stations.

- *Equipment Production Capacity Barrier:* The performance parameters of compressor, hydrogen dispenser and hydrogen storage tanks determine the overall refueling capacity and storage capacity of a hydrogen refueling station. Providers of equipment for hydrogen refueling stations and related products need to match the complex equipment parameters and equipment quantities under the condition of the determined station scale, in order to achieve the optimal and most economical equipment configuration for the hydrogen refueling stations.

- *Customer Barrier:* The construction of hydrogen refueling stations is facing challenges, including relatively stable customer base and difficulty in obtaining long-term customer cooperation. Further, oil-hydrogen combined station has become an emerging mode of the newly built hydrogen refueling stations in China in recent years. Since most oil-hydrogen combined stations in China are constructed by leading oil or gas state-owned companies, durable and stable business partnership with these state-owned energy companies become necessary for the providers of equipment for hydrogen refueling stations and related products.

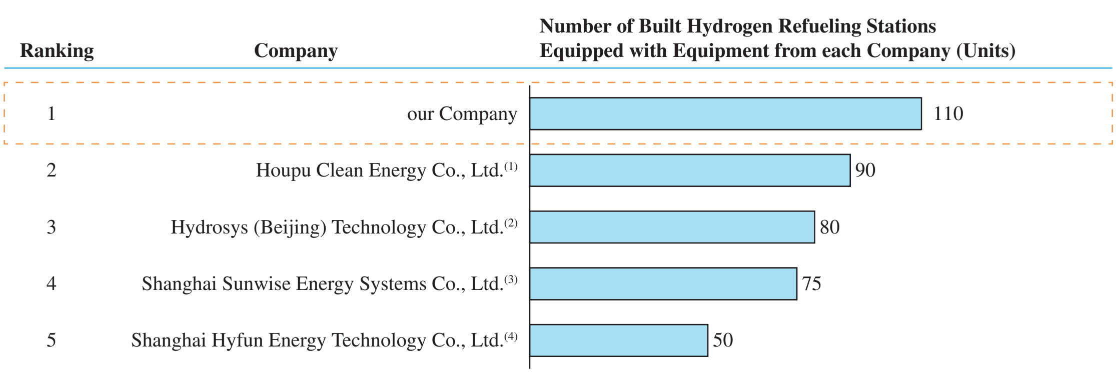
Price Analysis of Core Equipment in Hydrogen Refueling Stations in China

Driven by technological advancements and economies of scale, the price of core equipment for hydrogen refueling stations with equivalent refueling pressure and capabilities in China has experienced a downward trend over the past few years. However, in 2020, influenced by the COVID-19 pandemic, there was a slight increase in the price of core equipment for hydrogen refueling stations in China. Looking ahead, as the localization capabilities of core equipment for hydrogen refueling stations continue to improve and the number of stations being built grows, it is anticipated that the price of such equipment in China will further decrease. However, the construction of 70MPa hydrogen refueling stations and liquid hydrogen refueling stations will generate increased demand for relevant core equipment, which typically carries higher prices. This will consequently affect the overall average price of core equipment for hydrogen refueling stations in China.

Competitive Landscape of Providers of Equipment for Hydrogen Refueling Stations and Related Products in China

By the end of 2023, the number of hydrogen refueling stations built in China reached 428 units, of which 110 hydrogen refueling stations were equipped with our equipment for hydrogen refueling stations and related products, accounting for 25.7% of the total built hydrogen refueling stations. We ranked first among all providers of equipment for hydrogen refueling stations and related products in China in 2023. The following chart illustrates the market share of the top five providers of equipment for hydrogen refueling stations and related products in terms of the number of hydrogen refueling stations built with the equipment from the providers in China in 2023:

Top Five Providers of Equipment for Hydrogen Refueling Stations and Related Products by Number of the Built Hydrogen Refueling Stations Equipped with each Company's Equipment (China), 2023



Notes:

(1) Houpu Clean Energy Co., Ltd., established in Chengdu, Sichuan province in 2005, is a leading clean energy company in China. Their products for equipment in hydrogen refueling stations include compressors, hydrogen dispensers, hydrogen storage tanks, hydrogen unloading column and sequence panels, among other things. It is currently listed on the Shenzhen Stock Exchange.

(2) Hydrosys (Beijing) Technology Co., Ltd., established in Beijing in 2001, is a high pressure and ultra-high-pressure system integrated service provider committed to provide a full range of customized hydrogen refueling station core equipment, providing potable and stationary hydrogen refueling station core equipment solutions.

(3) Shanghai Sunwise Energy Systems Co., Ltd., established in Shanghai in 2004, is a provider of hydrogen system overall solutions and core equipment. Their products for equipment in hydrogen refueling stations include skid-mounted hydrogen refueling station, hydrogen dispensers, H2 unloading column and SCADA system, among other things.

(4) Shanghai Hyfun Energy Technology Co., Ltd., established in Shanghai in 2016, is an integrated hydrogen technology solution provider in China. Their products for equipment in hydrogen refueling stations include compressors, hydrogen dispensers, hydrogen unloading column and sequence panels, among other things.

Source: Frost & Sullivan Report, interviews with industry experts by Frost & Sullivan.

OVERVIEW OF CORE EQUIPMENT FOR LIQUID HYDROGEN INDUSTRY

Overview of Liquid Hydrogen

Liquid hydrogen industry encompasses activities related to hydrogen liquefaction, as well as storage, transportation, refueling and use of liquid hydrogen. During the hydrogen liquefaction process, cooling and liquefaction that converts gaseous hydrogen into liquid hydrogen are important as hydrogen is a gas at ambient temperature and pressures. By reducing the temperature to cryogenic levels, hydrogen undergoes a transition from gas to liquid and a significant reduction in volume, which allows for an increasingly compact and efficient solution for high energy density required applications. Liquid hydrogen has the advantage that extremely high hydrogen storage densities can be attained at atmospheric pressure. The density of saturated liquid hydrogen at one bar is approximately 70 kg/m^3. Therefore, liquid hydrogen is a suitable solution to realize large-scale hydrogen storage and long-distance transportation. In addition, liquid hydrogen has the features of high purity and ultra-low temperature, which has been applied to high-end manufacturing and superconducting energy storage in the developed countries, showcasing extensive prospects for broad application.

Hydrogen Liquefaction

The technology for hydrogen liquefaction involves the process of converting hydrogen from a gaseous to a liquid state. Based on different liquefaction methods, there are three common hydrogen liquefaction technologies: pre-cooling Linde-Hampson method, Claude method and Brayton method.

Specifically, the Linde-Hampson method is mainly suitable for small-scale liquid hydrogen production due to its drawbacks such as low efficiency, high energy consumption per unit and low liquefaction output rates. Compared with helium expansion Claude method, hydrogen expansion Claude method uses a compressor to compress hydrogen gas into high-pressure gas under adiabatic conditions, and then it undergoes cooling and expansion processes to liquefy the gas. It is particularly suitable for large-scale liquid hydrogen production with a capacity exceeding five tons per day. Currently, most of the world's large-scale hydrogen liquefaction facilities are based on the hydrogen expansion Claude method. The Brayton method has not been widely used in large-scale liquid hydrogen production due to the complicated process and high cost.

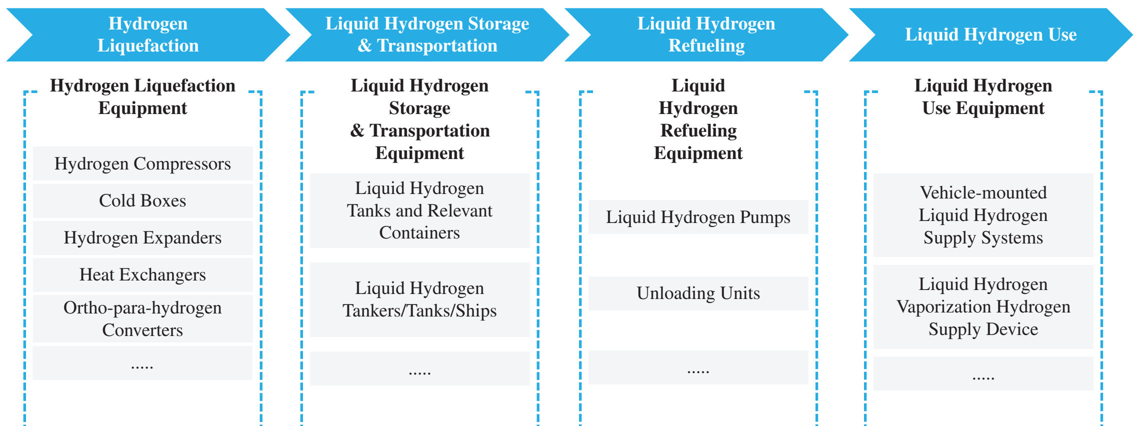
Storage and Transportation of Liquid Hydrogen

Storage and transportation of liquid hydrogen refer to the technology and process of storing and transporting hydrogen in a liquid state. In such way, hydrogen is typically stored at extremely low temperature where it exists as clear, colorless liquid with a low density. Cryogenic liquid hydrogen storage, which is a form of physical storage, involves cooling hydrogen to below -253°C to transform into liquid state. The liquefied hydrogen is subsequently stored in specially designed cryogenic vacuum containers. Cryogenic liquid hydrogen storage typically employs specially designed double-layer insulated storage tanks to minimize the impact of external heat conduction on liquid hydrogen. The key to cryogenic liquid hydrogen storage is the design and performance of the liquid hydrogen storage tanks. Due to technological constraints, the storage and transportation technology of liquid hydrogen in China are primarily applied in the aerospace and military industry. Although liquid hydrogen containers have been used in aerospace field, the current high manufacturing cost brings challenges for widespread application and use of liquid hydrogen for civil use in China.

The transportation of cryogenic liquid hydrogen include liquid hydrogen tankers, liquid hydrogen tanks, and liquid hydrogen ships. Liquid hydrogen tanks are the core equipment for cryogenic liquid hydrogen transportation, especially suitable for multimodal transportation. Due to the special characteristics of liquid hydrogen, such as extremely low boiling point, low latent heat and easy evaporation, the storage of liquid hydrogen requires the use of liquid hydrogen tanks with excellent insulation performance. As the demand for liquid hydrogen continues to grow, China's liquid hydrogen industry will require increased investment in the field of cryogenic liquid hydrogen transportation, enhanced commercialization level, in order to better adapt to the global development trend of liquid hydrogen transportation.

Core Equipment Used for the Industrial Chain of Liquid Hydrogen

Core equipment of liquid hydrogen industry mainly includes hydrogen liquefaction equipment, equipment for storage and transportation of liquid hydrogen, and liquid hydrogen refueling equipment. The chart below illustrates the core equipment used for the industrial chain of liquid hydrogen:



Market Drivers and Developing Trends for the Liquid Hydrogen Core Equipment Industry

- *Increasing demand and economic advantages of liquid hydrogen:* In the case of large-scale hydrogen use and long-distance transportation, liquid hydrogen has better economics than high-pressure gaseous hydrogen. The biggest advantage of liquid hydrogen compared to high-pressure gaseous hydrogen storage is its high density. The transportation capacity of a liquid hydrogen tanker is generally 2.5-3.3 tons, which is six to eight times of the single transportation capacity of a 20MPa long tube trailer for gaseous hydrogen, and the weight of a liquid hydrogen tanker is reduced by approximately 30%, which is more suitable for large-scale storage and transportation of hydrogen. Propelled by technological advancements and the increasing need for long-distance and large-capacity hydrogen transportation, liquid hydrogen industry is expected to continued to grow in the future. As the scale of liquid hydrogen increases, the unit cost of hydrogen liquefaction and related storage and transportation equipment will further decrease.

- *Domestic substitution of core equipment of liquid hydrogen:* For a long time, due to the lack of complete standards and relevant regulations, the application of liquid hydrogen in China has been mainly limited to the aerospace and military fields, hindering its widespread application in the civilian field. In November 2021, the Chinese government approved and released three national standards for liquid hydrogen, covering the production, storage, transportation and application of liquid hydrogen. As the Chinese government establishes and improves liquid hydrogen standard systems, liquid hydrogen equipment manufacturers in China will further increase R&D efforts to accelerate the domestication process of core equipment, thus promoting the large-scale application of liquid hydrogen in China and realizing the domestic substitution of core equipment of liquid hydrogen.

- *Increasing demand for industrial application:* Unlike the United States where liquid hydrogen has been widely used in electronics, metallurgy, petrochemicals, hydrogen fuel cells and other fields, the application of liquid hydrogen in the civilian field in China is currently in its initial stage, which has large development potential in the future, especially in the fields such as hydrogen energy heavy-duty transportation, petroleum refining, electronics and high-end manufacturing. Ultrapure hydrogen is widely used in the electronics industry, petrochemical industry and high-end manufacturing industry. As an efficient and easily available ultra-low temperature medium, liquid hydrogen is expected to gradually supplant liquid helium across various sectors. This shift is particularly notable in industrial applications where liquid helium has traditionally been employed, thereby contributing to growing demand for liquid hydrogen. For example, liquid hydrogen is poised to serve as a viable replacement for liquid helium in key domains such as superconducting magnet cooling. The emerging application of liquid hydrogen in industrial sector will further stimulate the growing demand of liquid hydrogen.

Key Entry Barriers to the Liquid Hydrogen Core Equipment Industry

- *Technical Barrier:* The technical barriers for the liquid hydrogen core equipment industry include the technologies for cryogenic heat transfer and energy-efficient expansion. Achieving and maintaining the extremely low temperature for liquefying hydrogen require specialized knowledge in cryogenics and vacuum technologies. Furthermore, the development of energy-efficient expansion technologies requires expertise in thermodynamics and mechanical engineering.

- *Production Capabilities Barrier:* The production capacity entry barriers for the liquid hydrogen core equipment industry are formidable, stemming from the specialized nature of manufacturing processes required. The processes necessitate sophisticated production and testing equipment capable of handling cryogenic conditions, stringent quality control measures and intricate supply chain management for materials capable of withstanding extreme temperatures. Meanwhile, continuous efforts are required to establish and expand the production capacity of the liquid hydrogen core equipment to enhance economies of scale in production and cost-effectiveness.

Competitive Landscape of Liquid Hydrogen Industry in China

Before 2023, China's total production capacity of hydrogen liquefaction remained at approximately five to eight tons per day, and such liquid hydrogen liquefaction production facilities were primarily utilized in the aerospace and military sectors. Recently, multiple types of companies, including state-owned enterprises, private companies and international players are carrying out R&D, testing and production capacity construction of hydrogen liquefaction equipment in China.

In 2023, we successfully delivered China's first large-scale hydrogen liquefaction equipment for civilian use with the production capacity of 10 tons per day. In addition, we are the first company in China who uses the hydrogen expansion refrigeration hydrogen liquefaction method for civilian use. Looking forward, driven by favorable policies, the improvement of the liquid hydrogen standard system, and the development of related hydrogen liquefaction projects, China's production capacity of hydrogen liquefaction will further grow and is expected to reach 700 to 1,000 tons per day by 2030.

Similarly, due to China's small hydrogen liquefaction capacity and small domestic demand for equipment for storage and transportation of liquid hydrogen, only a few domestic companies have deployed in this field in the past. Recently, with the development of the hydrogen liquefaction technology in civilian application, several leading Chinese companies have made outstanding progress in equipment for storage and transportation of liquid hydrogen. In 2023, we successfully delivered China's first $200m^3$ liquid hydrogen container used in a large-scale civilian use liquid hydrogen plant.

OVERVIEW OF WATER ELECTROLYSIS HYDROGEN PRODUCTION EQUIPMENT INDUSTRY

Overview of Water Electrolysis Hydrogen Production and Water Electrolysis Hydrogen Production Equipment

Water electrolysis hydrogen production involves an electrochemical process that decomposes water into hydrogen and oxygen by employing electricity. This reaction occurs in the water electrolysis hydrogen production equipment. The core components in a water electrolysis hydrogen production equipment mainly consist of electrolyzer and auxiliary systems, such as gas-liquid separation system and hydrogen purification system, among others. Electrolyzer is the core component of water electrolysis hydrogen production equipment, accounting for a majority of the overall equipment cost.

Overview of Major Water Electrolysis Hydrogen Production Methods

Currently, the water electrolysis hydrogen production methods is primarily categorized into ALK water electrolysis, PEM water electrolysis, Solid Oxide Electrolysis Cell water electrolysis and AEM water electrolysis.

With the low-cost advantage and high level of technological maturity, ALK water electrolysis technology has become the predominant approach and holds a commanding position in the world. Meanwhile, due to the high compatibility with renewable energy sources and superior electrolysis efficiency, PEM water electrolysis technology is projected to gradually emerge as the principal technology in the hydrogen production market in the future. Meanwhile, SOEC and AEM water electrolysis technologies exhibit potential for development. The two technologies are presently in the experimental, testing, and research and development phases.

Operating Principle of ALK Water Electrolysis

ALK water electrolysis is a mature technology for water electrolysis. The basic principle of ALK water electrolysis involves using KOH and other alkaline aqueous solutions as the electrolyte, and non-woven fabrics (made from fluorine-containing or fluorine-chlorine polymers) as the diaphragm. Under the action of direct current, water electrolysis generates hydrogen and oxygen, which are precipitated at the cathode and anode of the electrolytic cell. While ALK water electrolysis hydrogen production technology is mature, it has issues such as lye loss, corrosion, high energy consumption, and requires more floor space.

Operating Principle of PEM Water Electrolysis

PEM water electrolysis is currently in the early stages of marketization. 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 water electrolysis, PEM water electrolysis uses a proton exchange membrane as the solid electrolyte instead of a diaphragm and alkaline electrolyte. Additionally, it utilizes pure water as the feedstock for hydrogen production, avoiding potential alkali contamination and corrosion issues.

Comparison between ALK and PEM Water Electrolysis

Advantages of ALK water electrolysis: (i) ALK water electrolysis is a mature technology, enabling large-scale hydrogen generation; (ii) this technology is recognized as an economical method for water electrolysis hydrogen production in China, providing an optimal balance between cost-efficiency and high performance; and (iii) the domestication of ALK water electrolysis hydrogen production equipment in China is relatively high.

Advantages of PEM water electrolysis: (i) PEM water electrolysis requires a relatively small footprint, making it highly space-efficient; and (ii) its higher adaptability to renewable energy sources stems from its ability to seamlessly handle intermittent power supply, positioning it as an ideal hydrogen production technology for integration with renewable energy systems.

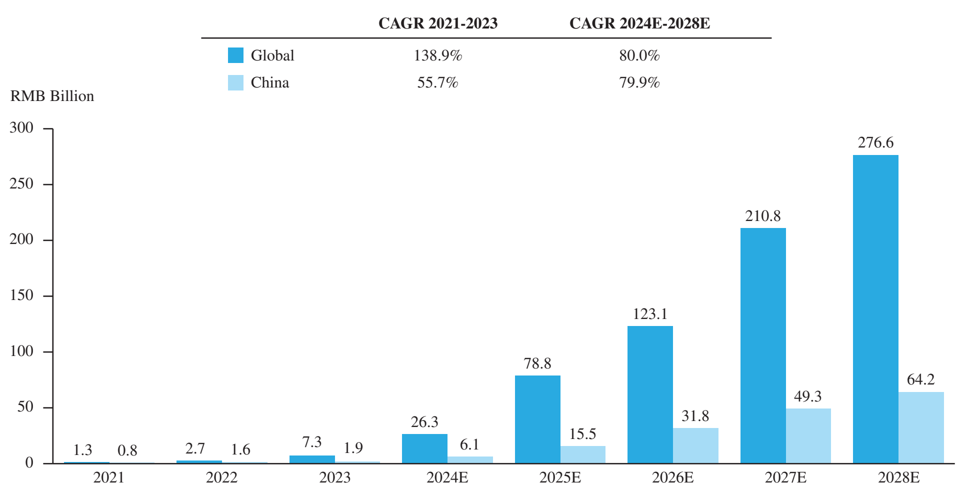
Disadvantages of ALK water electrolysis: ALK water electrolysis hydrogen production requires relatively high electricity consumption and demands a highly stable power supply infrastructure.

Disadvantages of PEM water electrolysis: PEM water electrolysis is currently an emerging hydrogen production technology in its early commercialization phase in China, resulting in a minimal cost advantage over the more established ALK water electrolysis.

Market Size Analysis of Water Electrolysis Hydrogen Production Equipment Industry

Driven by the rising demand for hydrogen and advancements in related water electrolysis technology, the market size of the global and China's water electrolysis hydrogen production equipment industry in terms of revenue kept a steady increase and is expected to continue the growing trend in the coming years. The following chart illustrates the historical and forecast sales revenue of the global and China's water electrolysis hydrogen production equipment from 2021 to 2028:

Revenue of Water Electrolysis Hydrogen Production Equipment (Global and China), 2021-2028E



Source: Frost & Sullivan Report and interviews with industry experts by Frost & Sullivan.

Market Drivers and Developing Trends for Water Electrolysis Hydrogen Production Equipment

- *Favorable regulatory environment around the globe:* Hydrogen energy plays a pivotal role in the global transition towards sustainable energy systems. Energy independence and security are becoming key focus for governments around the world, which drives the growth of the water electrolysis hydrogen production equipment industry. This strategic focus aims to reduce reliance on traditional fossil fuels, bolster national energy security and combat climate change by embracing low-carbon energy. Through a series of policies, governments are fostering technological innovation, cost reduction and capacity scaling-up of water electrolysis hydrogen production equipment.

- *Continuous development of renewable energy:* The continuous decline in the cost of using renewable energy for electricity generation is expected to further reduce the cost of producing water electrolysis hydrogen production equipment, thereby enhancing its economic advantages. Moreover, power to gas ("PTG") emerges as an ideal solution to address energy consumption and grid stability concerns. PTG involves converting excess electricity into hydrogen through water electrolysis hydrogen production technology, which is subsequently stored in hydrogen storage containers such as liquid hydrogen tankers for future use across broader geographical areas. As the core component of the PTG solution, water electrolysis hydrogen production equipment plays a pivotal role in enhancing the efficient utilization of clean energy.

- *Combination of ALK and PEM water electrolysis technologies:* The combination of ALK and PEM water electrolysis hydrogen production technologies has strengthened the wind-solar coupling, improved efficiency of hydrogen production and reduced the difficulty of grid configuration and control in off-grid scenarios. In the future, there will be more projects of ALK and PEM combined water electrolysis hydrogen production.

Key Entry Barriers to Water Electrolysis Hydrogen Production Equipment Industry

- *Technological Capabilities Barrier:* Water electrolysis hydrogen production equipment is a technological intensive industry that requires enterprises to possess advanced electrochemical technology and engineering design capabilities. Continuous innovation in technology and production process in improving electrolysis efficiency, reducing energy consumption and extending service life of electrolyzer is crucial for enterprises to enter and maintain competitive in the industry.

- *Production Capabilities Barrier:* Enterprises in water electrolysis hydrogen production equipment industry need to invest significant capital in the construction of large-scale facilities and other supporting infrastructure and personnel. Meanwhile, these companies need to build a supply chain system to ensure the stable production of water electrolysis hydrogen production equipment.

Price Analysis of Water Electrolysis Hydrogen Production Equipment in China

The price of water electrolysis hydrogen production equipment in China has been on a downward trend in recent years, driven by continuous technological breakthroughs, domestication of related core components as well as decreasing costs of renewable energy. As technological innovation continues, domestic manufacturing capabilities expand and the large-scale development of renewable energy production, the price of water electrolysis hydrogen production equipment in China is expected to continue its downward trajectory in the future, driving widespread adoption and contributing to the transition towards sustainable energy systems.

Competitive Landscape of Water Electrolysis Hydrogen Production Equipment Industry

There were over 30 major players in China's ALK water electrolysis hydrogen production equipment industry in 2023. These companies are vigorously involved in intensive R&D activities, aiming to increase the production capacity of hydrogen by ALK water electrolysis hydrogen production equipment during peak hours while concurrently reducing equipment costs. Currently, the ALK market is still considered to be in its early stages of development. In 2023, the top five ALK water electrolysis equipment providers accounted for over 50% of the market in terms of sales revenue. In 2023, there were over 15 distinguished companies specializing in PEM water electrolysis technology. However, the PEM market is in its very nascent phase of commercialization in China with each company possessing a considerably small scale of business. Therefore, the reliable market share data for PEM companies is currently unavailable.

Currently, technology and value chain of the ALK water electrolysis hydrogen production equipment market in China are relatively mature. Meanwhile, PEM water electrolysis hydrogen equipment offers the advantage of rapid response time. The convergence of these two technologies may unlock a plethora of opportunities and lead innovative advancements in the hydrogen energy industry. We are one of a few leading companies in China that simultaneously have the manufacturing capability of these two types of water electrolysis hydrogen production equipment, and possess the ability to dynamically choose between ALK and PEM technologies to explore the better balance between cost and efficiency.

LAWS AND REGULATIONS RELATING TO OUR INDUSTRY AND PRODUCTS

Regulations on Hydrogen Industry

According to the Energy Conservation Law of the PRC (《中華人民共和國節約能源法》) promulgated by the Standing Committee of the National People's Congress (the "SCNPC") on November 1, 1997 and latest amended on October 26, 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 the 13th Five-Year Plan for the Development of National Strategic Emerging Industries (《"十三五"國家戰略性新興產業發展規劃》) promulgated by the State Council on November 29, 2016, the State clearly called for systematically promoting the research and development and industrialization of fuel cell vehicles, strengthening the research on basic materials and process mechanism of fuel cells, promoting the research and development of key components of high-performance and low-cost fuel cell materials and systems as well as setting the goal of batch production and large-scale demonstration applications of fuel cells by 2020.

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 came into effect on October 20, 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 October 24, 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 equipment, such as the use of heavy cargo trucks fueled by electricity, hydrogen fuel and liquefied natural gas.

On March 23, 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 energy 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 per year to achieve carbon emission reduction of one million to two million tons per year, (ii) by 2030, China will have a relatively complete hydrogen energy 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 energy industry in the Plan, which includes (i) building a technology innovation system for the hydrogen energy industry, including the building of an industry-wide platform to support 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) 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 energy industry standards and supervising the industry to ensure safety.

Regulations on Fuel Cells

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 September 16, 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. 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 August 13, 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 December 28, 2021 approves Hebei and Henan provinces to start the implementation of the fuel cell vehicle pilot application.

According to the Implementation Plan for the Development of the Hydrogen Energy Industry in Beijing (2021-2025) (《北京市氫能產業發展實施方案(2021-2025年)》) promulgated by the Beijing Municipal Bureau of Economy and Information Technology on August 16, 2021, Beijing will explore business models for the construction of larger hydrogen filling stations, and target to complete the construction of 37 new hydrogen filling stations and realize the goal of the cumulative popularization of fuel cells of 10,000 or more. According to the Implementation Plan of Shanghai for Accelerating the Development of New Energy Automobile Industry (2021-2025) (《上海市加快新能源汽車產業發展實施計畫(2021–2025年)》) issued by the General Office of Shanghai Municipal People's Government on February 4, 2021, by 2025, the total number of fuel cell vehicles to be applied in Shanghai will exceed 10,000, and more than 70 hydrogen filling stations of various types to be built and put into use, so as to achieve full coverage of key application areas. In addition, Guangdong Province, Hebei Province and other regions where we conduct business have also issued favorable policies for the hydrogen energy industry, including without limitation the 14th Five-Year Plan of Guangdong Province for the High-quality Development of Manufacturing Industry (《廣東省製造業高品質發展"十四五"規劃》) and the 14th Five-Year Plan of Hebei Province for the Development of Hydrogen Energy Industry (《河北省氫能產業發展"十四五"規劃》).

Regulations on Product Quality

The Product Quality Law of the PRC (《中華人民共和國產品質量法》), which was promulgated by the SCNPC on February 22, 1993 and latest amended on December 29, 2018 is the principal governing law relating to the supervision and administration of product quality. It clarified liabilities of the manufactures and sellers. Manufacturers shall be responsible for the quality of their products and prohibited from producing or selling products that do not meet applicable standards and requirements for safeguarding human health and ensuring human and property safety. If a defect in a product causes physical injury or damage to property other than the defective product, the manufacturers shall bear liability for compensation, unless they are able to prove that: (i) the product has not been put into circulation; (ii) the defects causing injuries or damage did not exist at the time when the product was circulated; or (iii) the science and technology at the time when the product was circulated were at a level incapable of detecting the defects. A seller shall pay compensation if it fails to indicate neither the manufacturer nor the supplier of the defective product. A person who is injured or whose property is damaged by the defects in the product may claim for compensation from the manufacturer or the seller. Manufacturers and sellers of non-compliant products may be ordered to cease the production or sale of the products and could be subject to confiscation of the products and fines. Earnings from sales in violation of such standards or requirements may also be confiscated, and in severe cases, an offender's business license may be revoked.

Regulations on Hydrogen Refueling Stations

On August 9, 2021, the Suzhou Municipal People's Government issued the first safety management regulations for hydrogen refueling stations in China, The Interim Regulations on the Safety Management of Hydrogen Refueling Stations in Suzhou (《蘇州市加氫站安全管理暫行規定》) (the "Interim Regulations"), which provided additional details on the safe operation, personnel training and routine maintenance of hydrogen refueling stations, and specify the responsibilities of the relevant departments. These responsibilities include: (i) the emergency management department is responsible for the safety supervision and management of hydrogen refueling stations, as well as accident investigation and handling; (ii) the housing and urban-rural development management department is responsible for the engineering construction management and fire inspection of hydrogen refueling stations; (iii) the transportation department is in charge of licensing high-pressure hydrogen road and waterway transportation, supervising the safety of high-pressure hydrogen waterway transport, and qualifying the drivers, crew members, and escort personnel of road and waterway transport enterprises; (iv) the public security authorities are responsible for the road traffic safety management of high-pressure hydrogen tube trailer transport; and (v) the market regulation department is responsible for the safety supervision of special equipment such as pressure vessels involved in hydrogen refueling stations, and handling specific administrative licensing matters. Additionally, the Interim Regulations provided valuable guidance on the construction approval, routine supervision, road transportation, and emergency handling of hydrogen refueling stations.

On October 14, 2017, the Standardization Administration of China, along with the National Technical Committee on Hydrogen Energy of Standardization, jointly issued the standard GB/T 34583-2017 Safety Technical Requirements for Hydrogen Storage Devices Used in Hydrogen Fueling Stations (《加氫站用儲氫裝置安全技術要求》) and GB/T 34584-2017 Safety Technical Regulations for Hydrogen Refueling Stations (《加氫站安全技術規範》). These two standards were officially implemented on May 1, 2018, and served as the reference standards for the safety technical requirements of hydrogen production, storage, transportation, refueling and use at hydrogen refueling stations. On December 30, 2022, GB/T 42177-2022 Technical requirements and test methods for gaseous hydrogen valves used in hydrogen fueling stations (《加氫站氫氣閥門技術要求及試驗方法》) were also issued by the same authorities and implemented on April 1, 2023. On March 15, 2024, the State Administration for Market Regulation and the Standardization Administration of China officially approved and issued the national standard GB/T 43674-2024 General Requirements for Hydrogen Refueling Stations (《加氫站通用要求》), which will be implemented nationwide starting on October 1, 2024. It specified the classification, hydrogen supply methods, equipment and components required for hydrogen refueling stations, and are applicable to stations refueling with gaseous hydrogen. Hydrogen refueling facilities for hydrogen-powered ships, trams, aircraft, construction vehicles and power generation units may also refer to this standard for guidance.

Regulations on New Energy Vehicle Manufacturing

According to the Administrative Regulations for the Access of New Energy Vehicle Manufacturers and Products (《新能源汽車生產企業及產品准入管理規定》) promulgated by the MIIT on January 6, 2017, amended on July 24, 2020 which became effective on September 1, 2020, the MIIT is responsible for implementing the access, supervision and management of new energy vehicle manufacturers and related products nationwide. The MIIT promulgated the Announcement of Road Power-Driven Vehicle Manufacturing Enterprises and Products (《道

路機動車輛生產企業及產品公告》), which lists the enterprises and products that have passed the examination to gain access to automobile production. New energy vehicle manufacturers shall comply with the requirements on production capacity, product production consistency assurance capability, after-sales service and product safety assurance capability as set out in the Administrative Regulations for the Access of New Energy Vehicle Manufacturers and Products, and meet the relevant requirements of the New Energy Vehicle Manufacturers Access Review Requirements (《新能源汽車生產企業准入審查要求》); new energy vehicle products shall meet the standard requirements of the Special Inspection Items and Basis Standards for New Energy Vehicle Products (《新能源汽車產品專項檢驗項目及依據標準》), pass the tests of the state-accredited testing institutions, and satisfy the safety technical conditions stipulated by the MIIT. Any new energy vehicle manufacturer, before obtaining the access approval, that manufacture or sell any new energy vehicle will face penalties, including fines, forfeiture of illegally manufactured and sold vehicles and components and revocation of its business licenses.

The Guiding Opinions on Further Strengthening the Construction of Safety System for New Energy Vehicle Enterprises (《關於進一步加強新能源汽車企業安全體系建設的指導意見》) that was issued by the General Office of the MIIT, the General Office of the Ministry of Public Security, the General Office of the Ministry of Transport, the General Office of the Ministry of Emergency Management and the State Administration for Market Regulation on March 29, 2022 proposed to comprehensively enhance the safety capabilities of enterprises in safety management mechanism, product quality, operation monitoring, after-sales service, accident response and handling, as well as network security, improve the safety of new energy vehicles, and promote the development of the new energy vehicle industry.

LAWS AND REGULATIONS RELATING TO FOREIGN INVESTMENT

On December 29, 1993, the SCNPC issued the PRC Company Law, which was lasted amended on December 29, 2023, and will come into effect on July 1, 2024. The Company Law regulates the establishment, operation and management of corporate entities in China and classifies companies into limited liability companies and limited companies by shares. The major revisions made in the latest amendment of the Company Law includes improvement of the system for the establishment and exit of companies, optimization of organizational structures of companies, improvement of capital system of companies, strengthening the responsibilities of the controlling shareholder and management staff, enhancing the social responsibilities of companies, etc.

According to the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) promulgated by the NPC on March 15, 2019, and came into effect on January 1, 2020, the state shall implement the management systems of pre-establishment national treatment and negative list for foreign investment, and shall give national treatment to foreign investment beyond the negative list.

On December 26, 2019, the State Council promulgated the Regulations on Implementing the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》), which came into effect on January 1, 2020. The Regulations on Implementing the Foreign Investment Law restates certain principles of the Foreign Investment Law and further provides that, among others, (i) if the legal form or the governing structure of a foreign-invested enterprise established prior to the effective date of the Foreign Investment Law does not comply with the compulsory provisions of the PRC Company Law or the PRC Partnership Enterprises Law, such foreign-invested enterprise should complete amendment registration accordingly no later than January 1, 2025; if it fails to do so, the enterprise registration authority will not process other registration matters of the foreign-invested enterprise and may publicize such non-compliance; and (ii) the provisions regarding transfer of equity interests, distribution of profits and remaining assets as stipulated in the joint venture contracts of an existing foreign-invested enterprise may survive the Foreign Investment Law during its joint venture term.

Investment activities in the PRC by foreign investors were principally governed by the Special Administrative Measures (Negative List) for Access of Foreign Investment (2021 version) (《外商投資准入特別管理措施(負面清單)(2021年版)》) (the "Negative List"), and the Catalogue of Industries for Encouraging Foreign Investment (2022 version) (《鼓勵外商投資產業目錄(2022年版)》) (the "Encouraging List"). The Negative List, which came into effect on January 1, 2022, sets out special administrative measures (restricted or prohibited) in respect of the access of foreign investments in a centralized manner, and the Encouraging List which came into effect on January 1, 2023, sets out the encouraged industries for foreign investment. The Negative List does not set any special administrative measures for the access of foreign investment in the hydrogen industry, and according to the Encouraging List, development of green preparation technologies (hydrogen production from chemical by-products, biological hydrogen production, water-electrolytic hydrogen production from renewable energy, etc.), and storage, transportation and liquefaction for hydrogen fuels is listed as encouraged industry for foreign investment in PRC.

According to the Measures for the Reporting of Foreign Investment Information (《外商投資信息報告辦法》), which was promulgated by the Ministry of Commerce of the PRC (the "MOFCOM") and the SAMR on December 30, 2019 and came into effect on January 1, 2020, in relation to foreign investors carrying out investment activities directly or indirectly in PRC, the foreign investors or foreign-invested enterprises shall submit investment information to the commerce authorities pursuant to these measures.

LAWS AND REGULATIONS ON DATA SECURITY AND CYBER SECURITY

Regulations on Data Security

On June 10, 2021, the SCNPC promulgated the Data Security Law of the PRC (《中華人民共和國數據安全法》) (the "Data Security Law"), which came into effect on September 1, 2021. The 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. Violation of Data Security Law may subject the relevant entities or individuals to warnings, fines, suspension of operations, revocation of permits or business licenses, or even criminal liabilities. On August 16, 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"). The 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.

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"), released by the SCNPC on August 20, 2021 and effective from November 1, 2021, stipulates the scope of personal information and establishes rules for processing personal information onshore and offshore. The Personal Information Protection Law sets forth certain specific personal information protection requirements, including but not limited to more specific inform and consent requirements in various contexts, strengthened and classified obligations of personal information processors, and more limitations and rules on process of personal information.

According to the Measures on Security Assessment of Cross-border Data Transfer (《數據出境安全評估辦法》), (the "Security Assessment Measures"), which was promulgated by the CAC on July 7, 2022 and came into effect on September 1, 2022, data processors shall apply for cross-border security assessment with the CAC through the local provincial-level cyberspace administration department under any of the following circumstances: (i) cross-border transfer of important data by data processors; (ii) cross-border transfer of personal information by critical information infrastructure operators and data processors that process more than 1 million personal information; (iii) cross-border transfer of personal information by data processors that have made cross-border transfer of personal information of 100,000 people or sensitive personal information of 10,000 people cumulatively since January 1 of the previous year; and (iv) other circumstances where an application for security assessment of cross-border data transfer is required as prescribed by the CAC.

Regulations on Cyber Security

The Cyber Security Law of the PRC (《中華人民共和國網絡安全法》) (the "Cyber Security Law"), which was promulgated on November 7, 2016 and came into effect on June 1, 2017, requires that when constructing and operating a network, or providing services through a network, technical measures and other necessary measures shall be taken in accordance with laws, administrative regulations and the compulsory requirements set forth in national standards to ensure the secure and stable operation of the network, to effectively cope with cyber security events, to prevent criminal activities committed on the network, and to protect the integrity, confidentiality and availability of network data.

The Cyber Security Law sets high requirements for the operational security of facilities deemed to be part of the PRC's "critical information infrastructure" (關鍵信息基礎設施). According to the Cyber Security Law, critical information infrastructure refers to critical information infrastructure that will, in the event of destruction, loss of function or data leak, result in serious damage to national security, national economy and people's livelihood, or public interest. Specific reference is made to key industries including, but not limited to, public communications and information services, energy, transportation, irrigation, finance, public services and e-government.

The Cyber Security Law emphasizes that any individuals and organizations that use networks should not endanger network security or use networks to engage in unlawful activities such as those endangering national security, economic order and social order or infringing the reputation, privacy, intellectual property rights and other lawful rights and interests of others. Network operators or providers of network products or services may be subject to rectifications, warnings, fines, confiscation of illegal gains, revocation of licenses, cancellation of qualifications, close down of websites or even criminal liabilities for violations of the provisions and requirements under the Cyber Security Law.

On December 28, 2021, thirteen government departments including the CAC jointly issued the Cybersecurity Review Measures (2021) (《網絡安全審查辦法(2021)》) which came into effect on February 15, 2022. The Cybersecurity Review Measures provide that, to ensure the security of the supply chain of critical information infrastructure and safeguard national security, a cybersecurity review is required when national security has been or may be affected where critical information infrastructure operators (關鍵信息基礎設施運營者) purchase network product or service and network platform operators (網絡平台運營者) process data. When an operator in possession of personal information of over one million users applies for a listing abroad (國外上市), it must apply to the CAC for a cybersecurity review. As consulted with China Cybersecurity Review Technology and Certification Center (中國網絡安全審查技術與認證中心), such requirement for an operator possessing personal information of over one million users intending for listing aboard to apply for cybersecurity review is not applicable to us because we are applying for listing in Hong Kong, while Hong Kong does not fall within the scope of "foreign country".

On July 30, 2021, the State Council promulgated the Security Protection Regulations for Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》) (the "CII Regulations"), which became effective on September 1, 2021. Pursuant to the CII Regulations, "critical information infrastructures" refers to important network facilities and information systems of key industries such as, among others, public communications and information services, energy, transportation, irrigation, finance, public services, e-government and national defense science and technology, as well as other important network facilities and information systems that may seriously endanger national security, national economy and citizen's livelihood and public interests if they are damaged or suffer from malfunctions, or if any leakage of data in relation thereto occurs. The CII Regulations also stipulates the procedures for determining critical information infrastructure. It provides that competent authorities shall promulgate detailed rules in designating critical information infrastructure, identify critical information infrastructure in the relevant industries, and notify operators of such critical information infrastructure in a timely manner. Such regulation further supports our view that we should not be recognized as an operator of "critical information infrastructure".

On September 30, 2024, the State Council promulgated the Network Data Security Management Regulations (《網絡數據安全管理條例》), which came into effect on January 1, 2025. The Network Data Security Management Regulations provide that network data processors whose network data processing activities affect or may affect national security shall be subject to national security review. As of the Latest Practicable Date, the Network Data Security Management Regulations had not come into effect yet. Based on our current operational information, we do not process personal information of more than 100,000 individuals and we have not been given any notice processing "important data" by any competent authority. Therefore, these regulations do not have any material impact on our business and operations.

LAWS AND REGULATIONS RELATING TO THE SALE OF PRODUCTS

Competition Law

According to the Anti-Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》) (the "Anti-Unfair Competition Law") which was passed by the SCNPC on September 2, 1993 and was amended on November 4, 2017 and April 23, 2019, when trading in the market, business operators should abide by the principles of voluntariness, equality, fairness, honesty and credibility, and abide by laws and recognized business ethics. Unfair competition means a business operator, in violation of the Anti-Unfair Competition Law, disrupts the competition order and infringes the legitimate rights and interests of other business operators or consumers. When the legitimate rights and interests of a business operator are damaged by unfair competition, it may start a lawsuit in the People's Court. In contrast, if a business operator violates the provisions of the Anti-Unfair Competition Law, engages in unfair competition and causes damage to another business operator, it shall be liable for damages. If the damage suffered by the business operator is difficult to assess, the amount of damages shall be the profit obtained by the infringer through the infringement. The infringer shall also bear all reasonable expenses paid by the infringed business operator to stop the infringement.

Price Law

According to the Price Law of the PRC (《中華人民共和國價格法》) (the "Price Law") which was promulgated by the SCNPC on December 29, 1997 and became effective on May 1, 1998, business operators should observe the principles of fairness, lawfulness and good faith when they determine the prices. The production and operation costs and the market supply and demand situation should be the fundamental basis for the business operators to determine the price. When selling or purchasing goods and providing services, the business operator shall clearly indicate the price and indicate the name, origin of production, specifications, grade, valuation unit, price or service item, charging standards and other related particulars in accordance with the requirements of the competent government price department. Business operators shall not sell the goods at a price beyond the marked price or charge unspecified fees on top of price indicated. In addition, business operators shall not take illegitimate pricing actions, such as colluding with others to manipulate market prices and damaging the legitimate rights and interests of other business operators or consumers. Any business operator engaged in the act of illegitimate pricing acts stipulated by the Price Law shall be ordered to make corrections, have the illegal income be confiscated, and may be imposed a fine of no more than five times of its illegal income. In serious circumstances, the business operator will be ordered to suspend operations while rectification is being carried out or the administration for industry and commerce will revoke its business license. In addition, any business operator who causes consumers or other operators to pay higher prices due to illegal pricing acts should refund the overpaid portion; if any damage is caused, it shall be liable for compensation according to law. Any business operator who violates the provisions on clearly marked price shall be ordered to make corrections, have the illegal income be confiscated, and may be imposed a fine of no more than RMB5,000.

REGULATIONS RELATING TO LEASING

According to the PRC Civil Code (《中華人民共和國民法典》) (the "PRC Civil Code") which came into effect on January 1, 2021, an owner of immovable or movable property is entitled to possession, use, earnings, and disposal of such property in accordance with the law. Owners shall not change a residential premise into a premise used for business purposes by violating any law, regulation or management rule. In addition, subject to the consent of the lessor, the lessee may sublease the leased premises to a third party. Where a lessee subleases the premises, the lease contract between the lessee and the lessor remains valid. The lessor is entitled to terminate the lease if the lessee subleases the premises without the consent of the lessor. In addition, if the ownership of the leased premises changes during the lessee's possession in accordance with the terms of the lease contract, the validity of the lease contract shall not be affected.

On December 1, 2010, the Ministry of Housing and Urban-Rural Development promulgated the Administrative Measures on Leasing of Commodity Housing (《商品房屋租賃管理辦法》), which came into effect on February 1, 2011. According to such measures, the lessor and the lessee are required to complete property leasing registration and filing formalities within 30 days from execution of the property lease contract with the development authorities or real estate authorities of the municipality or county where the leased property is located. If a company fails to do as aforesaid, it may be ordered to rectify within a stipulated period, and if such company fails to rectify, a fine ranging from RMB1,000 to RMB10,000 may be imposed on each lease agreement. However, the failure to complete property leasing registration and filing in accordance with the laws and regulations will not affect the validity of the contract as according to the PRC Civil Code.

REGULATIONS RELATING TO IMPORT AND EXPORT OF GOODS AND TECHNOLOGY

Regulations on Foreign Trade

According to the Foreign Trade Law of the PRC (《中華人民共和國對外貿易法》) (the "Foreign Trade Law") promulgated by the SCNPC on May 12, 1994, and subsequently amended on December 30, 2022, foreign trade operators have been exempted from the registration requirement since December 30, 2022. The amended law grants the PRC government the authority to allow the free import and export of commodities and technologies, except where specified otherwise by other laws and administrative regulations.

Prior to the amendment on December 30, 2022, under the earlier version of the Foreign Trade Law, foreign trade operators engaged in the import and export of commodities or technologies were obligated to apply for registration with the foreign trade authorities under the State Council or their delegated agencies for record-keeping purposes. This registration requirement was mandatory, unless exempted by other applicable laws, administrative regulations, or stipulations set forth by the foreign trade authorities under the State Council. Failure to comply with these provisions meant that the Customs Department would not proceed with customs clearance for imported or exported commodities.

Regulations on Customs Law

In addition, according to the Customs Law of the PRC (《中華人民共和國海關法》) enacted by the SCNPC on January 22, 1987, and subsequently amended on April 29, 2021, effective from the same date, the Customs of the PRC is vested with the authority for the supervision and administration of entry and exit points. Under the framework of pertinent laws and administrative regulations, the Customs exercises its jurisdiction over various aspects, including the inspection and regulation of vehicles, goods, luggage, postal articles, and other items entering and departing the country. This mandate encompasses the assessment and collection of customs duties, taxes, and fees, as well as the prevention and detection of smuggling activities, compilation of customs statistics, and execution of related customs procedures.

Furthermore, as delineated in the Regulations of PRC Customs on Administration of Recordation of Declaration Entities (《中華人民共和國海關報關單位備案管理規定》) promulgated by the General Administration of Customs on November 19, 2021, and implemented from January 1, 2022, the term "customs declaration entities" pertains to consignees and consignors of import and export goods, as well as customs declaration enterprises officially registered with the customs authorities. Entities seeking recordation are required to hold valid market entity qualifications. Specifically, importers and exporters must also possess records as foreign trade operators. The recordation status of customs declaration entities is of a permanent nature, while temporary recordation holds a validity period of one year. Upon expiration, entities are entitled to reapply for recordation.

REGULATIONS RELATING TO ENVIRONMENTAL PROTECTION

Regulations on Environmental Protection

Pursuant to the PRC Environmental Protection Law (《中華人民共和國環境保護法》), promulgated on December 26, 1989 and came into effect on the same day, latest amended on April 24, 2014 and came into effect on January 1, 2015, the waste discharge licensing system has been implemented in the PRC and entities that discharge wastes shall obtain a Waste Discharge License (排污許可證). Furthermore, facilities for the prevention and control of pollution at a construction project shall be designed, constructed and put into operation simultaneously with the major construction works of the construction project. Environmental protection authorities impose various administrative penalties on persons or enterprises in violation of the Environmental Protection Law. Such penalties include warnings, fines, orders to rectify within a prescribed period, orders to cease construction, orders to restrict or suspend production, orders to make recovery, orders to disclose relevant information or make an announcement, imposition of administrative action against relevant responsible persons, and orders to shut down enterprises. In addition, environmental organizations may also bring lawsuits against any entity that discharges pollutants detrimental to the public welfare.

Regulations on Environmental Impact Assessment

Pursuant to the Environmental Impact Assessment Law of the PRC (《中華人民共和國環境影響評價法》) promulgated on October 28, 2002, came into effect on September 1, 2003 and latest amended on December 29, 2018, the State implements administration by classification on the environmental impact of construction projects according to the level of impact on the environment. The construction unit shall prepare an environmental impact report or an environmental impact form or complete an environmental impact registration form (the "Environmental Impact Assessment Documents") for reporting and filing purposes. If the Environmental Impact Assessment Documents of a construction project have not been reviewed by the approving authority in accordance with the law or have not been granted approval after the review, the construction unit is prohibited from commencing construction works.

Pursuant to the Interim Measures on Administration of Environmental Protection for Acceptance Examination Upon Completion of Construction Projects (《建設項目竣工環境保護驗收暫行辦法》) which was promulgated on November 20, 2017 and came into effect on the same day, the construction unit is the responsible party for the acceptance of the environmental protection facilities for the completion of the construction project, and shall, in accordance with the procedures and standards stipulated in relevant regulations, organize the acceptance of the environmental protection facilities, prepare the acceptance report, disclose the relevant information, accept social supervision, ensure that the environmental protection facilities to be constructed for the construction project are put into operation or used at the same time as the main project, and be responsible for the truthfulness, accuracy and completeness of the acceptance content, conclusions and information disclosed, and shall not falsify the acceptance process. The major construction works of the construction project cannot be put into operation until the supporting facilities for environmental protection pass the inspection.

Regulations on Pollutant Discharge Permit

Pursuant to the Law of the PRC on Prevention and Control of Environmental Pollution Caused by Solid Wastes (《中華人民共和國固體廢物污染環境防治法》) which was promulgated on October 30, 1995 and latest amended on April 29, 2020 and came into effect on September 1, 2020, the construction of projects which discharge solid waste and the construction of projects for storage, use and treatment of solid waste shall be carried out upon the appraisal regarding their effects on the environment and comply with the relevant state regulations concerning the management of environmental protection in respect of construction projects. The necessary supporting facilities for the prevention and control of environmental pollution caused by solid wastes as specified in the environmental impact assessment documents of the construction project shall be designed, constructed and put into operation simultaneously with the major construction works of the construction project. Failure to comply with such requirements may result in us being ordered to make corrections, subject to fines and confiscation of illegal gains by the competent ecological and environmental authorities.

Pursuant to the Law of the PRC on Prevention and Treatment of Water Pollution (《中華人民共和國水污染防治法》) which was promulgated on May 11, 1984, latest amended on June 27, 2017, and came into effect on January 1, 2018, the environmental impact assessment shall be conducted on new construction, reconstruction and construction expansion projects or other installations on water which directly or indirectly discharge pollutants into the water according to law. The water pollution prevention and treatment facilities of a construction project must be designed, constructed and put into operation simultaneously with the major construction works of the construction project. The water pollution prevention and treatment facilities shall comply with the requirements of approved or filed environmental impact assessment documents. Failure to comply with such requirements may cause us being ordered to make rectifications, imposed a fine, or ordered to suspend operations or close down by competent environmental protection authorities.

The Administrative Measures on Licensing of Urban Sewage Discharging into Drainage Network (《城鎮污水排入排水管網許可管理辦法》), which was promulgated by the Ministry of Housing and Urban-rural Development on January 22, 2015, latest amended on December 1, 2022 and came into effect on February 1, 2023, provides that enterprises, institutions and individual industrial and commercial households engaging in industry, construction, catering industry, medical industry and discharging sewage into the urban drainage network must apply for and obtain a License for Urban Drainage (排水許可證). Failure to obtain such License for Urban Drainage may subject us to fines, compensations (if any losses are caused), or criminal liability (if a crime is constituted).

According to the Catalog of Classified Administration of Pollutant Discharge License for Stationary Pollution Sources (2019 Version) (《固定污染源排污許可分類管理名錄(2019年版)》) issued by the MEE on December 20, 2019, key management, simplified management and registration management of pollutant discharge permits are implemented according to factors such as the amount of pollutants generated, the amount of emissions, the degree of impact on the environment, etc., and only pollutant discharge entities that implement registration management do not need to apply for a pollutant discharge permit.

The State Council issued the Regulation on Pollutant Discharge Permit Administration (《排污許可管理條例》) on January 24, 2021 to further enhance the pollutant discharge administration. The administration on pollutant discharge units is divided into key management and simplified management pursuant to the amount of pollutant caused and discharged and the impact on the environment. Their view, decision and information disclosure of pollutant discharge licenses shall be handled through the national pollutant discharge license management information platform. The pollutant discharge license is valid for 5 years and the discharging units should apply for renewal 60 days before the expiry for continues pollutant discharge.

LAWS AND REGULATIONS RELATING TO INTELLECTUAL PROPERTY

Regulations on Copyright

According to the Copyright Law of the PRC (《中華人民共和國著作權法》), (the "Copyright Law") which was promulgated by the SCNPC on September 7, 1990 and latest amended on November 11, 2020 and came into effect on June 1, 2021, copyright includes personal rights such as right of publication and right of authorship, as well as property rights such as reproduction rights and distribution rights. Works include, among others, computer software, works of fine art, drawings of engineering designs and product designs and other graphic works as well as model works. Except as otherwise provided by the Copyright Law, copying, distributing, performing, projecting, broadcasting, compiling or editing a work or disseminating the work to the public through information network without the permission of the copyright owner constitutes a copyright infringement. The infringer shall, bear civil liabilities such as ceasing the infringement, eliminating the impacts, making an apology, and compensating for the loss.

Pursuant to the Regulations on Computer Software Protection (《計算機軟件保護條例》) promulgated by the State Council on June 4, 1991 and latest amended on January 30, 2013, and the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) promulgated on February 20, 2002, the National Copyright Administration is mainly responsible for the registration and management of software copyright in China and recognizes the China Copyright Protection Center as the software registration organization. The China Copyright Protection Center shall grant certificates of registration to computer software copyright applicants in compliance with the regulations.

Regulations on Trademark

According to the Trademark Law of the PRC (《中華人民共和國商標法》) promulgated by the SCNPC on August 23, 1982, and latest amended on April 23, 2019 and came into effect on November 1, 2019 and the Implementation Regulations of the Trademark Law of PRC (《中華人民共和國商標法實施條例》) which was issued on August 3, 2002 and amended on April 29, 2014, the Trademark Office under the SAMR (the "Trademark Office") shall handle trademark registrations and grant a term of ten years to registered trademarks, which may be renewed for additional ten-year period upon request from the trademark owner. The Trademark Law of the PRC has adopted a "first-to-file" principle with respect to trademark registration. Where an application for trademark for which application for registration has been made is identical or similar to another trademark which has already been registered or is under preliminary examination and approval for use on the same kind of or similar commodities or services, the application for registration of such trademark may be rejected. Any person applying for the registration of a trademark may not prejudice the existing right of others, nor may any person register in advance a trademark that has already been used by another party and has already gained a "sufficient degree of reputation" through such party's use. A trademark registrant may, by entering into a trademark licensing contract, license another party to use its registered trademark. Where another party is licensed to use a registered trademark, the licenser shall report the license to the Trademark Office for recordation, and the Trademark Office shall publish it. An unrecorded license may not be used as a defense against a third party in good faith.

Regulations on Patent

According to the Patent Law of the PRC (《中華人民共和國專利法》), promulgated by the SCNPC on March 12, 1984, and latest amended on October 17, 2020 and came into effect on June 1, 2021 and the Implementation Rules of the Patent Law of the PRC (《中華人民共和國專利法實施細則》), promulgated by the State Council on January 19, 1985, and latest amended on December 11, 2023 and came into effect on January 20, 2024, there are three types of patents in the PRC, which are invention patents, utility model patents and design patents. The protection period of a patent right for invention patents shall be 20 years, the protection period of a patent right for utility model patents shall be 10 years, and the protection period of design patent right is 15 years, both commencing from the filing date.

Regulations on Domain Names

According to the Administrative Measures for Internet Domain Names (《互聯網域名管理辦法》), which was promulgated by the MIIT on August 24, 2017 and came into effect on November 1, 2017, the MIIT is responsible for supervision and administration of domain name services in the PRC. Communication administrative bureaus at provincial levels shall conduct supervision and administration of the domain name services within their respective administrative jurisdictions. Domain name registration services shall, in principle, be subject to the principle of "first apply, first register". A domain name registrar shall, in the process of providing domain name registration services, ask the applicant for which the registration is made to provide authentic, accurate and complete identity information on the holder of the domain name and other domain name registration related information.

LAWS AND REGULATIONS RELATING TO FOREIGN EXCHANGE AND OVERSEAS INVESTMENT

Regulations Relating to Foreign Exchange

Pursuant to the Regulations on Foreign Exchange Control of the PRC (《中華人民共和國外匯管理條例》) promulgated by the State Council on January 29, 1996 and came into effect on April 1, 1996, and latest amended on August 5, 2008 and came into effect on the same date, and relevant regulations, there is no restriction on the recurring international payment and transfer, and the foreign exchange income and expenses of recurring items (such as goods trade, income and expenses of service trade and payments of interest and dividends) should be on true and legal transactions basis, and can be directly undertaken at the bank with true and valid transaction documents. Foreign exchange income and expenses of capital items (such as direct equity investment and loans) shall comply with the provisions of relevant laws and regulations, and where required for approval or registration by relevant regulation from foreign exchange administration authorities, such approval or registration shall be filed. Foreign exchange and settlement funds of capital items shall be used for purposes as stipulated in relevant competent departments and foreign exchange administration authorities.

According to the Notice on Relevant Issues Concerning the Administration of Foreign Exchange for Overseas Listing (《關於境外上市外匯管理有關問題的通知》) issued by the SAFE on December 26, 2014 and as amended by the SAFE Circular 16 (defined below), the domestic companies shall register the overseas listing with the foreign exchange control bureau located at its registered address in 15 working days after completion of the overseas listing and issuance. The funds raised by the domestic companies through overseas listing may be repatriated to China or deposited overseas, provided that the intended use of the fund shall be consistent with the contents of the document and other public disclosure documents.

According to the Notice of the SAFE on Reforming the Management Mode of Foreign Exchange Capital Settlement of Foreign Investment Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》) promulgated on March 30, 2015, came into effect on June 1, 2015 and as amended by the SAFE Circular 16 (defined below), partially abolished on December 30, 2019 and partially amended on March 23, 2023, foreign-invested enterprises could settle their foreign exchange capital on a discretionary basis according to the actual needs of their business operations. Whilst, foreign-invested enterprises are prohibited to use the foreign exchange capital settled in RMB (a) for any expenditures beyond the business scope of the foreign-invested enterprises or forbidden by laws and regulations; (b) for direct or indirect securities investment; (c) to provide entrusted loans (unless permitted in the business scope), repay loans between enterprises (including advances by third parties) or repay RMB bank loans that have been on-lent to a third party; and (d) to purchase real estates not for self-use purposes (save for real estate enterprises).

On June 9, 2016, SAFE issued the Notice of the SAFE on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account (《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》) (the "SAFE Circular 16"), which came into effect on the same day, provides that discretionary foreign exchange settlement applies to foreign exchange capital, foreign debt offering proceeds and remitted foreign listing proceeds, and the corresponding RMB capital converted from foreign exchange may be used to extend loans to related parties or repay inter-company loans (including advances by third parties). However, there remain substantial uncertainties with respect to SAFE Circular 16's interpretation and implementation in practice.

According to the Circular of the SAFE on Optimizing Foreign Exchange Management Service in Support of Foreign Business Development (《國家外匯管理局關於優化外匯管理支持涉外業務發展的通知》) promulgated by the SAFE on April 10, 2020 and came into effect on the same day, on the premise of ensuring the authentic and compliant use of funds and complying with the existing regulations on the use of capital income, eligible enterprises are allowed to use capital income such as capital funds, foreign debts and proceeds from overseas listing for domestic payments without providing materials to the bank in advance for authenticity verification on a case-by-case basis. The concerned banks shall follow the principle of prudent development to control the relevant business risks and conduct post inspection on the use of funds under capital accounts handled in accordance with relevant requirements.

In accordance with the 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 issued and came into effect on October 23, 2019 by the SAFE and was amended on December 4, 2023, foreign-invested enterprise 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 laws and regulations under the condition that the current Special Administrative Measures (Negative List) for Foreign Investment Access are not violated and the relevant domestic investment projects are true and compliant.

Regulations on Overseas Direct Investment

Pursuant to the Regulations on the Foreign Exchange Administration of the Overseas Direct Investment of Domestic Institutions (《境內機構境外直接投資外匯管理規定》) issued by the SAFE on July 13, 2009 and came into effect on August 1, 2009, upon obtaining approval for overseas investment, an enterprise in mainland China shall apply for foreign exchange registration for its overseas direct investments. According to the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving the Foreign Exchange Management Policies for Direct Investment, the administrative approval for foreign exchange registration approval under overseas direct investment has been canceled, and the banks are entitled to review and carry out foreign exchange registration under overseas direct investment directly.

Pursuant to the Measures for the Administration of Overseas Investment (《境外投資管理辦法》) which was issued by the MOFCOM on September 6, 2014 and came into effect on October 6, 2014, the MOFCOM and the commerce departments at provincial levels shall subject the overseas investment of enterprises to recordation or confirmation management, depending on the actual circumstances of investment. Overseas investment involving any sensitive country or region, or any sensitive industry shall be subject to confirmation management. Overseas investment under other circumstances shall be subject to recordation management.

Pursuant to the Administrative Measures for Outbound Investment by Enterprises (《企業境外投資管理辦法》) promulgated by the NDRC on December 26, 2017 and came into effect on March 1, 2018, the investing activities of enterprises in mainland China such as acquiring overseas ownerships, controlling rights, operating and management rights and other relevant interests by way of investing assets and interests or providing financing and guarantees to control its overseas enterprises, either directly or indirectly, are required to obtain approval or filing with the NDRC in accordance with the relevant conditions of the overseas investment projects. Outbound investment projects that involve sensitive countries and regions or sensitive industries shall be subject to administration of verification and approval by the NDRC and non-sensitive outbound investment projects shall be subject to administration by record-filing. For non-sensitive projects of US$300 million or above invested by local enterprise in mainland China or carried out by overseas enterprises controlled by them, the investors shall file with the NDRC and non-sensitive outbound investment projects, of which the investment amount of investors in mainland China is less than US$300 million (exclusive) shall file with the provincial counterpart of the NDRC.

Regulations on Dividend Distribution

The principal laws, rules and regulations governing dividend distribution by companies in mainland China are the PRC Company Law, most recently revised by the SCNPC on December 29, 2023 and will come into effect on July 1, 2024, which applies to both domestic companies and foreign-invested companies in mainland China, and the Foreign Investment Law of the PRC and the Regulations on Implementing the Foreign Investment Law of the PRC apply to foreign-invested companies. Under these laws, regulations and rules, both domestic companies and foreign-invested companies in mainland China are required to set aside as general reserves at least 10% of their after-tax profit, until the cumulative amount of their reserves reaches 50% of their registered capital. Companies in mainland China are not permitted to distribute any profits until any losses from prior fiscal years have been offset. Profits retained from prior fiscal years may be distributed together with distributable profits from the current fiscal year.

Regulations on Stock Incentive Plans

According to the Notice of the State Administration of Foreign Exchange on Issues Relating to the Foreign Exchange Administration for Domestic Individuals' Participating in Stock Incentive Plan of Overseas Listed Company (《國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》), which was issued on February 15, 2012 and other regulations, directors, supervisors, senior management and other employees participating in any share incentive plan of an overseas publicly-listed company who are PRC citizens or non-PRC citizens residing in China for a continuous period of not less than one year, subject to certain exceptions, are required to register with SAFE through a domestic agency. Moreover, an overseas-entrusted institution must be retained to handle matters in connection with the exercise or sale of stock options and the purchase or sale of shares and interests.

The income of foreign exchange PRC residents obtained by selling out the shares according to the equity incentive plan and the dividend distributed by the overseas-listed company shall be distributed to the PRC residents after being remitted to the bank account in China opened by the domestic institutions.

LAWS AND REGULATIONS RELATING TO TAXATION

Enterprise Income tax

Pursuant to the EIT Law promulgated by the SCNPC on March 16, 2007 and last amended on December 29, 2018 and the Implementation Rules of the EIT Law of the PRC (《中華人民共和國企業所得稅法實施條例》) promulgated by the State Council on December 6, 2007 and amended on April 23, 2019, a domestic enterprise which is established within the PRC in accordance with the laws or established in accordance with any laws of foreign countries (regions) but with an actual management entity within the PRC shall be regarded as a resident enterprise. A resident enterprise shall be subject to an EIT of 25% of any income generated within or outside the PRC. A preferential EIT rate shall be applicable to any key industry or project which is supported or encouraged by the State. High and new technology enterprises which are supported by the State may enjoy a reduced EIT rate of 15%. In addition, an enterprise may enjoy an exemption of EIT for its income from the primary process of agricultural products.

Value-Added Tax

The major PRC laws and regulations governing value-added tax are the Interim Regulations on Value-Added Tax of the PRC (《中華人民共和國增值稅暫行條例》) (issued on December 13, 1993 by the State Council, came into effect on January 1, 1994, and latest amended on November 19, 2017) and the Implementation Rules for the Interim Regulations on Value-Added Tax of the PRC (《中華人民共和國增值稅暫行條例實施細則》) (issued on December 18, 2008 by the MOF, came into effect on the same day and latest amended on October 28, 2011). According to the aforementioned regulations, any entities and individuals engaged in the sale of goods, supply of processing, repair and replacement services, and import of goods within the territory of the PRC are taxpayers of VAT and shall pay the VAT in accordance with the law and regulation. The rate of VAT for sale of goods is 17% unless otherwise specified, such as the rate of VAT for sale of transportation is 11%. With the VAT reforms in the PRC, the rate of VAT has been adjusted several times. The MOF and the State Taxation Administration of the PRC (the "STA") issued the Notice on Adjusting Value-Added Tax Rates (《關於調整增值稅稅率的通知》) on April 4, 2018 to adjust the tax rates of 17% and 11% applicable to any taxpayer's VAT taxable sale or import of goods to 16% and 10%, respectively, which became effective on May 1, 2018. Subsequently, the MOF, the STA and the General Administration of Customs of the PRC jointly issued the Announcement on Relevant Policies for Deepening the Value-Added Tax Reform (《關於深化增值稅改革有關政策的公告》) on March 20, 2019 to make a further adjustment, which came into effect on April 1, 2019. The tax rate of 16% applicable to the VAT taxable sale or import of goods shall be adjusted to 13%, and the tax rate of 10% applicable thereto shall be adjusted to 9%.

Taxation on Dividends

Individual Investors

Pursuant to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) (the "IIT Law"), which was last amended on August 31, 2018 by the SCNPC, which came into effect on January 1, 2019, and the Regulations on Implementation of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法實施條例》), which was last amended on December 18, 2018 by the State Council and came into effect on January 1, 2019, dividends paid by PRC enterprises are subject to individual income tax levied at a flat rate of 20%. For a foreign individual who is not a resident of the PRC, the receipt of dividends from a PRC enterprise in the PRC is normally subject to individual income tax of 20% unless specifically exempted by the tax authority of the State Council or reduced by an applicable tax treaty.

Pursuant to the Notice of the STA on Issues Concerning Taxation and Administration of Individual Income Tax After the Repeal of the Document Guoshui Fa [1993] No. 45) (《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》) issued by the STA on June 28, 2011, which came into effect on the same day, domestic non-foreign-invested enterprises issuing shares in Hong Kong may, when distributing dividends, withhold individual income tax at the rate of 10%. For the individual holders of H Shares receiving dividends who are citizens of countries that have entered into a tax treaty with the PRC with tax rate of lower than 10%, non-foreign-invested enterprises listed in Hong Kong may apply on behalf of such holders for enjoying the lower preferential tax treatments, and, upon approval by the tax authorities, the excessive withholding amount will be refunded. For the individual holders of H Shares receiving dividends who are citizens of countries that have entered into a tax treaty with the PRC with tax rate of higher than 10% but lower than 20%, the non-foreign-invested enterprise is required to withhold the tax at the agreed rate under the treaties, and no application procedures will be necessary. For the individual holders of H Shares receiving dividends who are citizens of countries without taxation treaties with the PRC or are under other situations, the non-foreign-invested enterprise is required to withhold the tax at a rate of 20%.

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》) (Caishui Zi [1994] No. 20) promulgated by the MOF and the STA on May 13, 1994 and came into effect on the same day, overseas individuals are exempted from the individual income tax for dividends and bonuses received from foreign-invested enterprises.

Enterprise Investors

According to the EIT Law, which was latest amended by the SCNPC and implemented on December 29, 2018, and the Implementation Rules for the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》) enacted on December 6, 2007 by the State Council and came into effect on January 1, 2008, and amended on April 23, 2019, a non-resident enterprise is generally subject to a 10% enterprise income tax on PRC-sourced income (including dividends received from a PRC resident enterprise that issues shares in Hong Kong), if 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 are 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.

The Circular on Issues Relating to the Withholding and Remitting of Enterprise Income Tax by PRC Resident Enterprises on Dividends Distributed 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稅有關問題的通知》) (Guoshui Han [2008] No. 897), which was issued and implemented by the STA on November 6, 2008, further clarified that a PRC-resident enterprise must withhold enterprise income tax at a rate of 10% on the dividends of 2008 and onwards that it distributes to overseas non-resident enterprise shareholders of H Shares. 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 China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) (the "Arrangement"), which was signed between the STA and the Government of the Hong Kong Special Administrative Region of the PRC on August 21, 2006, the PRC Government may levy taxes on the dividends paid by a PRC company to Hong Kong residents (including resident individual and resident entities) in an amount not exceeding 10% of the total dividends payable by the PRC company unless a Hong Kong resident directly holds 25.0% or more of the equity interest in the PRC company, then such tax shall not exceed 5% of the total dividends payable by the PRC company. The Fifth Protocol to the Arrangement between the Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《<內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排>第五議定書》) which came into effect on December 6, 2019, added 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 relevant gains, after taking into account all relevant facts and conditions, are reasonably deemed to be one of the main purposes for the arrangement or transactions which will bring any direct or indirect benefits under this Arrangement, except when the grant of 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 requirements of PRC tax law and regulation, such as the Notice of the State Administration of Taxation on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》).

LAWS AND 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 June 29, 2002 and latest amended on June 10, 2021, entities that engage in production and business operation activities in PRC 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.

According to the Regulations on Safety Supervision of Special Equipment (《特種設備安全監察條例》) promulgated by the State Council on March 11, 2003 and revised on January 24, 2009, the entity of filling mobile pressure vessels and gas cylinders shall be licensed by the special equipment safety supervision and administration authority of the province, autonomous region or municipality directly under the central government of the PRC before engaging in filling activities. In order to obtain the filling license, the entity shall meet the statutory conditions in terms of personnel, filling equipment, testing methods, premises and plants, safety facilities, management systems, etc.

Pursuant to the Fire Protection Law of the PRC (《中華人民共和國消防法》) promulgated by the SCNPC on April 29, 1998, and last amended on April 29, 2021 and effective therefrom, the Department of Emergency Management under the State Council and the local people's governments at or above county level shall supervise and administer the matters of fire protection, while the fire control and rescue institutions of such people's governments shall be responsible for implementation. The design of fire control of the construction projects must comply with the national technical standards of fire control. If the design of fire control of a construction project has not been examined pursuant to the relevant laws or failed to pass the examination, the construction of such project is not allowed. If a completed construction project has not gone through the fire safety inspection or failed to satisfy the requirements of fire safety upon inspection, such project is not allowed to be put to use or business.

LAWS AND REGULATIONS RELATING TO EMPLOYMENT AND SOCIAL WELFARE

Regulations on Employment

The major PRC laws and regulations that govern employment relationship are the Labor Law of the PRC (《中華人民共和國勞動法》) (the "Labor Law") (promulgated by the SCNPC on July 5, 1994, came into effect on January 1, 1995 and latest amended on December 29, 2018), the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) (the "Labor Contract Law") (promulgated by the SCNPC on June 29, 2007 and amended on December 28, 2012 and came into effect on July 1, 2013), and the Implementation Rules of the Labor Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》) (issued by the State Council on September 18, 2008 and came into effect on the same day). According to the aforementioned laws and regulations, labor relationships between employers and employees must be executed in written form. The laws and regulations above impose stringent requirements on the employers in relation to entering into fixed-term employment contracts, hiring of temporary employees and dismissal of employees. As prescribed under the laws and regulations, employers shall ensure their employees have the right to rest and the right to receive wages no lower than the local minimum wages. Employers must establish a system for labor safety and sanitation that strictly abides by state standards and provide relevant education to its employees. Violations of the Labor Contract Law and the Labor Law may result in the imposition of fines and other administrative liabilities and/or incur criminal liabilities in the case of serious violations.

Regulations on Social Insurance

According to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), which was issued by the SCNPC on October 28, 2010 and amended on December 29, 2018, enterprises and institutions in the PRC shall provide their employees with welfare schemes covering pension insurance, unemployment insurance, maternity insurance, occupational injury insurance, medical insurance and other welfare plans. According to the Social Insurance Law of PRC, employers must carry out social insurance registration at the local social insurance agency, provide social insurance and pay or withhold the relevant social insurance premiums for or on behalf of employees. For employers failing to conduct social insurance registration, the administrative department of social insurance shall order them to make corrections within a prescribed time limit; if they fail to do so within the time limit, employers shall have to pay a penalty over one time but no more than three times of the amount of the social insurance premium payable by them. Where an employer fails to pay social insurance premiums in full or on time, the social insurance premium collection agency shall order it to pay or make up the balance within a prescribed time limit, and shall impose a daily late fee at the rate of 0.05% of the outstanding amount from the due date; if still failing to pay within the time limit prescribed, a fine of one time to three times the amount in default will be imposed on them by the relevant administrative department. Meanwhile, the Interim Regulation on the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) issued by the State Council on January 22, 1999 and amended on March 24, 2019 prescribes the details concerning the social insurance.

Apart from the general provisions about social insurance, specific provisions on various types of insurance are set out in the Regulations on Work-Related Injury Insurance (《工傷保險條例》) which was issued by the State Council on April 27, 2003, came into effect on January 1, 2004 and amended on December 20, 2010, the Regulations on Unemployment Insurance (《失業保險條例》) which was issued by the State Council on January 22, 1999 and came into effect on the same day, the Trial Measures on Employee Maternity Insurance of Enterprises (《企業職工生育保險試行辦法》), which was issued by the Ministry of Labor on December 14, 1994 and came into effect on January 1, 1995. Enterprises subject to these regulations shall provide their employees with the corresponding insurance. On July 20, 2018, the General Office of the State Council issued the Plan for Reforming the State and Local Tax Collection and Administration Systems (《國稅地稅徵管體制改革方案》), which stipulated that the SAT will become solely responsible for collecting social insurance premiums. 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 September 13, 2018 and the Urgent Notice on Implementing the Spirit of the Executive Meeting of the State Council in Stabilizing the Collection of Social Security Contributions (《關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知》) promulgated by the General Office of the Ministry of Human Resources and Social Security on September 21, 2018, all the local authorities responsible for the collection of social insurance are strictly forbidden 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 November 16, 2018, repeats that tax authorities at all levels may not organize self-collection of arrears of taxpayers including private enterprises from the previous years. The Notice 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 April 1, 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.

Regulations on Housing Provident Fund

According to the Regulations on the Administration of Housing Provident Fund (《住房公積金管理條例》), which was implemented on April 3, 1999 and latest amended on March 24, 2019, any newly established entity shall make deposit registration at the housing accumulation fund management center within 30 days as of its establishment. After that, the entity shall open a housing accumulation fund account for its employees in an entrusted bank. Within 30 days as of the date an employee is recruited, the entity shall make deposit registration at the housing accumulation fund management center and seal up the employee's housing accumulation fund account in the bank mentioned above within 30 days from termination of the employment relationship. Any entity that fails to make deposit registration of the housing accumulation fund or fails to open a housing accumulation fund account for its employees shall be ordered to complete the relevant procedures within a prescribed time limit. Any entity failing to complete the relevant procedure within the time limit will be fined RMB10,000 to RMB50,000. Any entity that fails to make payment of housing provident fund within the time limit or has a shortfall in payment of housing provident fund will be ordered to make the payment or make up the shortfall within the prescribed time limit, otherwise, the housing provident management center is entitled to apply for compulsory enforcement with the People's Court.

LAWS AND REGULATIONS RELATING TO OVERSEAS SECURITIES OFFERING AND LISTING

The CSRC promulgated 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》) (the "Overseas Listing Trial Measures") and five related guidelines on February 17, 2023, which came into effect on March 31, 2023. The Overseas Listing Trial Measures introduce a new filing regime which requires PRC domestic companies to register their direct and indirect overseas listings and securities offerings with the CSRC by filing materials on key compliance issues. The Overseas Listing Trial Measures provide that overseas listing and offering are explicitly prohibited, if any of the following applies: (i) such securities offering and listing are explicitly prohibited by specific laws and regulations; (ii) the proposed securities offering and listing may endanger national security as reviewed and determined by competent authorities under the State Council; (iii) the domestic company or its controlling shareholder(s) and the actual controller, have committed crimes including corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy in the past three years; (iv) the domestic company is currently under investigations for suspicion of criminal offenses or major violations of laws and regulations which have not definitive conclusion; or (v) there are material ownership disputes over equity held by the domestic company's controlling shareholder(s) or by other shareholder(s) that are controlled by the controlling shareholder(s) and/or actual controller. As advised by our PRC Advisor, we do not fall within any of the aforementioned situations which would prohibit us from listing overseas.

The CSRC and other three relevant government authorities promulgated the Provisions on Strengthening the Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the "Provision on Confidentiality") on February 24, 2023, and came into effect on March 31, 2023. Pursuant to the Provision on Confidentiality, when a domestic company provides or publicly discloses the documents and materials involving state secrets and working secrets of state organs to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, or provides or publicly discloses such the documents and materials through its overseas listing subjects, it shall report to the competent department with the examination and approval authority for approval, and file with the same level secrecy administration department. Domestic companies providing accounting archives or copies thereof to entities and individuals such as securities companies, securities service institutions and overseas regulatory authorities shall perform the relevant procedures according to relevant regulations. The working papers formed within the territory of the PRC by the securities companies and securities service institutions that provide related services for the overseas offering and listing of domestic enterprises shall be kept within the territory of the PRC. Cross-border transferring of such working papers shall go through the examination and approval formalities in accordance with the relevant regulations.

LAWS AND REGULATIONS RELATING TO FULL CIRCULATION OF H SHARES

"Full circulation" means listing and circulating on the Stock Exchange of the domestic unlisted shares of an H-share listed company (the "H-share listed company"), including unlisted domestic shares held by domestic shareholders prior to overseas listing, unlisted domestic shares additionally issued after overseas listing, and unlisted shares held by foreign shareholders. On November 14, 2019, the CSRC announced the Guidelines for the "Full Circulation" Program for Domestic Unlisted Shares of H-share Listed Companies (Announcement of the CSRC [2019] No. 22) (《H股公司境內未上市股份申請"全流通"業務指引》(中國證券監督管理委員會公告[2019]22號)) (the "Guidelines for the 'Full Circulation'"), which was amended on August 10, 2023.

According to the Guidelines for the "Full Circulation", shareholders of domestic unlisted shares may determine by themselves through consultation the amount and proportion of shares, for which an application will be filed for circulation, provided that the requirements laid down in the relevant laws and regulations and set out in the policies for state-owned asset administration, foreign investment and industry regulation are met, and the corresponding H-share listed company may be entrusted to file the said application for "full circulation." To file an application for "full circulation", an H-share listed company shall file the application with the CSRC according to the administrative licensing procedures necessary for the "examination and approval of public issuance and listing (including additional issuance) of shares overseas by a joint stock company."

On December 31, 2019, China Securities Depository and Clearing Corporation Limited ("CSDC") and the Shenzhen Stock Exchange jointly announced the Measures for Implementation of H-share "Full Circulation" Business (《H股"全流通"業務實施細則》) (the "Measures for Implementation"). The businesses of cross-border transfer registration, maintenance of deposit and holding details, transaction entrustment and instruction transmission, settlement, management of settlement participants, services of nominal holders, etc. in relation to the H-share "full circulation business", are subject to the Measures for Implementation.

In order to fully promote the reform of H-shares "full circulation" and clarify the business arrangement and procedures for the relevant shares' registration, custody, settlement and delivery, CSDC has promulgated the Circular on Issuing the Guide to the Program for Full Circulation of H-shares (《關於發佈<H股"全流通"業務指南>的通知》) in February 2020, which specified the business preparation, account arrangement, cross-border share transfer registration and overseas centralized custody, etc. In February 2020, China Securities Depository and Clearing (Hong Kong) Co., Ltd. ("CSDC (Hong Kong)") also promulgated the Guide to the Program for Full Circulation of H-shares (《中國證券登記結算(香港)有限公司H股"全流通"業務指南》) to specify the relevant escrow, custody, agent service of CSDC (Hong Kong), arrangement for settlement and delivery and other relevant matters.

According to the Trial Measures, the H-shares "full circulation" should comply with the relevant regulations of the CSRC, and the domestic company should be entrusted to file with the CSRC.

SANCTIONS LAWS AND REGULATIONS

Hogan Lovells, our International Sanctions Legal Advisors, have provided the following summary of the sanctions regimes imposed by their respective jurisdictions. This summary does not intend to set out the laws and regulations relating to the U.S., the EU, the U.K., the UN and Australian sanctions in their entirety.

U.S.

Treasury Regulations

OFAC is the primary agency responsible for administering U.S. sanctions programmes against targeted countries, entities, and individuals. "Primary" U.S. sanctions apply to "U.S. persons" or activities involving a U.S. nexus (e.g., funds transfers in U.S. currency even if performed by non-U.S. persons), and "secondary" U.S. sanctions apply extraterritorially to the activities of non-U.S. persons even when the transaction has no U.S. nexus. Generally, U.S. persons are defined as entities organized under U.S. law (such as companies and their U.S.

subsidiaries); any U.S. entity's domestic and foreign branches (sanctions against Iran and Cuba also apply to U.S. companies' foreign subsidiaries or other non-U.S. entities owned or controlled by U.S. persons); U.S. citizens or permanent resident aliens ("green card" holders), regardless of their location in the world; individuals physically present in the United States; and U.S. branches or U.S. subsidiaries of non-U.S. companies.

Depending on the sanctions program and/or parties involved, U.S. law also may require a U.S. company or a U.S. person to "block" (freeze) any assets/property interests owned, controlled or held for the benefit of a sanctioned country, entity, or individual when such assets/property interests are in the United States or within the possession or control of a U.S. person. Upon such blocking, no transaction may be undertaken or effected with respect to the asset/property interest — no payments, benefits, provision of services or other dealings or other type of performance (in case of contracts/agreements) — except pursuant to an authorization or license from OFAC.

OFAC's comprehensive sanctions programmes currently apply to Cuba, Iran, North Korea, Syria, the Crimea region of Russia/Ukraine, and and the self-proclaimed LPR and DPR regions (the comprehensive OFAC sanctions programme against Sudan was terminated on October 12, 2017). OFAC also prohibits virtually all business dealings with persons and entities identified in the SDN List. Entities that a party on the SDN List owns (defined as a direct or indirect ownership interest of 50% or more, individually or in the aggregate) are also blocked, regardless of whether that entity is expressly named on the SDN List. Additionally, U.S. persons, wherever located, are prohibited from approving, financing, facilitating, or guaranteeing any transaction by a non-U.S. person where the transaction by that non-U.S. person would be prohibited if performed by a U.S. person or within the United States.

UN

The United Nations Security Council (the "UNSC") can take action to maintain or restore international peace and security under Chapter VII of the United Nations Charter. Sanctions measures encompass a broad range of enforcement options that do not involve the use of armed force. Since 1966, the UNSC has established 30 sanctions regimes.

The UNSC sanctions have taken a number of different forms, in pursuit of a variety of goals. The measures have ranged from comprehensive economic and trade sanctions to more targeted measures such as arms embargoes, travel bans, and financial or commodity restrictions. The UNSC has applied sanctions to support peaceful transitions, deter non-constitutional changes, constrain terrorism, protect human rights and promote non-proliferation.

There are 14 ongoing sanctions regimes which focus on supporting political settlement of conflicts, nuclear non-proliferation, and counter-terrorism. Each regime is administered by a sanctions committee chaired by a non-permanent member of the UNSC. There are ten monitoring groups, teams and panels that support the work of the sanctions committees.

United Nations sanctions are imposed by the UNSC, usually acting under Chapter VII of the United Nations Charter. Decisions of the UNSC bind members of the United Nations and override other obligations of United Nations member states.

EU

Under EU sanction measures, there is no "blanket" ban on doing business in or with a jurisdiction targeted by sanctions measures. It is not generally prohibited or otherwise restricted for a person or entity to do business (involving non-controlled or unrestricted items) with a counterparty in a country subject to EU sanctions where that counterparty is not a Sanctioned Person and not engaged in prohibited activities, such as exporting, selling, transferring or making certain controlled or restricted products available (either directly or indirectly) to, or for use in a jurisdiction subject to sanctions measures, provided that no funds and economic resources are made available to the Sanctioned Persons.

U.K. and U.K. Overseas Territories

As of January 1, 2021, the U.K. is no longer an EU member state. EU law including EU sanctions measures continued to apply to and in the U.K. until December 31, 2020. EU sanctions measures had also been extended by the U.K. on a regime by regime basis to apply in the U.K. overseas territories, including the Cayman Islands. Starting from January 1, 2021, the U.K. applies its own sanctions programs and has extended its autonomous sanctions regimes to apply to and in the U.K. overseas territories.

Australia

The Australian restrictions and prohibitions arising from the sanctions laws apply broadly to any person in Australia, any Australian anywhere in the world, companies incorporated overseas that are owned or controlled by Australians or persons in Australia, and/or any person using an Australian flag vessel or aircraft to transport goods or transact services subject to United Nations sanctions.

OUR HISTORY

Overview

We are a leading hydrogen energy storage and transport equipment manufacturer in China. We develop and manufacture hydrogen energy core equipment used in the entire industry value chain of hydrogen energy, which consists of its production, storage, transportation, refueling and use. Our Company was established in the PRC on June 13, 2016 as a limited liability company and held by Zhangjiagang Furui Special Equipment Co., Ltd.* (張家港富瑞特種裝備股份有限公司) ("Furui Special Equipment"), a company listed on the Shenzhen Stock Exchange (stock code: 300228), as to 70.00% and New Cloud Technology as to 30.00%, respectively, at the time of our establishment.

Furui Special Equipment was a company co-founded by Mr. Wu in August 2003 and whose shares were listed on the Shenzhen Stock Exchange in June 2011. As of the date of our establishment, Mr. Wu served as the chairman of Furui Special Equipment and our Company was a subsidiary of Furui Special Equipment. New Cloud Technology was a shareholding platform for the management team of our Company, whose partners were personnels in core positions of our Group in R&D and marketing departments. In December 2018, Furui Special Equipment transferred all of its 56.00% equity interests in our Company to New Cloud Technology for the purposes of, among others, disposal of our business to recapture funds and stimulating the enthusiasm of our then management team by increasing their shareholding in our Company. Please see "— Our Corporate History — (3) Major Shareholding Changes of Our Company" and "— Pre-IPO Investments" in this section for further details on the changes in our shareholding structure.

On August 31, 2020, we were converted into a joint stock limited company with all our then 13 existing Shareholders being our promoters. Upon completion of the conversion, we were controlled by New Cloud Technology, which held 33.70% of our Shares. Mr. Wu and Mr. Wang acted as the general partners of New Cloud Technology.

As of the Latest Practicable Date, New Cloud Technology, Mr. Wu, Mr. Wang, Qingjie New Energy, Hydrogen Ying New Energy and Hydrogen Win New Energy were the Single Largest Group of Shareholders, which was led by Mr. Wu, the founder of our Group. Among them, New Cloud Technology directly held approximately 19.07% of our issued share capital and was held by Mr. Wu and Mr. Wang, each in the capacity as a general partner, as to approximately 28.98% and approximately 15.30%, and by 24 limited partners (comprising three connected persons each being a director or chief executive of our subsidiary and 21 employees who are Independent Third Parties, with their respective shareholding in New Cloud Technology ranging from 0.29% to 13.28%) as to approximately 55.72%, respectively, as of the Latest Practicable Date. In addition to Mr. Wu's interest in New Cloud Technology, as of the Latest Practicable Date, (i) Mr. Wu directly owned approximately 3.47% of our issued share capital; (ii) Qingjie New Energy, which held approximately 1.52% of our issued share capital, has entered into a voting rights proxy agreement with Mr. Wu dated March 23, 2020, to entrust the voting rights attached to its shareholding in our Company to Mr. Wu for a period starting from the signing date of the voting rights proxy agreement until 36 months after the date of initial public offering and listing of our Company; and (iii) Mr. Wu was the general partner of Hydrogen Ying New Energy and Hydrogen Win New Energy, which held approximately 1.89% and approximately 0.93% of our issued share capital, respectively. Pursuant to an acting in concert agreement entered into between Mr. Wu and Mr. Wang on March 23, 2020, for a period starting from the signing date of the acting in concert agreement until 36 months after the date of initial public offering and listing of our Company, Mr. Wu and Mr. Wang shall act in concert in exercising, among other things, the voting rights as shareholders and directors of our Company (including through New Cloud Technology, Qingjie New Energy, Hydrogen Ying New Energy and Hydrogen Win New Energy), as the case may be, provided that if there is any disagreement between them, Mr. Wu's decision shall be final. Accordingly, our Single Largest Group of Shareholders was, collectively, entitled to exercise an aggregate of approximately 26.89% of the voting rights in our Company as of the Latest Practicable Date.

Our Business Milestones

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

Year	Milestones
2016	• Our Company was established in the PRC with limited liability in Zhangjiagang City, Jiangsu Province
	• Our first set of vehicle-mounted hydrogen supply system was made available in the market
2017	• We obtained B3 grade pressure vessel special equipment manufacturing license, and our first set of hydrogen refueling station device was made available in the market
	• First batch of nine sets of vehicle-mounted hydrogen storage cylinders (車載儲氫瓶) products were exported to the United States
2018	• We passed IATF16949:2016 automobile industry quality management system certification
	• We were awarded as Invisible Little Giant Enterprise (隱形小巨人企業) of Jiangsu Province by Jiangsu Provincial Commission of Economy and Information (江蘇省經濟和信息化委員會)
	• We were awarded as High-tech Enterprise by Jiangsu Provincial Department of Science and Technology* (江蘇省科學技術廳) ("JPDST"), Department of Finance of Jiangsu Province* (江蘇省財政廳) and Jiangsu Taxation Bureau of the State Administration of Taxation* (國家稅務總局江蘇省稅務局)

Year	Milestones
2019	• Our Zhangjiagang Factory Phase I commenced construction and received approval as a strategic emerging industry development project in Jiangsu Province by Jiangsu Development and Reform Commission (江蘇省發展和改革委員會) and Department of Finance of Jiangsu Province • Our high-pressure hydrogen cylinders (高壓氫瓶) obtained the European Union EC No. 79 Certification, and the vehicle-mounted hydrogen supply system exported to Malaysia • We supported the world's first commercial hydrogen-powered tram (商用氫能源有軌電車) into operation in Gaoming District, Foshan City, Guangdong Province
2020	• We were recognized as Jiangsu Province Engineering and Technology Research Center (江蘇省工程技術研究中心) by JPDST • We were awarded with the second prize of Science and Technology Progress Award by the China Machinery Industry Federation (中國機械工程聯合會) and the Chinese Mechanical Engineering Society (中國機械工程學會) for the development of our intelligent hydrogen gas boosting and filling system • We were awarded as the National Level Specialized and Innovative "Little Giant" Enterprise (國家級專精特新"小巨人"企業) by MIIT • We were awarded as the Potential Unicorn Enterprise in Southern Jiangsu (蘇南潛在獨角獸企業) by Southern Jiangsu National Independent Innovation Demonstration Zone Construction Promotion Service Center of Jiangsu Province (江蘇省蘇南國家自主創新示範區建设促進服務中心)
2021	• Our 70MPa Containerized High-pressure Intelligent Hydrogen Refueling Equipment (70MPa集裝箱式高壓智能加氫成套設備) was recognized as the first and major technology equipment in the energy sector for the year 2021 by National Energy Administration • We participated in the drafting of three national standards for liquid hydrogen and one national standard for hydrogen refueling stations • We were awarded as the Key "Little Giant" Enterprise by MIIT

Year	Milestones
2022	• Our Zhangjiagang Factory Phase III commenced construction and recognized as the Jiangsu Province 2022 New Energy Major Project
	• We provided 70MPa sets of equipment to two hydrogen refueling stations for the 2022 Winter Olympics
	• Our first set of 1000Nm^3/h ALK water electrolysis hydrogen production device was rolled off the production line
	• We participated in the drafting of the new version of the national standard "Hydrogenation Equipment", which has been officially released and implemented
2023	• We started overseas deployment and set up subsidiaries and/or associated companies in Europe, Middle East, Singapore, etc.
	• We provided operation and maintenance services to the first high-speed green hydrogen refueling pilot station with integrated hydrogen production and refueling at the 28th United Nations Climate Change Conference
	• We led one of the research topics in a national key research and development plan project for the establishment of a multi-energy fusion comprehensive energy station at Ningbo Zhoushan Port
	• We were awarded as an excellent enterprise in Jiangsu Province by Jiangsu Provincial Committee of the Communist Party of China (中共江苏省委) and Jiangsu Provincial People's Government (江苏省人民政府)
	• We delivered our first 10 tons per day hydrogen liquefaction unit to the hydrogen energy integration project of Qilu Hydrogen for installation
2024	• Our trademark used for hydrogen supply device of hydrogen fuelled vehicles were recognized as high profile trademark in Jiangsu province by the high profile trademark review committee of Jiangsu Trademark Association (江蘇省商標協會高知名商標評審委員會)
	• We started the construction of a new production facility for Type-IV cylinders in Qingpu District, Shanghai
	• Two intelligent production lines of Zhangjiagang Factory Phase III were put into operation: one with an annual capacity of approximately 22,000 units (equivalent to approximately 9.0 million liters) of Type-III cylinders, and the other with an annual capacity of approximately 120 sets of water electrolysis hydrogen production equipment

Our Corporate History

(1) Establishment of our Company

Our Company was established in the PRC on June 13, 2016 as a limited liability company under the name of Zhangjiagang Furui Hydrogen Energy Equipment Co., Ltd.* (張家港富瑞氫能裝備有限公司) which was changed to Jiangsu Guofu Hydrogen Energy Technology Equipment Co., Ltd.* (江蘇國富氫能技術裝備有限公司) on June 10, 2019, with an initial registered capital of RMB20.00 million, which was held as to 70.00% by Furui Special Equipment, a company listed on the Shenzhen Stock Exchange (stock code: 300228) and 30.00% by New Cloud Technology.

Furui Special Equipment was a company co-founded by Mr. Wu in August 2003 and whose shares were listed on the Shenzhen Stock Exchange in June 2011. As of the date of our establishment, Mr. Wu served as the chairman of Furui Special Equipment and our Company was a subsidiary of Furui Special Equipment. New Cloud Technology was a shareholding platform for the management team of our Company, whose partners were personnels in core positions of our Group in R&D and marketing departments.

(2) Pre-IPO Investments

Since our establishment, we have received Pre-IPO Investments by way of our Pre-IPO Investors subscribing for increased registered capital of our Company or acquiring equity interests from some of our then Shareholders to, among other things, raise funds for the development of our business and bring in new Shareholders to our Company. Please see "— Pre-IPO Investments" in this section for further details.

Our PRC Legal Advisors have confirmed that, all the capital increases and equity transfers as described in "— Pre-IPO Investments" in this section were properly and legally completed and all necessary approvals, filings and registrations from the relevant PRC authorities have been obtained and completed in all material respects.

(3) Major Shareholding Changes of Our Company

Set out below is a summary of the major shareholding changes of our Company (save for the Pre-IPO Investments) since our establishment and up to the Latest Practicable Date.

(a) Equity transfer by Furui Special Equipment to New Cloud Technology

Pursuant to an equity transfer agreement dated June 15, 2018, Furui Special Equipment transferred 56.00% equity interests in our Company to New Cloud Technology at a consideration of RMB56.00 million, which was determined based on an asset valuation report by an independent valuer and arm's length negotiations between the parties and was fully settled on December 13, 2018.

(b) Capital injection by Qingjie New Energy

Pursuant to the capital increase agreement dated February 22, 2019, and shareholder resolutions dated January 13, 2019 and February 13, 2019, Qingjie New Energy subscribed for the increased registered capital of RMB1.50 million of our Company at a consideration of RMB6.00 million, which was determined based on the valuation of our Company after arm's length negotiations among the parties and was fully settled on April 27, 2020. Immediately after the above capital injection, approximately 5.66% of the enlarged registered share capital of our Company was held by Qingjie New Energy.

(c) Further Capital injection by New Cloud Technology

Pursuant to a capital increase agreement dated February 27, 2019, New Cloud Technology subscribed for the increased registered capital of RMB8.00 million of our Company at a consideration of RMB32.00 million, which was determined based on the valuation of our Company after arm's length negotiations among the parties and was fully settled on April 3, 2019. Immediately after the above capital injection, approximately 55.80% of the enlarged registered share capital of our Company was held by New Cloud Technology.

(d) Conversion into a Joint Stock Company in 2020

Pursuant to the promoter agreement dated July 24, 2020 entered into among all the 13 then existing Shareholders of our Company being our promoters, and as approved at the general meeting held on July 24, 2020, our Company was converted from a limited liability company into a joint stock limited liability company and changed the name of our Company into Jiangsu Guofu Hydrogen Energy Equipment Co., Ltd.* (江蘇國富氫能技術裝備股份有限公司). Upon completion of such conversion on August 31, 2020, the registered capital of our Company became RMB57,099,599.00 divided into 57,099,599 Shares with a nominal value of RMB1.00 each, which were subscribed by all the then existing Shareholders in proportion to their respective equity interests in our Company before the conversion.

(e) Capital injection by Mr. Wu

Pursuant to the share incentive plan passed by the general meeting on October 10, 2020, the restricted share grant agreement and share subscription agreement dated October 10, 2020, Mr. Wu subscribed for 3,425,987 Shares of our Company at a par value of RMB1.00 per share, representing the increased registered capital of approximately RMB3.43 million of our Company at a consideration of RMB15.00 million, which was determined based on arm's length negotiations among the parties and was full settled on March 15, 2021. Immediately after the above capital injection, approximately 5.66% of the enlarged registered share capital of our Company was held by Mr. Wu.

(f) Capital Injection by Hydrogen Ying New Energy and Hydrogen Win New Energy

Pursuant to the share incentive plans passed by the general meeting on November 24, 2023 and the capital increase agreement dated December 15, 2023, (i) Hydrogen Ying New Energy subscribed for 1,866,669 Shares of our Company at a par value of RMB1.00 per share, representing the increased registered capital of approximately RMB1.87 million of our Company at a consideration of approximately RMB14.93 million; and (ii) Hydrogen Win New Energy subscribed for 918,212 Shares of our Company at a par value of RMB1.00 per share, representing the increased registered capital of approximately RMB0.92 million of our Company at a consideration of approximately RMB7.35 million. The considerations were determined based on the valuation of our Company after arm's length negotiations among the parties and were full settled on December 28, 2023. Immediately after the above capital injection, approximately 2.01% and 0.99% of the enlarged registered share capital of our Company was held by Hydrogen Ying New Energy and Hydrogen Win New Energy, respectively.

OUR SUBSIDIARIES

The table below were subsidiaries of the Group during the Track Record Period and as of the Latest Practicable Date:

No.	Name of subsidiaries	Place of establishment	Date of establishment	Registered capital as of the Latest Practicable Date	Shareholding controlled by our Company	Principal business or intended principal business
1.	Beijing Guofu	PRC	April 25, 2021	RMB30.00 million	100%	Sales of hydrogen equipment
2.	Sichuan Guofu	PRC	August 13, 2021	RMB30.00 million	100%	Sales of hydrogen equipment
3.	Shanghai Qingping	PRC	January 14, 2021	RMB80.00 million	100%	Research and development of hydrogen science and application
4.	Shanghai Guofu	PRC	January 25, 2022	RMB100.00 million	100%	Production and sales of Type IV vehicle-mounted high-pressure cylinders and PEM water electrolysis hydrogen production equipment

No.	Name of subsidiaries	Place of establishment	Date of establishment	Registered capital as of the Latest Practicable Date	Shareholding controlled by our Company	Principal business or intended principal business
5.	Inner Mongolia Guofu	PRC	November 29, 2022	RMB50.00 million	100%	Businesses related to integrated project of hydrogen production and liquefaction from wind power and solar power
6.	Hydrogen Cloud Research Institute	PRC	August 10, 2017	RMB20.34 million	90.46%	Research and development of foresight hydrogen science
7.	Xinjiang Guofu	PRC	September 20, 2022	RMB35.00 million	94.29%	Construction and operation of fuel cell bus station, hydrogenation station and comprehensive energy station
8.	Shanghai Qingmai	PRC	January 4, 2021	RMB30.00 million	90%	Water electrolysis production equipment related businesses
9.	GF Hydrogen Europe	Germany	January 19, 2023	EUR25,000.00	100%	Sales and operation and maintenance services of hydrogen energy products and water electrolysis hydrogen production system
10.	Guofuhee Singapore	Singapore	June 28, 2023	USD5.00 million	100%	Research and development of process package for large-scale hydrogen liquefaction plant
11.	GFH2 Dubai	United Arab Emirates	October 11, 2023	AED400,000.00	100%	Renewable energy consultancy

No.	Name of subsidiaries	Place of establishment	Date of establishment	Registered capital as of the Latest Practicable Date	Shareholding controlled by our Company	Principal business or intended principal business
12.	Hong Kong Guofu	Hong Kong	August 16, 2024	HKD1 million	80%	Promotion and applying hydrogen energy technology business, construction and operation of hydrogen refueling stations
13.	Jiaxing Guofu	PRC	October 10, 2024	RMB50 million	100%	Sales and promotion of liquid hydrogen cylinders and other hydrogen energy products

PREVIOUS LISTING ATTEMPT

On June 29, 2022, the Shanghai Stock Exchange accepted our application for the listing of and permission to deal in the Shares of our Company on the SSE STAR Market (the "A Share Listing Attempt"). Our Company has received certain comments from the Shanghai Stock Exchange in respect of the A Share Listing Attempt. In October 2022, considering the fact that the expected time required for our listing on the A-share market could not align with our Company's strategic financing plan, we voluntarily withdrew the application of such listing so that we could use other means to raise fund and/or introduce new investors to facilitate our business development. In 2023, through the June 2023 Equity Transfer, a few Pre-IPO Investors made investments in the equity of our Company from February 2023 to June 2023 and through the December 2023 Investment, a new Pre-IPO Investor and an existing Pre-IPO Investor made further investments in our Company. Please refer to the paragraph headed "— Pre-IPO Investments" in this section for further details.

In early 2023, after considering the positive impact and the advantages in terms of fund raising capabilities to be brought by listing and our needs for business development and financing, we believed that seeking an initial public offering was still desirable for our short-term as well as long-term development. As such, while we were in the process of considering which stock exchange to proceed with the listing of securities, we submitted our listing tutoring filing which was accepted by the Jiangsu Regulatory Bureau of the CSRC on March 28, 2023 (the "2023 IPO Tutoring").

After considering the macro-policy and the A-share review environment at the time, our own financing strategic planning, and the hydrogen energy industry market environment, we decided to proceed with the Listing first. Accordingly, in December 2023, we and our tutoring institution, Haitong Securities Co., Ltd., reached consensus on the termination of the tutoring agreement and the 2023 IPO Tutoring. We submitted our termination application to the Jiangsu Regulatory Bureau of the CSRC on December 25, 2023. Except for the periodical tutoring reports filed by Haitong Securities Co., Ltd., there was no other filing or formal listing application submitted and we did not receive any comments or feedbacks raised by the CSRC or the Shanghai Stock Exchange in connection with the 2023 IPO Tutoring.

Our Directors are of the view that there are no matters relating to the A Share Listing Attempt and the 2023 IPO Tutoring which may pose a material adverse implication on the Listing or may affect the suitability of our Company to list the Shares on the Stock Exchange, which should be highlighted in this prospectus for investors to form an informed assessment of our Company.

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

MAJOR ACQUISITIONS AND DISPOSALS

During the Track Record Period and as of the Latest Practicable Date, our Group did not have any major acquisitions, disposals or mergers.

PRE-IPO SHARE INCENTIVE PLANS

In recognition of the contributions of, among others, our employees and to incentivize them to further promote our development, Qingjie New Energy, Hydrogen Ying New Energy and Hydrogen Win New Energy were established in the PRC as our employee incentive platforms.

Qingjie New Energy

Qingjie New Energy was established in the PRC as a limited partnership on January 17, 2019. As of the Latest Practicable Date, Mr. He Guangliang (何光亮) is the general partner of Qingjie New Energy. Qingjie New Energy had 37 limited partners, including 36 then employees and one external consultant when incentive awards were granted. Among the 36 then employees who were granted with incentive awards, 33 were our existing employees as of the Latest Practicable Date.

Due to work-related connections, Mr. Zhong Haiwei (鍾海衛) ("Mr. Zhong"), being the abovementioned external consultant, became acquainted with Mr. Wu in 2002. With over 20 years of experience in the gas industry, Mr. Zhong gained a deep understanding and optimism for the hydrogen energy industry. In December 2018, Mr. Zhong entered into a consultancy agreement with our Company as an external consultant to provide advice on the R&D as well as manufacturing of liquid hydrogen containers to our Group, for which he rendered his services at no charge. During the Track Record Period, Mr. Zhong did not charge any service fees from us. To recognize Mr. Zhong's contribution to our Company in relation to the R&D and manufacturing of liquid hydrogen containers, Mr. Zhong was invited to participate in our Pre-IPO Share Incentive Plan in January 2019. As of the Latest Practicable Date, Mr. Zhong held 0.66% partnership interest in New Cloud Technology and 3.33% partnership interest in Qingjie New Energy. Save for the above, Mr. Zhong has no past or present relationships (including financing, family, business, employment, trust or otherwise) with our Company or subsidiaries, their substantial shareholders, directors, supervisors, senior management, or any of their respective associates.

As of the Latest Practicable Date, Qingjie New Energy held 1.52% equity interests of our Company. Pursuant to a voting rights proxy agreement dated March 23, 2020, Qingjie New Energy has entrusted the voting rights attached to its shareholding of our Company to Mr. Wu for a period starting from the signing date of the voting rights proxy agreement until 36 months after the date of initial public offering and listing of our Company.

Hydrogen Ying New Energy

Hydrogen Ying New Energy was established in the PRC as a limited partnership on December 14, 2023, with one general partner and 41 limited partners, all being our then employees. As of the Latest Practicable Date, Mr. Wu is the general partner of Hydrogen Ying New Energy and is responsible for its overall management, including its daily operation, management and decision making. As of the Latest Practicable Date, Hydrogen Ying New Energy had 39 limited partners, all being our then employees when incentive awards were granted. Among the 39 then employees who were granted with incentive awards, 38 were our existing employees as of the Latest Practicable Date. As of the Latest Practicable Date, Hydrogen Ying New Energy held 1.89% equity interests of our Company.

Hydrogen Win New Energy

Hydrogen Win New Energy was established in the PRC as a limited partnership on December 14, 2023, with one general partner and 39 limited partners, all being our then employees. As of the Latest Practicable Date, Mr. Wu is the general partner of Hydrogen Win New Energy and is responsible for its overall management, including its daily operation, management and decision making. As of the Latest Practicable Date, Hydrogen Win New Energy had 38 limited partners, all being our then employees when incentive awards were granted. Among the 38 then employees who were granted with incentive awards, 38 were our existing employees as of the Latest Practicable Date. As of the Latest Practicable Date, Hydrogen Win New Energy held 0.93% equity interests of our Company.

The Pre-IPO Share Incentive Plans were adopted and approved by resolutions in writing by the general meetings on January 13, 2019, October 10, 2020 and November 24, 2023. As of the Latest Practicable Date, the three employee incentive platforms, in aggregate held 4,284,881 Shares, representing 4.34% equity interests in our Company. For further information regarding the terms and the information of the Pre-IPO Share Incentive Plans, please refer to "Appendix VII — Statutory and General Information — D. Pre-IPO Share Incentive Plans".

PRE-IPO INVESTMENTS

Overview

(a) Capital injection by Yongyuan Huaneng ("October 2017 Investment")

Pursuant to the capital increase agreement dated October 12, 2017, Zhangjiagang Yongyuan Huaneng Equity Investment Partnership (Limited Partnership)* (張家港涌源鏵能股權投資合夥企業(有限合夥)) ("Yongyuan Huaneng") subscribed for the increased registered capital of RMB5.00 million of our Company at a consideration of RMB20.00 million, which was determined based on the valuation of our Company after arm's length negotiations among the parties. Immediately after the above capital injection, approximately 20.00% of the enlarged registered share capital of our Company was held by Yongyuan Huaneng.

Upon completion of the October 2017 Investment, the shareholding structure of our Company was as follows:

	Before the investment		After the investment	
Name of Shareholders	**Registered share capital**	**Shareholding percentage**	**Registered share capital**	**Shareholding percentage**
	(RMB' million)	*(%)*	*(RMB' million)*	*(%)*
Furui Special Equipment	14.00	70.00	14.00	56.00
New Cloud Technology	6.00	30.00	6.00	24.00
Yongyuan Huaneng	–	–	5.00	20.00
Total	**20.00**	**100.00**	**25.00**	**100.00**

(b) Equity transfers by New Cloud Technology to three new investors ("January 2019 Equity Transfer")

Pursuant to the equity transfer agreements dated November 19, 2018, (i) New Cloud Technology transferred 10.00% equity interests in our Company to Tang Ying (唐瑩) at a consideration of RMB10.00 million; (ii) New Cloud Technology transferred 5.00% equity interests in our Company to Qian Wuting (錢午亭) at a consideration of RMB5.00 million; and (iii) New Cloud Technology transferred 20.00% equity interests in our Company to Wang Ping (王平) at a consideration of RMB20.00 million. The considerations were based on the valuation of our Company after arm's length negotiations among the parties and were settled by way of set-off against the principal of loans owed by New Cloud Technology to Tang Ying, Qian Wuting and Wang Ping in the amount of RMB10.00 million, RMB5.00 million and RMB20.00 million, respectively. Immediately after the above equity transfers, 10.00%, 5.00% and 20.00% of the enlarged registered share capital of our Company was held by each of Tang Ying, Qian Wuting and Wang Ping, respectively.

Upon completion of the January 2019 Equity Transfer, the shareholding structure of our Company was as follows:

Name of Shareholders	Before the investment		After the investment	
	Registered share capital	Shareholding percentage	Registered share capital	Shareholding percentage
	(RMB' million)	*(%)*	*(RMB' million)*	*(%)*
New Cloud Technology	20.00	80.00	11.25	45.00
Yongyuan Huaneng	5.00	20.00	5.00	20.00
Wang Ping	–	–	5.00	20.00
Tang Ying	–	–	2.50	10.00
Qian Wuting	–	–	1.25	5.00
Total	**25.00**	**100.00**	**25.00**	**100.00**

(c) Capital injection by two new investors ("June 2019 Investment")

Pursuant to the capital increase agreement dated April 22, 2019, (i) Shanghai CM B Venture Capital Investment Partnership (Limited Partnership)* (上海遨問乙期創業投資合夥企業(有限合夥)) ("CM Venture Capital") subscribed for the increased registered capital of approximately RMB1.92 million of our Company at a consideration of RMB10.00 million and (ii) Zhangjiagang City Lexin Investment Partnership (Limited Partnership)* (張家港市樂鑫投資合夥企業(有限合夥)) ("Lexin Investment") subscribed for the increased registered capital of approximately RMB1.92 million of our Company at a consideration of RMB10.00 million. The considerations were determined based on the valuation of our Company after arm's length negotiations among the parties, with an increase of approximately 30.50% in the investment cost per Share as compared to that in the January 2019 Equity Transfer mainly due to the 2019 Government Work Report issued by the State Council in March 2019 which included the development of hydrogen energy for the first time. Immediately after the above capital injection, approximately 5.00% and 5.00% of the enlarged registered share capital of our Company was held by each of CM Venture Capital and Lexin Investment, respectively.

Upon completion of the June 2019 Investment, the shareholding structure of our Company was as follows:

Name of Shareholders	Before the investment		After the investment	
	Registered share capital	Shareholding percentage	Registered share capital	Shareholding percentage
	(RMB' million)	*(%)*	*(RMB' million)*	*(%)*
New Cloud Technology	19.25	55.80	19.25	50.22
Yongyuan Huaneng	5.00	14.49	5.00	13.04
Wang Ping	5.00	14.49	5.00	13.04

	Before the investment		After the investment	
Name of Shareholders	**Registered share capital**	**Shareholding percentage**	**Registered share capital**	**Shareholding percentage**
	(RMB' million)	*(%)*	*(RMB' million)*	*(%)*
Tang Ying	2.50	7.25	2.50	6.52
Qingjie New Energy	1.50	4.35	1.50	3.91
Qian Wuting	1.25	3.62	1.25	3.26
CM Venture Capital	–	–	1.92	5.00
Lexin Investment	–	–	1.92	5.00
Total	**34.50**	**100.00**	**38.33**	**100.00**

(d) Capital injection by a new investor ("First July 2019 Investment")

Pursuant to the capital increase agreement dated on June 25, 2019, Shanghai Jinpu Lingang Intelligent Technology Equity Investment Fund Partnership (Limited Partnership)* (上海金浦臨港智能科技股權投資基金合夥企業(有限合夥)) ("Jinpu Intelligent") subscribed for the increased registered capital of approximately RMB2.88 million of our Company at a consideration of RMB15.00 million, which was determined based on the valuation of our Company after arm's length negotiations among the parties. Immediately after the above capital injection, approximately 6.98% of the enlarged registered share capital of our Company was held by Jinpu Intelligent.

Upon completion of the First July 2019 Investment, the shareholding structure of our Company was as follows:

	Before the investment		After the investment	
Name of Shareholders	**Registered share capital**	**Shareholding percentage**	**Registered share capital**	**Shareholding percentage**
	(RMB' million)	*(%)*	*(RMB' million)*	*(%)*
New Cloud Technology	19.25	50.22	19.25	46.71
Yongyuan Huaneng	5.00	13.04	5.00	12.13
Wang Ping	5.00	13.04	5.00	12.13
Tang Ying	2.50	6.52	2.50	6.07
Qingjie New Energy	1.50	3.91	1.50	3.64
Qian Wuting	1.25	3.26	1.25	3.03
CM Venture Capital	1.92	5.00	1.92	4.65
Lexin Investment	1.92	5.00	1.92	4.65
Jinpu Intelligent	–	–	2.88	6.98
Total	**38.33**	**100.00**	**41.21**	**100.00**

(e) Further capital injection by CM Venture Capital ("Second July 2019 Investment")

Pursuant to the capital increase agreement dated July 10, 2019, CM Venture Capital subscribed for the increased registered capital of approximately RMB1.92 million of our Company at a consideration of RMB10.00 million, which was determined based on the valuation of our Company after arm's length negotiations among the parties. Immediately after the above capital injection, approximately 8.89% of the enlarged registered share capital of our Company was held by CM Venture Capital.

(f) Capital injection by a new investor ("October 2019 Investment")

Pursuant to the capital increase agreement dated September 18, 2019, Zhangjiagang Free Trade Zone Fanchuang Industrial Development Co., Ltd.* (張家港保稅區梵創產業發展有限公司) ("Fanchuang Industrial") subscribed for the increased registered capital of approximately RMB6.55 million of our Company at a consideration of RMB60.00 million, which was determined based on the valuation of our Company after arm's length negotiations among the parties, with an increase of approximately 75.48% in the investment cost per Share as compared to that in the Second July 2019 Investment which was primarily due to (i) a series of favorable policies to support the development of hydrogen energy industry published since the issue of the 2019 Government Work Report, including but not limited to the State Council's Opinions on Allocation among Key Department for the Implementation of the 2019 Government Work Report for landing of policies such as to facilitate the construction of hydrogenation facilities; and (ii) the development and expansion of our Group, the financial growth and the prospects of our business. Immediately after the above capital injection, approximately 13.19% of the enlarged registered share capital of our Company was held by Fanchuang Industrial.

Upon completion of the October 2019 Investment, the shareholding structure of our Company was as follows:

Name of Shareholders	Before the investment		After the investment	
	Registered share capital	**Shareholding percentage**	**Registered share capital**	**Shareholding percentage**
	(RMB' million)	*(%)*	*(RMB' million)*	*(%)*
New Cloud Technology	19.25	44.64	19.25	38.75
Yongyuan Huaneng	5.00	11.59	5.00	10.07
Wang Ping	5.00	11.59	5.00	10.07
Tang Ying	2.50	5.80	2.50	5.03
Qingjie New Energy	1.50	3.48	1.50	3.02
Qian Wuting	1.25	2.90	1.25	2.52
CM Venture Capital	3.83	8.89	3.83	7.72
Lexin Investment	1.92	4.44	1.92	3.86
Jinpu Intelligent	2.88	6.67	2.88	5.79
Fanchuang Industrial	–	–	6.55	13.19
Total	**43.12**	**100.00**	**49.68**	**100.00**

(g) Capital injection by three new investors and CM Venture Capital ("January 2020 Investment")

Pursuant to the capital increase agreement dated October 8, 2019, Zhang Jinlong (張金龍) subscribed for the increased registered capital of approximately RMB0.87 million of our Company at a consideration of RMB8.00 million.

Pursuant to the capital increase agreement dated December 19, 2019, 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 Hydrogen Energy") subscribed for the increased registered capital of approximately RMB2.18 million of our Company at a consideration of RMB20.00 million.

Pursuant to the capital increase agreement dated December 20, 2019, CM Venture Capital subscribed for the increased registered capital of approximately RMB1.09 million of our Company at a consideration of RMB10.00 million.

Pursuant to the capital increase agreement dated December 21, 2019, Shanghai Zhuhuai Enterprise Management Partnership (Limited Partnership)* (上海諸懷企業管理合夥企業(有限合夥)) ("Shanghai Zhuhuai") subscribed for the increased registered capital of approximately RMB1.09 million of our Company at a consideration of RMB10.00 million.

The considerations were determined based on the valuation of our Company after arm's length negotiations among the parties. Immediately after the above capital injection, each of Zhang Jinlong, Dongfang Hydrogen Energy, CM Venture Capital and Shanghai Zhuhuai held approximately 1.59%, 3.98%, 8.97% and 1.99% of the enlarged registered share capital of our Company, respectively.

(h) Further capital injection by Jinpu Intelligent ("May 2020 Investment")

Pursuant to the capital increase agreement dated April 15, 2020, Jinpu Intelligent subscribed for approximately the increased registered capital of approximately RMB2.18 million of our Company at a consideration of RMB20.00 million, which was determined based on the valuation of our Company after arm's length negotiations among the parties. Immediately after the above capital injection, approximately 8.86% of the enlarged registered share capital of our Company was held by Jinpu Intelligent.

(i) Capital injection by eight new investors and Zhang Jinlong ("December 2020 Investment")

Pursuant to the share subscription agreement dated September 1, 2020, Zhao Jingfang (趙靜芳) subscribed for 1,182,894 Shares of our Company at a par value of RMB1.00 per share, representing the increased registered capital of approximately RMB1.18 million of our Company at a consideration of RMB13.00 million.

Pursuant to the share subscription agreement dated September 25, 2020, Jiangsu Jiequan Anpeng Advanced Manufacturing Industry Investment Fund (Limited Partnership)* (江蘇疌泉安鵬先進製造產業投資基金(有限合夥)) ("Jiequan Anpeng") subscribed for 2,729,754 Shares of our Company at a par value of RMB1.00 per share, representing the increased registered capital of approximately RMB2.73 million of our Company at a consideration of RMB30.00 million.

Pursuant to the share subscription agreement dated September 27, 2020, Beijing Qianfeng Xintai Investment Co., Ltd.* (北京乾峰信泰投資有限公司) ("Beijing Qianfeng") subscribed for 454,959 Shares of our Company at a par value of RMB1.00 per share, representing the increased registered capital of approximately RMB0.45 million of our Company at a consideration of RMB5.00 million.

Pursuant to the share subscription agreement dated September 28, 2020, Zhang Jinlong subscribed for 500,000 Shares of our Company at a par value of RMB1.00 per share, representing the increased registered capital of RMB0.50 million of our Company at a consideration of approximately RMB5.50 million.

Pursuant to the share subscription agreement dated September 30, 2020, He Huadong (何華東) subscribed for 454,959 Shares of our Company at a par value of RMB1.00 per share, representing the increased registered capital of approximately RMB0.45 million of our Company at a consideration of RMB5.00 million.

Pursuant to the share subscription agreement dated October 10, 2020, Jiangsu Jiequan Jingshifeng Investment Fund (Limited Partnership)* (江蘇疌泉景世豐投資基金(有限合夥)) ("Jiequan Jingshifeng") subscribed for 1,364,877 Shares of our Company at a par value of RMB1.00 per share, representing the increased registered capital of approximately RMB1.36 million of our Company at a consideration of RMB15.00 million.

Pursuant to the share subscription agreement dated October 12, 2020, Shenzhen Guohua Tengyue Innovation Investment Fund Enterprise (Limited Partnership)* (深圳國華騰越創新投資基金企業(有限合夥)) ("Guohua Tengyue") subscribed for 909,918 Shares of our Company at a par value of RMB1.00 per share, representing the increased registered capital of approximately RMB0.91 million of our Company at a consideration of RMB10.00 million.

Pursuant to the share subscription agreement dated October 12, 2020, Suzhou Industrial Park Suna Tonghe Nanotechnology Application Industry Fund Partnership (Limited Partnership)* (蘇州工業園區蘇納同合納米技術應用產業基金合夥企業(有限合夥)) ("Suna Tonghe") subscribed for 1,364,877 Shares of our Company at a par value of RMB1.00 per share, representing the increased registered capital of approximately RMB1.36 million of our Company at a consideration of RMB15.00 million.

Pursuant to the share subscription agreement dated October 27, 2020, Beijing Shuimu Qingyuan 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 Qingyuan") subscribed for 2,729,754 Shares of our Company at a par value of RMB1.00 per share, representing the increased registered capital of approximately RMB2.73 million of our Company at a consideration of RMB30.00 million.

The considerations of the above investments were determined based on the valuation of our Company after arm's length negotiations among the parties. Immediately after the above capital injections, each of Zhao Jingfang, Jiequan Anpeng, Beijing Qianfeng, Zhang Jinlong, He Huadong, Jiequan Jingshifeng, Guohua Tengyue, Suna Tonghe, Shuimu Qingyuan held approximately 1.64%, 3.78%, 0.63%, 1.90%, 0.63%, 1.89%, 1.26%, 1.89% and 3.78% equity interests in our Company, respectively.

(j) Capital injection by four new investors and three existing Shareholders ("First April 2021 Investment")

Pursuant to the share subscription agreement dated March 26, 2021, Shuimu Qingyuan subscribed for 1,337,363 Shares of our Company at a par value of RMB1.00 per share, representing the increased registered capital of approximately RMB1.34 million of our Company at a consideration of RMB25.00 million.

Pursuant to the share subscription agreements dated April 10, 2021, (i) Gongqingcheng Yuda II Equity Investment Partnership (Limited Partnership)* (共青城魚大貳號股權投資合夥企業(有限合夥)) ("Gongqingcheng Investment") subscribed for 1,337,363 Shares of our Company at a par value of RMB1.00 per share, representing the increased registered capital of approximately RMB1.34 million of our Company at a consideration of RMB25.00 million; (ii) Jining Jiekun Enterprise Management Partnership (Limited Partnership)* (濟寧頡坤企業管理合夥企業(有限合夥), previously known as Lishui Jiekun Enterprise Management Partnership (Limited Partnership)* (麗水頡坤企業管理合夥企業(有限合夥)) ("Jining Jiekun") subscribed for 2,674,725 Shares of our Company at a par value of RMB1.00 per share, representing the increased registered capital of approximately RMB2.67 million of our Company at a consideration of RMB50.00 million; (iii) Ningbo Zhenghai Jurui Venture Capital Partnership (Limited Partnership)* (寧波正海聚鋭創業投資合夥企業(有限合夥)) ("Ningbo Zhenghai Jurui") subscribed for 267,473 Shares of our Company at a par value of RMB1.00 per share, representing the increased registered capital of approximately RMB0.27 million of our Company at a consideration of RMB5.00 million; (iv) CM Venture Capital subscribed for 1,337,363 Shares of our Company at a par value of RMB1.00 per share, representing the increased registered capital of approximately RMB1.34 million of our Company at a consideration of RMB25.00 million; (v) Shanghai Zhuhuai subscribed for 802,418 Shares of our Company at a par value of RMB1.00 per share, representing the increased registered capital of approximately RMB0.80 million of our Company at a consideration of RMB15.00 million; and (vi) Huzhou Yongshi Huijin Equity Investment Partnership (Limited Partnership)* (湖州永石匯金股權投資合夥企業(有限合夥), currently known as Huzhou Yongshi Huijin Venture Capital Partnership (Limited Partnership)* (湖州永石匯金創業投資合夥企業(有限合夥)) ("Yongshi Huijin") subscribed for 534,945 Shares of our Company at a par value of RMB1.00 per share, representing the increased registered capital of approximately RMB0.53 million of our Company at a consideration of RMB10.00 million. The considerations were determined based on the valuation of our Company after arm's length negotiations between the parties.

The investment cost per Share in the First April 2021 Investment increased by approximately 70.06% as compared with that in the December 2020 Investment, mainly due to (i) the publication and implementation of favorable policies, such as 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》) and the Energy-Saving and New Energy Vehicle Roadmap 2.0 (《節能與新能源汽車路線2.0》), to support the development of hydrogen energy industry as disclosed in the section headed "Industry Overview" in this prospectus, as well as regulations and policies issued by cities and provinces across the country; and (ii) the further development and expansion of our Group, the financial growth and the prospects of our business.

Immediately after the above capital injections, each of Shuimu Qingyuan, Gongqingcheng Investment, Jining Jiekun, Ningbo Zhenghai Jurui, CM Venture Capital, Shanghai Zhuhuai, Yongshi Huijin held approximately 5.05%, 1.66%, 3.32%, 0.33%, 7.78%, 2.35% and 0.66% equity interests in our Company, respectively.

(k) Capital injection by two new investors ("Second April 2021 Investment")

Pursuant to the share subscription agreements dated April 20, 2021, (i) Enze Haihe (Tianjin) Equity Investment Fund Partnership (Limited Partnership)* (恩澤海河(天津)股權投資基金合夥企業(有限合夥)) ("Enze Haihe") subscribed for 1,604,835 Shares of our Company at a par value of RMB1.00 per share, representing the increased registered capital of approximately RMB1.60 million of our Company at a consideration of RMB30.00 million, and (ii) Suzhou Junyong Equity Investment Partnership (Limited Partnership)* (蘇州雋永股權投資合夥企業(有限合夥)) ("Suzhou Junyong") subscribed for 1,069,890 Shares of our Company at a par value of RMB1.00 per share, representing the increased registered capital of approximately RMB1.07 million of our Company at a consideration of RMB20.00 million. The considerations were determined based on the valuation of our Company after arm's length negotiations between the parties.

Immediately after the above capital injection, each of Enze Haihe and Suzhou Junyong held approximately 1.93% and 1.29% equity interests in our Company, respectively.

(l) Capital injection by four new investors ("September 2021 Investment")

Pursuant to the share subscription agreement dated August 11, 2021, Shanghai Hongcheng Venture Capital Partnership (Limited Partnership)* (上海泓成創業投資合夥企業(有限合夥)) ("Hongcheng VC") subscribed for 857,567 Shares of our Company at a par value of RMB1.00 per share, representing the increased registered capital of approximately RMB0.86 million of our Company at a consideration of RMB30.00 million.

Pursuant to the share subscription agreement dated August 16, 2021, Ningbo Meishan Free Trade Port Zone Tianying Heyi Investment Management Partnership (Limited Partnership)* (寧波梅山保税港區天鷹合易投資管理合夥企業(有限合夥)) ("Tianying Heyi") subscribed for 857,567 Shares of our Company at a par value of RMB1.00 per share, representing the increased registered capital of approximately RMB0.86 million of our Company at a consideration of RMB30.00 million.

Pursuant to the share subscription agreements dated September 6, 2021, (i) Qingdao Xinding Kenge Lushi Equity Investment Partnership (Limited Partnership)* (青島新鼎啃哥陸拾股權投資合夥企業(有限合夥)) ("Qingdao Xinding") subscribed for 1,429,278 Shares of our Company at a par value of RMB1.00 per share, representing the increased registered capital of approximately RMB1.43 million of our Company at a consideration of RMB50.00 million; and (ii) Langma 41 (Shenzhen) Venture Capital Center (Limited Partnership)* (朗瑪四十一號(深圳)創業投資中心(有限合夥)) ("Langma 41") subscribed for 857,567 Shares of our Company at a par value of RMB1.00 per share, representing the increased registered capital of approximately RMB0.86 million of our Company at a consideration of RMB30.00 million.

The considerations were determined based on the valuation of our Company after arm's length negotiations between the parties. The investment cost per Share in the September 2021 Investment increased by approximately 87.16% as compared to that in the Second April 2021 Investment mainly due to (i) the continuous positive impact of the published favorable policies to support the development of hydrogen energy industry as disclosed in the section headed "Industry Overview" in this prospectus as well as the new favorable policies announced, among which, in particular, 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 August 13, 2021 sets forth the approval to Beijing, Shanghai and Guangdong city clusters to start the implementation of the fuel cell vehicle pilot application and provides critical policy support and incentives to accelerate the development of China's entire hydrogen value chain; (ii) the commencement of the pre-listing tutoring of our Company for the A Share Listing Attempt in September 2021, which enhanced the confidence of our investors in our future development and prospects; and (iii) the further development and expansion of our Group, the financial growth and the prospects of our business.

Immediately after the above capital injection, each of Hongcheng VC, Tianying Heyi, Qingdao Xinding and Langma 41 held approximately 0.98%, 0.98%, 1.64% and 0.98% equity interests in our Company, respectively.

(m) Equity transfers in October 2021 ("October 2021 Equity Transfer")

Pursuant to the equity transfer agreements dated September 2, 2021, Wang Ping transferred (i) 857,567 Shares, representing approximately 1.03% equity interests in our Company to Anji Jiekun Enterprise Management Partnership (Limited Partnership)* (安吉頡坤企業管理合夥企業(有限合夥)) ("Anji Jiekun") at a consideration of RMB30.00 million; (ii) 1,429,278 Shares, representing approximately 1.72% equity interests in our Company to Qingdao Xinding at a consideration of RMB50.00 million; (iii) 285,856 Shares, representing approximately 0.34% equity interests in our Company to Yongshi Huijin at a consideration of RMB10.00 million; and (iv) 285,856 Shares, representing approximately 0.34% equity interests in our Company to Zhang Tong (張彤) at a consideration of RMB10.00 million.

Pursuant to an equity transfer agreement dated September 2, 2021, Fanchuang Industrial transferred 1,504,503 Shares, representing approximately 1.81% equity interests in our Company to Wang Zhi (王治) at a consideration of RMB50.00 million, which was determined based on arm's length negotiations on the price per share between the parties.

Pursuant to an equity transfer agreement dated September 9, 2021, He Huadong transferred 142,928 Shares, representing approximately 0.17% equity interests in our Company to Cui Haining (崔海寧) at a consideration of RMB5.00 million.

Pursuant to the equity transfer agreements dated September 10, 2021, Lexin Investment transferred (i) 857,567 Shares, representing approximately 1.03% equity interests in our Company to Nanjing Delian Xingyao Investment Center (Limited Partnership)* (南京德聯星曜投資中心(有限合夥)) ("Delian Xingyao") at a consideration of RMB30.00 million; and (ii) 1,059,083 Shares, representing approximately 1.27% equity interests in our Company to Beijing Shunyuan Qingrui Equity Investment Partnership (Limited Partnership)* (北京順源氫瑞股權投資合夥企業(有限合夥)) ("Shunyuan Qingrui") at a consideration of approximately RMB37.05 million.

The considerations were determined based on the valuation of our Company after arm's length negotiations between the parties. Immediately after the above equity transfers and taking into account that the completion of the September 2021 Investment which took place about the same time, each of Anji Jiekun, Qingdao Xinding, Yongshi Huijin, Zhang Tong, Wang Zhi, Cui Haining, Delian Xingyao and Shunyuan Qingrui held approximately 0.98%, 3.28%, 0.94%, 0.33%, 1.73%, 0.16%, 0.98% and 1.21% equity interests in our Company, respectively.

(n) Capital injection by three new investors, and equity transfer by Zhang Jinlong ("November 2021 Investment and Equity Transfer")

Pursuant to the share subscription agreements dated October 25, 2021, (i) Zhangjiagang Jinsha Emerging Industry Investment Fund Partnership (Limited Partnership)* (張家港金沙新興產業投資基金合夥企業(有限合夥)) ("Jinsha Fund") subscribed for 857,567 Shares of our Company at a par value of RMB1.00 per share, representing the increased registered capital of approximately RMB0.86 million of our Company at a consideration of RMB30.00 million; (ii) Huzhou Jurenyongxing Equity Investment Partnership Enterprise (Limited Partnership)* (湖州巨人涌興股權投資合夥企業(有限合夥)) ("Yongxing Investment") subscribed for 571,711 Shares of our Company at a par value of RMB1.00 per share, representing the increased registered capital of approximately RMB0.57 million of our Company at a consideration of RMB20.00 million; and (iii) Jiequan Shuangyu (Suzhou) Equity Investment Partnership (Limited Partnership)* (建泉雙禺(蘇州)股權投資合夥企業(有限合夥)) ("Jiequan Shuangyu") subscribed for 571,711 Shares of our Company at a par value of RMB1.00 per share, representing the increased registered capital of approximately RMB0.57 million of our Company at a consideration of RMB20.00 million.

Pursuant to an equity transfer agreement dated October 25, 2021, Zhang Jinlong transferred 285,856 Shares, representing approximately 0.33% equity interests in our Company to Zhangjiagang City Yuefeng Jinchuang Investment Co., Ltd.* (張家港市悅豐金創投資有限公司) ("Yuefeng Jinchuang") at a consideration of RMB10.00 million. Pursuant to the gratuitous transfer agreement dated February 9, 2024, Yuefeng Jinchuang transferred its 285,856 Shares to Zhangjiagang Yuefu New Energy Industry Partnership (Limited Partnership)* (張家港市悅富新能源產業合夥企業(有限合夥)) ("Yuefu New Energy"), a limited partnership controlled by Yuefeng Jinchuang, at nil consideration. The gratuitous transfer was approved by the Zhangjiagang Economic and Technological Development Zone Management Committee (張家港經濟技術開發區管理委員會) on February 9, 2024.

The considerations were determined based on the valuation of our Company after arm's length negotiations between the parties. Immediately after the above capital injection and equity transfer, each of Jinsha Fund, Yongxing Investment, Jiequan Shuangyu and Yuefeng Jinchuang held approximately 0.96%, 0.64%, 0.64% and 0.32% equity interests in our Company, respectively.

(o) Capital injection by a new investor ("November 2021 Investment")

Pursuant to the share subscription agreement dated November 21, 2021, Shanghai Lingang New District Daohe Phase I Industrial Asset Allocation Equity Investment Fund Partnership (Limited Partnership)* (上海臨港新片區道禾一期產業資產配置股權投資基金合夥企業(有限合夥)) ("Allocation Phase I") subscribed for 857,567 Shares of our Company at a par value of RMB1.00 per share, representing the increased registered capital of approximately RMB0.86 million of our Company at a consideration of RMB30.00 million, which was determined based on the valuation of our Company after arm's length negotiations between the parties. Immediately after the above capital injection, Allocation Phase I held approximately 0.95% equity interests in our Company.

(p) Equity transfers by Fanchuang Industrial to two new investors ("December 2021 Equity Transfer")

Pursuant to the equity transfer agreements dated November 30, 2021, Fanchuang Industrial transferred (i) 428,783 Shares, representing approximately 0.48% equity interests in our Company to Hainan Yubo Investment Co., Ltd.* (海南渝博投資有限公司) ("Yubo Investment") at a consideration of RMB15.00 million and (ii) 142,928 Shares, representing approximately 0.16% equity interests in our Company to Lou Jing (樓晶) at a consideration of RMB5.00 million. The considerations were determined based on the valuation of our Company after arm's length negotiations between the parties. Immediately after the above equity transfers, each of Yubo Investment and Lou Jing held approximately 0.48% and 0.16% equity interests in our Company, respectively.

(q) Equity transfer by Allocation Phase I to Lingang Frontier Capital ("February 2022 Equity Transfer")

Pursuant to an equity transfer agreement dated February 9, 2022, Allocation Phase I transferred 857,567 Shares, representing approximately 0.95% equity interests in our Company to Lingang New Area Daohe Qianyan Tanzhonghe (Shanghai) Private Investment Fund Partnership (Limited Partnership)* (臨港新片區道禾前沿碳中禾(上海)私募投資基金合夥企業(有限合夥)) ("Lingang Frontier Capital") at a consideration of approximately RMB30.51 million, which was determined based on arm's length negotiations between the parties. Immediately after the above equity transfer, Lingang Frontier Capital held approximately 0.95% equity interests in our Company.

(r) Equity transfers by Qian Wuting, Wang Ping and New Cloud Technology ("June 2023 Equity Transfer")

Pursuant to the equity transfer agreements dated February 15, 2023, New Cloud Technology transferred 422,084 Shares, representing approximately 0.47% equity interests in our Company to CM Venture Capital at a consideration of RMB15.00 million.

Pursuant to the equity transfer agreements (i) dated February 1, 2023, Qian Wuting transferred 371,612 Shares, representing approximately 0.41% equity interests in our Company to Wu Gang (吳剛) at a consideration of RMB13.00 million; (ii) dated February 1, 2023, Qian Wuting transferred 657,468 Shares, representing approximately 0.73% equity interests in our Company to Chen Peiliang (陳培良) at a consideration of RMB23.00 million; and (iii) dated March 8, 2023, Qian Wuting transferred 220,920 Shares, representing approximately 0.25% equity interests in our Company to Zhang Mengtao (張孟濤) at a consideration of approximately RMB7.73 million.

Pursuant to the equity transfer agreements (i) dated February 1, 2023, Wang Ping transferred 844,167 Shares, representing approximately 0.94% equity interests in our Company to Huzhou Yongming Equity Investment Partnership (Limited Partnership)* (湖州涌銘股權投資合夥企業(有限合夥)) ("Huzhou Yongming") at a consideration of RMB30.00 million; (ii) dated March 8, 2023, Wang Ping transferred 64,935 Shares, representing approximately 0.07% equity interests in our Company to Zhang Mengtao at a consideration of approximately RMB2.27 million; (iii) dated April 18, 2023, Wang Ping transferred 168,833 Shares, representing approximately 0.19% equity interests in our Company to Hainan Huaqing Hydrogen Energy Venture Capital Partnership (Limited Partnership)* (海南華清氫能創業投資合夥企業(有限合夥)) ("Hainan Huaqing") at a consideration of RMB6 million; and (iv) dated June 12, 2023, Wang Ping transferred 1,063,508 Shares, representing approximately 1.18% equity interests in our Company to Qingdao Xinding Kenge Ronglu Venture Capital Partnership (Limited Partnership)* (青島新鼎啃哥榮陸創業投資合夥企業(有限合夥)) ("Qingdao Xinding Ronglu") at a consideration of approximately RMB37.79 million.

The considerations were determined based on the valuation of our Company after arm's length negotiations among the parties. Immediately after the above equity transfers, each of CM Venture Capital, Wu Gang, Chen Peiliang, Zhang Mengtao, Hainan Huaqing, Huzhou Yongming, Qingdao Xinding Ronglu held approximately 7.42%, 0.41%, 0.73%, 0.32%, 0.19%, 0.94% and 1.18% equity interests in our Company, respectively.

(s) Capital injection by a new investor and Qingdao Xinding Ronglu ("December 2023 Investment")

Pursuant to the share subscription agreements dated December 29, 2023, (i) Mengfa Group subscribed for 5,145,399 Shares of our Company at a par value of RMB1.00 per share, representing the increased registered capital of approximately RMB5.15 million of our Company at a consideration of RMB200.00 million, (ii) Qingdao Xinding Ronglu subscribed for 221,252 Shares of our Company at a par value of RMB1.00 per share, representing the increased registered capital of approximately RMB0.22 million of our Company at a consideration of RMB8.60 million.

The considerations were determined based on the valuation of our Company after arm's length negotiations between the parties. Immediately after the above capital injection, each of Mengfa Group and Qingdao Xinding Ronglu held approximately 5.24% and 1.31% equity interests in our Company, respectively.

Upon completion of the December 2023 Investment, the shareholding structure of our Company was as follows:

	Before the investment		After the investment	
Name of Shareholders	**Registered share capital**	**Shareholding percentage**	**Registered share capital**	**Shareholding percentage**
	(RMB' million)	*(%)*	*(RMB' million)*	*(%)*
New Cloud Technology	18.83	20.28	18.83	19.17
CM Venture Capital	6.68	7.20	6.68	6.81
Jinpu Intelligent	5.06	5.45	5.06	5.15
Yongyuan Huaneng	5.00	5.39	5.00	5.09
Fanchuang Industrial	4.47	4.82	4.47	4.56
Shuimu Qingyuan	4.07	4.38	4.07	4.14
Mr. Wu	3.43	3.69	3.43	3.49
Qingdao Xinding	2.86	3.08	2.86	2.91
Jiequan Anpeng	2.73	2.94	2.73	2.78
Jining Jiekun	2.67	2.88	2.67	2.72
Tang Ying	2.50	2.69	2.50	2.55
Dongfang Hydrogen Energy	2.18	2.35	2.18	2.22
Shanghai Zhuhuai	1.89	2.04	1.89	1.93
Hydrogen Ying New Energy	1.87	2.01	1.87	1.90
Enze Haihe	1.60	1.73	1.60	1.63
Wang Zhi	1.50	1.62	1.50	1.53
Qingjie New Energy	1.50	1.62	1.50	1.53
Jiequan Jingshifeng	1.36	1.47	1.36	1.39
Suna Tonghe	1.36	1.47	1.36	1.39
Gongqingcheng Investment	1.34	1.44	1.34	1.36
Zhao Jingfang	1.18	1.27	1.18	1.20
Zhang Jinlong	1.09	1.17	1.09	1.11
Suzhou Junyong	1.07	1.15	1.07	1.09
Qingdao Xinding Ronglu	1.06	1.15	1.28	1.31
Shunyuan Qingrui	1.06	1.14	1.06	1.08
Hydrogen Win New Energy	0.92	0.99	0.92	0.94
Guohua Tengyue	0.91	0.98	0.91	0.93
Hongcheng VC	0.86	0.92	0.86	0.87
Tianying Heyi	0.86	0.92	0.86	0.87

Name of Shareholders	Before the investment		After the investment	
	Registered share capital	Shareholding percentage	Registered share capital	Shareholding percentage
	(RMB' million)	*(%)*	*(RMB' million)*	*(%)*
Langma 41	0.86	0.92	0.86	0.87
Anji Jiekun	0.86	0.92	0.86	0.87
Delian Xingyao	0.86	0.92	0.86	0.87
Jinsha Fund	0.86	0.92	0.86	0.87
Lingang Frontier Capital	0.86	0.92	0.86	0.87
Huzhou Yongming	0.84	0.91	0.84	0.86
Yongshi Huijin	0.82	0.88	0.82	0.84
Chen Peiliang	0.66	0.71	0.66	0.67
Yongxing Investment	0.57	0.62	0.57	0.58
Jiequan Shuangyu	0.57	0.62	0.57	0.58
Beijing Qianfeng	0.45	0.49	0.45	0.46
Yubo Investment	0.43	0.46	0.43	0.44
Wu Gang	0.37	0.40	0.37	0.38
He Huadong	0.31	0.34	0.31	0.32
Zhang Tong	0.29	0.31	0.29	0.29
Yuefeng Jinchuang	0.29	0.31	0.29	0.29
Zhang Mengtao	0.29	0.31	0.29	0.29
Ningbo Zhenghai Jurui	0.27	0.29	0.27	0.27
Hainan Huaqing	0.17	0.18	0.17	0.17
Cui Haining	0.14	0.15	0.14	0.15
Lou Jing	0.14	0.15	0.14	0.15
Mengfa Group	–	–	5.15	5.24
Total	**92.83**	**100.00**	**98.20**	**100.00**

(t) Capital injection by a new investor ("February 2024 Investment")

Pursuant to a share subscription agreement dated February 7, 2024, Zhangjiagang Jiyang Hydrogen Energy Venture Capital Partnership (Limited Partnership)* (張家港暨陽氫能創業投資合夥企業(有限合夥)) ("Jiyang Hydrogen Energy") subscribed for 514,540 Shares of our Company at a par value of RMB1.00 per share, representing the increased registered capital of RMB514,540 of our Company at a consideration of RMB20.00 million, which was determined based on the valuation of our Company after arm's length negotiations between the parties. Immediately after the above capital injection, Jiyang Hydrogen Energy held 0.52% equity interests in our Company.

Summary of the Pre-IPO Investments

Set forth below is a summary of the Pre-IPO Investments in our Company.

Pre-IPO Investor(s)	Total consideration paid by the investor(s)	Investment cost per Share	Date of settlement of full consideration	Discount to the H Share Offer Price[(1)]
	(approximately) (in RMB, million)	*(approximately) (RMB)*		
October 2017 Investment				
Yongyuan Huaneng	20.00	4.00	October 26, 2017	93.69%
January 2019 Equity Transfer				
Tang Ying	10.00	4.00	N/A[(2)]	93.69%
Qian Wuting	5.00	4.00		93.69%
Wang Ping	20.00	4.00		93.69%
June 2019 Investment				
CM Venture Capital	10.00	5.22	April 25, 2019	91.77%
Lexin Investment	10.00	5.22	April 29, 2019	91.77%
First July 2019 Investment				
Jinpu Intelligent	15.00	5.22	July 4, 2019	91.77%
Second July 2019 Investment				
CM Venture Capital	10.00	5.22	July 15, 2019	91.77%
October 2019 Investment				
Fanchuang Industrial	60.00	9.16	October 17, 2019	85.55%
January 2020 Investment				
Zhang Jinlong	8.00	9.16	October 9, 2019	85.55%
Dongfang Hydrogen Energy	20.00	9.16	December 25, 2019	85.55%
CM Venture Capital	10.00	9.16	December 24, 2019	85.55%
Shanghai Zhuhuai	10.00	9.16	December 24, 2019	85.55%
May 2020 Investment				
Jinpu Intelligent	20.00	9.16	May 26, 2020	85.55%
December 2020 Investment				
Zhao Jingfang	13.00	10.99	October 19, 2020	82.66%
Jiequan Anpeng	30.00	10.99	October 22, 2020	82.66%
Beijing Qianfeng	5.00	10.99	October 16, 2020	82.66%
Zhang Jinlong	5.50	10.99	October 30, 2020	82.66%
Jiequan Jingshifeng	15.00	10.99	November 26, 2020	82.66%
Guohua Tengyue	10.00	10.99	October 28, 2020	82.66%
He Huadong	5.00	10.99	October 20, 2020	82.66%
Suna Tongha	15.00	10.99	November 20, 2020	82.66%
Shuimu Qingyuan	30.00	10.99	November 12, 2020	82.66%

Pre-IPO Investor(s)	Total consideration paid by the investor(s)	Investment cost per Share	Date of settlement of full consideration	Discount to the H Share Offer Price[(1)]
	(approximately) *(in RMB, million)*	*(approximately)* *(RMB)*		
First April 2021 Investment				
Shuimu Qingyuan	25.00	18.69	April 16, 2021	70.51%
Gongqingcheng Investment	25.00	18.69	April 12, 2021	70.51%
Jining Jiekun	50.00	18.69	March 24, 2021	70.51%
Ningbo Zhenghai Jurui	5.00	18.69	April 20, 2021	70.51%
CM Venture Capital	25.00	18.69	March 31, 2021	70.51%
Shanghai Zhuhuai	15.00	18.69	April 16, 2021	70.51%
Yongshi Huijin	10.00	18.69	April 1, 2021	70.51%
Second April 2021 Investment				
Enze Haihe	30.00	18.69	April 23, 2021	70.51%
Suzhou Junyong	20.00	18.69	May 6, 2021	70.51%
September 2021 Investment				
Hongcheng VC	30.00	34.98	September 15, 2021	44.82%
Tianying Heyi	30.00	34.98	September 8, 2021	44.82%
Qingdao Xinding	50.00	34.98	September 9, 2021	44.82%
Langma 41	30.00	34.98	September 10, 2021	44.82%
October 2021 Equity Transfer				
Anji Jiekun	30.00	34.98	September 2, 2021	44.82%
Qingdao Xinding	50.00	34.98	September 2, 2021	44.82%
Yongshi Huijin	10.00	34.98	September 3, 2021	44.82%
Zhang Tong	10.00	34.98	September 2, 2021	44.82%
Wang Zhi	50.00	33.23	September 13, 2021	47.58%
Cui Haining	5.00	34.98	September 14, 2021	44.82%
Delian Xingyao	30.00	34.98	September 16, 2021	44.82%
Shunyuan Qingrui	37.05	34.98	September 16, 2021	44.82%
November 2021 Investment and Equity Transfer				
Jinsha Fund	30.00	34.98	November 1, 2021	44.82%
Yongxing Investment	20.00	34.98	October 29, 2021	44.82%
Jiequan Shuangyu	20.00	34.98	October 27, 2021	44.82%
Yuefu New Energy[(3)]	10.00	34.98	November 8, 2021	44.82%
November 2021 Investment				
Allocation Phase I	30.00	34.98	November 23, 2021	44.82%
December 2021 Equity Transfer				
Yubo Investment	15.00	34.98	December 8, 2021	44.82%
Lou Jing	5.00	34.98	December 8, 2021	44.82%
February 2022 Equity Transfer				
Lingang Frontier Capital	30.51	35.58	February 9, 2022	43.88%

Pre-IPO Investor(s)	Total consideration paid by the investor(s)	Investment cost per Share	Date of settlement of full consideration	Discount to the H Share Offer Price[(1)]
	(approximately) (in RMB, million)	*(approximately) (RMB)*		
June 2023 Equity Transfer				
CM Venture Capital	15.00	35.54	April 11, 2023	43.94%
Wu Gang	13.00	34.98	February 6, 2023	44.82%
Zhang Mengtao	7.73	34.98	March 14, 2023	44.82%
Chen Peiliang	23.00	34.98	February 3, 2023	44.82%
Zhang Mengtao	2.27	34.98	March 10, 2023	44.82%
Hainan Huaqing	6.00	35.54	April 25, 2023	43.94%
Huzhou Yongming	30.00	35.54	April 5, 2023	43.94%
Qingdao Xinding Ronglu	37.79	35.54	July 3, 2023	43.94%
December 2023 Investment				
Mengfa Group	200.00	38.87	December 29, 2023	38.69%
Qingdao Xinding Ronglu	8.60	38.87	December 29, 2023	38.69%
February 2024 Investment				
Jiyang Hydrogen Energy	20.00	38.87	February 18, 2024	38.69%

Notes:

(1) Calculated based on the foreign exchange rate as of the Latest Practicable Date and the assumption that the Offer Price is HK$69.00 per H Share (being the mid-point of the indicative Offer Price range of HK$65.00 to HK$73.00).

(2) For details of the consideration of January 2019 Equity Transfer, please refer to "— Pre-IPO Investments — Overview — (b) Equity transfers by New Cloud Technology to three new investors ("January 2019 Equity Transfer")" above.

(3) Yuefeng Jinchuang acquired 285,856 Shares on October 25, 2021 at a consideration of RMB10 million and transferred the 285,856 Shares to Yuefu New Energy, a limited partnership controlled by Yuefeng Jinchuang on February 9, 2024, at nil consideration. For further details, please refer to "— Pre-IPO Investments — Overview" above.

Shareholding Structure of Our Company

The following table sets out our shareholding structure as at the relevant time and immediately upon the completion of the Global Offering.

	As at December 31, 2018[(2)]		As at December 31, 2019[(3)]		As at December 31, 2020[(4)]		As at December 31, 2021[(5)]		As at December 31, 2023[(6)]		As of the Latest Practicable Date[(7)]		Upon completion of the Global Offering
Shareholder	Number of Shares	Equity interest	Number of Shares	Equity interest	Number of Shares	Equity interest	Number of Shares	Equity interest	Number of Shares	Equity interest	Number of Shares	Equity interest	Shareholding
		(%)		(%)		(%)		(%)		(%)		(%)	(%)
New Cloud Technology	–	80	–	38.75	19,250,000	26.66	19,250,000	21.38	18,827,916	20.28	18,827,916	19.07	17.98
Yongyuan Huaneng	–	20	–	10.07	5,000,000	6.92	5,000,000	5.55	5,000,000	5.39	5,000,000	5.07	4.78
Tang Ying	–	–	–	5.03	2,500,000	3.46	2,500,000	2.78	2,500,000	2.69	2,500,000	2.53	2.39
Qian Wuting	–	–	–	2.52	1,250,000	1.73	1,250,000	1.39	–	–	–	–	–
Wang Ping	–	–	–	10.07	5,000,000	6.92	2,141,443	2.38	–	–	–	–	–
Qingjie New Energy	–	–	–	3.02	1,500,000	2.08	1,500,000	1.67	1,500,000	1.62	1,500,000	1.52	1.43
CM Venture Capital	–	–	–	7.72	4,925,070	6.82	6,262,433	6.95	6,684,517	7.20	6,684,517	6.77	6.38
Lexin Investment	–	–	–	3.86	1,916,650	2.65	–	–	–	–	–	–	–
Jinpu Intelligent	–	–	–	5.79	5,058,541	7.00	5,058,541	5.62	5,058,541	5.45	5,058,541	5.12	4.83
Fanchuang Industrial	–	–	–	13.19	6,550,603	9.07	5,046,100	5.60	4,474,389	4.82	4,474,389	4.53	4.27
Zhang Jinlong	–	–	–	–	1,373,416	1.90	1,087,560	1.21	1,087,560	1.17	1,087,560	1.10	1.04
Dongfang Hydrogen Energy	–	–	–	–	2,183,549	3.02	2,183,549	2.42	2,183,549	2.35	2,183,549	2.21	2.09
Shanghai Zhuhuai	–	–	–	–	1,091,770	1.51	1,894,188	2.10	1,894,188	2.04	1,894,188	1.92	1.81
Mr. Wu	–	–	–	–	3,425,987	4.74	3,425,987	3.80	3,425,987	3.69	3,425,987	3.47	3.27
Zhao Jingfang	–	–	–	–	1,182,894	1.64	1,182,894	1.31	1,182,894	1.27	1,182,894	1.20	1.13
Jiequan Anpeng	–	–	–	–	2,729,754	3.78	2,729,754	3.03	2,729,754	2.94	2,729,754	2.77	2.61
Beijing Qianfeng	–	–	–	–	454,959	0.63	454,959	0.51	454,959	0.49	454,959	0.46	0.43
He Huadong	–	–	–	–	454,959	0.63	312,031	0.35	312,031	0.34	312,031	0.32	0.30
Jiequan Jingshifeng	–	–	–	–	1,364,877	1.89	1,364,877	1.52	1,364,877	1.47	1,364,877	1.38	1.30
Guohua Tengyue	–	–	–	–	909,918	1.26	909,918	1.01	909,918	0.98	909,918	0.92	0.87
Suna Tonghe	–	–	–	–	1,364,877	1.89	1,364,877	1.52	1,364,877	1.47	1,364,877	1.38	1.30
Shuimu Qingyuan	–	–	–	–	2,729,754	3.78	4,067,117	4.52	4,067,117	4.38	4,067,117	4.12	3.88
Gongqingcheng Investment	–	–	–	–	–	–	1,337,363	1.49	1,337,363	1.44	1,337,363	1.35	1.28

Shareholder	As at December 31, 2018[2]		As at December 31, 2019[3]		As at December 31, 2020[4]		As at December 31, 2021[5]		As at December 31, 2023[6]		As of the Latest Practicable Date[7]		Upon completion of the Global Offering
	Number of Shares	Equity interest	Number of Shares	Equity interest	Number of Shares	Equity interest	Number of Shares	Equity interest	Number of Shares	Equity interest	Number of Shares	Equity interest	Shareholding
		(%)		(%)		(%)		(%)		(%)		(%)	(%)
Jining Jiekun	–	–	–	–	–	–	2,674,725	2.97	2,674,725	2.88	2,674,725	2.71	2.55
Ningbo Zhenghai Jurui	–	–	–	–	–	–	267,473	0.30	267,473	0.29	267,473	0.27	0.26
Yongshi Huijin	–	–	–	–	–	–	820,801	0.91	820,801	0.88	820,801	0.83	0.78
Enze Haihe	–	–	–	–	–	–	1,604,835	1.78	1,604,835	1.73	1,604,835	1.63	1.53
Suzhou Junyong	–	–	–	–	–	–	1,069,890	1.19	1,069,890	1.15	1,069,890	1.08	1.02
Hongcheng VC	–	–	–	–	–	–	857,567	0.95	857,567	0.92	857,567	0.87	0.82
Tianying Heyi	–	–	–	–	–	–	857,567	0.95	857,567	0.92	857,567	0.87	0.82
Qingdao Xinding	–	–	–	–	–	–	2,858,556	3.17	2,858,556	3.08	2,858,556	2.90	2.73
Langma 41	–	–	–	–	–	–	857,567	0.95	857,567	0.92	857,567	0.87	0.82
Anji Jiekun	–	–	–	–	–	–	857,567	0.95	857,567	0.92	857,567	0.87	0.82
Zhang Tong	–	–	–	–	–	–	285,856	0.32	285,856	0.31	285,856	0.29	0.27
Wang Zhi	–	–	–	–	–	–	1,504,503	1.67	1,504,503	1.62	1,504,503	1.52	1.44
Cui Haining	–	–	–	–	–	–	142,928	0.16	142,928	0.15	142,928	0.15	0.14
Delian Xingyao	–	–	–	–	–	–	857,567	0.95	857,567	0.92	857,567	0.87	0.82
Shunyuan Qingrui	–	–	–	–	–	–	1,059,083	1.18	1,059,083	1.14	1,059,083	1.07	1.01
Jinsha Fund	–	–	–	–	–	–	857,567	0.95	857,567	0.92	857,567	0.87	0.82
Yongxing Investment	–	–	–	–	–	–	571,711	0.63	571,711	0.62	571,711	0.58	0.55
Jiequan Shuangyu	–	–	–	–	–	–	571,711	0.63	571,711	0.62	571,711	0.58	0.55
Yuefu New Energy[8]	–	–	–	–	–	–	285,856	0.32	285,856	0.31	285,856	0.29	0.27
Allocation Phase I	–	–	–	–	–	–	857,567	0.95	–	–	–	–	–
Yubo Investment	–	–	–	–	–	–	–	–	428,783	0.46	428,783	0.43	0.41
Lou Jing	–	–	–	–	–	–	–	–	142,928	0.15	142,928	0.14	0.14
Lingang Frontier Capital	–	–	–	–	–	–	–	–	857,567	0.92	857,567	0.87	0.82
Wu Gang	–	–	–	–	–	–	–	–	371,612	0.40	371,612	0.38	0.35
Zhang Mengtao	–	–	–	–	–	–	–	–	285,855	0.31	285,855	0.29	0.27
Chen Peiliang	–	–	–	–	–	–	–	–	657,468	0.71	657,468	0.67	0.63
Hainan Huaqing	–	–	–	–	–	–	–	–	168,833	0.18	168,833	0.17	0.16
Huzhou Yongming	–	–	–	–	–	–	–	–	844,167	0.91	844,167	0.86	0.81

Shareholder	As at December 31, 2018[(2)]		As at December 31, 2019[(3)]		As at December 31, 2020[(4)]		As at December 31, 2021[(5)]		As at December 31, 2023[(6)]		As of the Latest Practicable Date[(7)]		Upon completion of the Global Offering
	Number of Shares	Equity interest	Number of Shares	Equity interest	Number of Shares	Equity interest	Number of Shares	Equity interest	Number of Shares	Equity interest	Number of Shares	Equity interest	Shareholding
		(%)		(%)		(%)		(%)		(%)		(%)	(%)
Qingdao Xinding Ronglu	–	–	–	–	–	–	–	–	1,063,508	1.15	1,284,760	1.30	1.23
Hydrogen Ying New Energy	–	–	–	–	–	–	–	–	1,866,669	2.01	1,866,669	1.89	1.78
Hydrogen Win New Energy	–	–	–	–	–	–	–	–	918,212	0.99	918,212	0.93	0.88
Mengfa Group	–	–	–	–	–	–	–	–	–	–	5,145,399	5.21	4.91
Jiyang Hydrogen Energy	–	–	–	–	–	–	–	–	–	–	514,540	0.52	0.49
Other public H Shareholders	–	–	–	–	–	–	–	–	–	–	–	–	5.73
Total	–	100.00	–	100.00	72,217,578	100.00	90,044,488	100.00	92,829,369	100.00	98,710,560	100.00	100.00

Notes:

(1) The table categorizes Pre-IPO investments by year.

(2) The information for investments in the year ended December 31, 2018 covers the October 2017 Investment, for further details, please refer to "— Pre-IPO Investments — Overview" above.

(3) The information for investments in the year ended December 31, 2019 covers five Pre-IPO investments, including January 2019 Equity Transfer, June 2019 Investment, First July 2019 Investment, Second July 2019 Investment and October 2019 Investment, for further details, please refer to "— Pre-IPO Investments — Overview" above.

(4) The information for investments in the year ended December 31, 2020 covers three Pre-IPO investments, including January 2020 Investment, May 2020 Investment and December 2020 Investment, for further details, please refer to "— Pre-IPO Investments — Overview" above.

(5) The information for investments in the year ended December 31, 2021 covers six Pre-IPO investments, including First April 2021 Investment, Second April 2021 Investment, September 2021 Investment, October 2021 Equity Transfer, November 2021 Investment and Equity Transfer and November 2021 Investment, for further details, please refer to "— Pre-IPO Investments — Overview" above.

(6) The information for investments in the year ended December 31, 2023 covers three Pre-IPO investments, including the December 2021 Equity Transfer, February 2022 Equity Transfer and June 2023 Equity Transfer, for further details, please refer to "— Pre-IPO Investments — Overview" above.

(7) The information for investments in the period from January 1, 2024 to the Latest Practicable Date covers two Pre-IPO investments, including December 2023 Investment and February 2024 Investment, for further details, please refer to "— Pre-IPO Investments — Overview" above.

(8) Yuefeng Jinchuang acquired 285,856 Shares from Zhang Jinlong on October 25, 2021 at a consideration of RMB10 million and transferred the 285,856 Shares to Yuefu New Energy, a limited partnership controlled by Yuefeng Jinchuang on February 9, 2024, with no consideration. For further details, please refer to "— Pre-IPO Investments — Overview" above.

Principal Terms of the Pre-IPO Investments

Use of Proceeds from the Pre-IPO Investments	We planned to utilize the entire proceeds received from the Pre-IPO Investors for the development and operations of our business, including but not limited to research and development activities, expansion of our production bases, procurement of production materials, recruiting experienced employees, repayment of bank borrowings and general working capital purpose. As of the Latest Practicable Date, most of the proceeds from the Pre-IPO Investments have been utilized.
Strategic benefits of the Pre-IPO Investors brought to our Company	Our Company was of the view that we could benefit from the insight for industry, the knowledge and experience of the Pre-IPO Investors and the additional funds provided by them. We obtained capital for development and expansion of our business. Moreover, their investments showed their confidence in our Group's operations and served as an endorsement of our Group's performance and prospects.
Basis of determination of consideration	The consideration for each round of Pre-IPO Investments was determined after the arm's length negotiation among the parties, with reference to the scale and valuation of our Group and business.
Lock-up Period	Pursuant to the applicable PRC law, all Shares issued by our Company prior to the Global Offering (including those held by the Pre-IPO Investors) are subject to transfer restriction for a period of one year from the Listing Date.

Information about the Principal Pre-IPO Investors

We set out below a description of our principal Pre-IPO Investors, being private equity funds or corporations or investors that have made meaningful investments in our Company and each holding more than 1.00% of our total issued share capital immediately prior to the Global Offering.

CM Venture Capital

CM Venture Capital is a limited partnership established in the PRC on September 30, 2016, mainly engaged in venture capital investment, investment management and consulting. As of the Latest Practicable Date, CM Venture Capital was owned as to (i) approximately 6.72% by Shanghai CM Venture Capital Management Co., Ltd.* (上海邀問創業投資管理有限公司) as its general partner, which is controlled by Zhou Min (周敏), an Independent Third Party, and (ii) approximately 93.28% by other 10 limited partners, with their respective shareholding in CM Venture Capital ranging from 2.31% to 20.78%. As of the Latest Practicable Date, all the other ten limited partners of CM Venture Capital were Independent Third Parties.

Jinpu Intelligent

Jinpu Intelligent is a limited partnership established in the PRC on March 27, 2017, mainly engaged in equity investment, investment management and consulting. As of the Latest Practicable Date, Jinpu Intelligent was owned as to (i) approximately 0.08% by Shanghai Jinpu Intelligent Technology Investment Management Co., Ltd.* (上海金浦智能科技投資管理有限公司) as its general partner, an Independent Third Party, which was controlled by Jinpu Industrial Investment Fund Management Co., Ltd.* (金浦產業投資基金管理有限公司) as to 34.00%, which was in turn held by Shanghai International Group Assets Management Co., Ltd.* (上海國際集團資產管理有限公司, a company owned by Shanghai International Group Co., Ltd.* (上海國際集團有限公司) as to 100%) as to 49.50%. Shanghai International Group Co., Ltd. was held by Shanghai State-owned Assets Supervision and Administration Commission (上海市國有資產監督管理委員會) as to 100%; (ii) approximately 0.08% by Shanghai Xuanhong Business Management Partnership (Limited Partnership)* (上海宣鴻企業管理合夥企業(有限合夥)) as its general partner, which was ultimately controlled by Tian Huafeng (田華峰), an Independent Third Party; and (iii) approximately 99.84% by other 19 limited partners, with their respective shareholding in Jinpu Intelligent ranging from 0.78% to 15.55%. As of the Latest Practicable Date, all the other 19 limited partners of Jinpu Intelligent were Independent Third Parties.

Yongyuan Huaneng

Yongyuan Huaneng is a limited partnership established in the PRC on May 27, 2017, mainly engaged in equity investment and industrial investment. As of the Latest Practicable Date, Yongyuan Huaneng was owned as to (i) approximately 0.99% by Zhangjiagang Yongquan Investment Management Enterprise (Limited Partnership)* (張家港涌泉投資管理企業(有限合夥)) as its general partner, which was ultimately controlled by Chen Jinxia (陳金霞), an Independent Third Party, and (ii) approximately 99.01% by other four limited partners, with their respective shareholding in Yongyuan Huaneng of 24.75%, as of the Latest Practicable Date, all were Independent Third Parties.

Fanchuang Industrial

Fanchuang Industrial is a limited company established in the PRC on October 30, 2018, mainly engaged in industrial park development and operation, land and house leasing, property management, consulting and exhibition services. As of the Latest Practicable Date, Fanchuang Industrial was owned as to (i) approximately 66.67% by Liu Jinyan (劉金艷) and ultimately controlled by Liu Jinyan, and (ii) approximately 33.33% by Qian Runqi (錢潤琦), as of the Latest Practicable Date, both of whom were Independent Third Parties.

Shuimu Qingyuan

Shuimu Qingyuan is a limited partnership established in the PRC on July 21, 2020, mainly engaged in Equity investment and project investment. As of the Latest Practicable Date, Shuimu Qingyuan was owned as to (i) approximately 1.19% by Beijing Shuimu Hydrogen Management Consulting Center (Limited Partnership)* (北京水木氫元管理諮詢中心(有限合夥)) as its general partner, which was ultimately controlled by the Li Gang (李罡), an Independent Third Party, and (ii) approximately 98.81% by other eleven limited partners, with their respective shareholding in Shuimu Qingyuan ranging from approximately 0.15% to 29.65%, among which, Beijing Dongsheng Boiler Factory* (北京市東升鍋爐廠) and Beijing Daxing Development Guidance Fund (Limited Partnership)* (北京市大興發展引導基金(有限合夥)), being the two largest limited partners holding 29.65% and 29.51% partnership interest in Shuimu Qingyuan, respectively, were ultimately controlled by Beijing Haidian District Dongsheng Bozhan Joint-stock Economic Cooperative Society* (北京市海淀區東升博展股份經濟合作社), a rural collective economic organization, and the State-owned Assets Supervision and Administration Commission of the People's Government of Daxing District, Beijing, respectively. As of the Latest Practicable Date, all the other eleven limited partners of Shuimu Qingyuan were Independent Third Parties.

Qingdao Xinding

Qingdao Xinding is a limited partnership established in the PRC on June 1, 2021, mainly engaged in investment activities. As of the Latest Practicable Date, Qingdao Xinding was owned as to (i) approximately 0.01% by Beijing Xinding Rongsheng Capital Management Co., Ltd.* (北京新鼎榮盛資本管理有限公司) ("Xinding Rongsheng") as its general partner, which was ultimately controlled by Zhang Chi (張馳), an Independent Third Party, and (ii) approximately 99.90% by other 49 limited partners, with their respective shareholding in Qingdao Xinding ranging from 0.93% to 31.21%, among which, Qingdao Xinding Kenge Luyi Equity Investment Partnership (Limited Partnership)* (青島新鼎啃哥陸壹股權投資合夥企業(有限合夥)), being the largest limited partner holding 31.21% partnership interest in Qingdao Xinding, was ultimately controlled by Zhang Chi. As of the Latest Practicable Date, all the other 49 limited partners of Qingdao Xinding were Independent Third Parties.

Jiequan Anpeng

Jiequan Anpeng is a limited partnership established in the PRC on September 11, 2017, mainly engaged in equity investment. As of the Latest Practicable Date, Jiequan Anpeng was owned as to (i) 1.00% by Jiangsu Anpeng Investment Management Co., Ltd.* (江蘇安鵬投資管理有限公司) as its general partner, which was ultimately controlled by the Beijing State-Owned Assets Supervision and Administration Commission ("Beijing SASAC"); (ii) 40.00% by BAIC Group Industrial Investment Co., Ltd.* (北京汽車集團產業投資有限公司), which was ultimately controlled by the Beijing SASAC, (iii) 30.00% by Zhenjiang State Owned Investment Holding Group Co., Ltd.* (鎮江國有投資控股集團有限公司), which was ultimately controlled by the State-owned Assets Supervision and Administration Commission of the People's Government of Zhenjiang City, and (iv) 29.00% by Jiangsu Province Government Investment Fund (Limited Partnership)* (江蘇省政府投資基金(有限合夥)), which was ultimately controlled by the Department of Finance of Jiangsu Province. As of the Latest Practicable Date, all the other three limited partners of Jiequan Anpeng were Independent Third Parties.

Jining Jiekun

Jining Jiekun is a limited partnership established in the PRC on June 7, 2021, mainly engaged in enterprise management and consulting services. As of the Latest Practicable Date, Jining Jiekun was owned as to (i) approximately 0.02% by Shanghai Tiansheng Equity Investment Management Co., Ltd.* (上海添晟股權投資管理有限公司) as its general partner, which was owned as to 96.00% by Wang Shanliang (王善良) and 4.00% by Tian Siyu (田絲雨), both are Independent Third Parties, and (ii) approximately 99.98% by other eleven limited partners, with their respective shareholding in Jining Jiekun ranging from approximately 2.20% to 25.00%. As of the Latest Practicable Date, all the other eleven limited partners of Jining Jiekun were Independent Third Parties.

Ms. Tang Ying (唐瑩)

Ms. Tang Ying is an individual investor and has extensive investment experience in equity investment, such as Huzhou Yutang Equity Investment Partnership (Limited Partnership)* (湖州御唐股權投資合夥企業(有限合夥)), Zaozhuang Yukun Equity Investment Partnership (Limited Partnership)* (棗莊御坤股權投資合夥企業(有限合夥)) and Zhangjiagang Free Trade Zone Xinhui Enterprise Management Partnership (Limited Partnership)* (張家港保税區鑫輝企業管理合夥企業(有限合夥)). She served as a director of our Company from July 2018 to October 2019. As of the Latest Practicable Date, Ms. Tang Ying was an Independent Third Party.

Dongfang Hydrogen Energy

Dongfang Hydrogen Energy is a limited partnership established in the PRC on November 8, 2019, mainly engaged in equity investment in non-listed companies, privately placed equity of listed companies, and related consulting services. As of the Latest Practicable Date, Dongfang Hydrogen Energy was owned as to (i) approximately 1.00% by Dongfang Jiangxia Industrial Investment Private Equity Fund Management (Chengdu) Co., Ltd.* (東方江峽產業投資私募基金管理(成都)有限公司, formerly known as Dongfang Three Gorges (Chengdu) Equity Investment Fund Management Co., Ltd.* (東方三峽(成都)股權投資基金管理有限公司) as its general partner, which was ultimately controlled by the State Council, and (ii) approximately 99.00% by other seven limited partners, with their respective shareholding in Dongfang Hydrogen Energy ranging from 0.99% to 32.61%, among which, Three Gorges Capital Holding Co., Ltd.* (三峽資本控股有限責任公司) and Dongfang Electric Investment Management Co., Ltd.* (東方電氣投資管理有限公司), being the two largest limited partners holding 32.61% and 32.61% partnership interest in Dongfang Electric, respectively, were ultimately owned by the State Council and the State-owned Assets Supervision and Administration Commission of the State Council ("SASAC"), respectively. As of the Latest Practicable Date, all the other seven limited partners of Dongfang Hydrogen Energy were Independent Third Parties.

Shanghai Zhuhuai

Shanghai Zhuhuai is a limited partnership established in the PRC on November 7, 2019, mainly engaged in enterprise management consulting and business information consulting. As of the Latest Practicable Date, Shanghai Zhuhuai was owned as to (i) 0.20% by Liu Zhiqiang (劉志強) as its general partner, an Independent Third Party; and (ii) 99.80% by other five limited partners, with their respective shareholding in Shanghai Zhuhuai ranging from 6.00% to 32.00%, among which, Cheng Yiwen (成宜文) and Tan Wen (譚雯), being the two largest limited partners holding 32.00% and 29.80% partnership interest in Shanghai Zhuhuai, were both Independent Third Parties. As of the Latest Practicable Date, all the other five limited partners of Shanghai Zhuhuai were Independent Third Parties.

Enze Haihe

Enze Haihe is a limited partnership established in the PRC on August 31, 2020, mainly engaged in equity investment and investment management. As of the Latest Practicable Date, Enze Haihe was owned as to (i) approximately 0.57% by Sinopec Haihe (Tianjin) Equity Investment Fund Management Co., Ltd.* (石化海河(天津)股權投資基金管理有限公司) as its general partner, which was ultimately controlled by the SASAC, and (ii) approximately 99.43% by other four limited partners, with their respective shareholding in Enze Haihe ranging from 8.00% to 45.71%, among which, Sinopec Group Capital Co., Ltd.* (中國石化集團資本有限公司) and 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), being the two largest limited partners holding 45.71% and 34.28% partnership interest in Enze Haihe, respectively, were ultimately controlled by the SASAC and the MOF, respectively. As of the Latest Practicable Date, all the other four limited partners of Enze Haihe were Independent Third Parties.

Mr. Wang Zhi (王治)

Mr. Wang Zhi is an individual investor. To the best of our Directors' knowledge, information and belief having made all reasonable enquiries, as of the Latest Practicable Date, Mr. Wang Zhi was an Independent Third Party.

Suna Tonghe

Suna Tonghe is a limited partnership established in the PRC on March 8, 2017, mainly engaged in investment management and asset management. As of the Latest Practicable Date, Suna Tonghe was owned as to (i) 1.00% by Suzhou Nachuan Venture Capital Co., Ltd.* (蘇州納川投資管理有限公司) as its general partner, which was ultimately controlled by Wang Jinxin (王金鑫), an Independent Third Party, and (ii) 99.00% by other three limited partners, with their respective shareholding in Suna Tonghe ranging from 0.36% to 71.07%, among which, Nantong Tongzhou District Huitong Investment Co., Ltd.* (南通市通州區惠通投資有限責任公司), being the largest limited partner holding 71.07% partnership interest in Suna Tonghe, was ultimately controlled by the State-owned Capital Management Center of Tongzhou District, Nantong City* (南通市通州區國有資本管理中心). As of the Latest Practicable Date, all the other three limited partners of Suna Tonghe were Independent Third Parties.

Jiequan Jingshifeng

Jiequan Jingshifeng is a limited partnership established in the PRC on September 25, 2017, mainly engaged in equity investment. As of the Latest Practicable Date, Jiequan Jingshifeng was owned as to (i) 1.00% by Suzhou GCL Jingshifeng Investment Management Co., Ltd.* (蘇州協鑫景世豐股權投資管理有限公司) as its general partner, which was ultimately controlled by GCL Technology Holdings Limited (協鑫科技控股有限公司), a company listed on the Stock Exchange (stock code: 3800), an Independent Third Party, and (ii) approximately 99.00% by other three limited partners, with their respective shareholding in Jiequan Jingshifeng ranging from 13.68% to 55.32%, among which, GCL Silicon Material Technology (Taicang) Co., Ltd.* (協鑫硅材料科技(太倉)有限公司, formerly known as GCL-Poly Silicon Material (Taicang) Co., Ltd.* 保利協鑫硅材料(太倉)有限公司) and Jiangsu Province Government Investment Fund (Limited Partnership)* (江蘇省政府投資基金(有限合夥)), being the two largest limited partners holding 55.32% and 30.00% partnership interest in Jiequan Jingshifeng, respectively, were ultimately controlled by GCL Technology Holdings Limited and Department of Finance of Jiangsu Province, respectively. As of the Latest Practicable Date, to the best information and knowledge of our Directors, approximately 23.78% equity interest of GCL Technology Holdings Limited was controlled by the family trust of Zhu Gongshan (朱共山), an Independent Third Party. As of the Latest Practicable Date, all the other three limited partners of Jiequan Jingshifeng were Independent Third Parties.

Gongqingcheng Investment

Gongqingcheng Investment is a limited partnership established in the PRC on March 8, 2021, mainly engaged in investment management and equity investment. As of the Latest Practicable Date, Gongqingcheng Investment was owned as to (i) approximately 0.40% by Suzhou Yu Da Shui Da Investment Management Co., Ltd.* (蘇州魚大水大投資管理有限公司) as its general partner, which was ultimately controlled by Sun Junfu (孫俊甫), an Independent Third Party, and (ii) approximately 99.60% by other three limited partners, with their respective shareholding in Gongqingcheng Investment ranging from 19.92% to 39.84%, among which, Liu Xianting (劉現亭), an Independent Third Party, and Shaanxi Yulong Investment Holding Group Co., Ltd.* (陝西裕隆投資控股集團有限公司), being the two largest limited partners, each held 39.84% partnership interest in Gongqingcheng Investment. Shaanxi Yulong Investment Holding Group Co., Ltd. was ultimately controlled by Zhao Botong (趙博通), an Independent Third Party. As of the Latest Practicable Date, all the other three limited partners of Gongqingcheng Investment were Independent Third Parties.

Ms. Zhao Jingfang (趙靜芳)

Ms. Zhao Jingfang is an individual investor. To the best of our Directors' knowledge, information and belief having made all reasonable enquiries, as of the Latest Practicable Date, Ms. Zhao Jingfang was an Independent Third Party.

Mr. Zhang Jinlong (張金龍)

Mr. Zhang Jinlong is an individual investor and has extensive investment experience in enterprise management and real estate management industry, such as Xinyu Longhao Enterprise Management Partnership (Limited Partnership)* (新余隆昊企業管理合夥企業(有限合夥)) ("Xinyu Longhao") and Jiangsu Xinlong Real Estate Management Co., Ltd.* (江蘇鑫隆物業管理有限公司) ("Jiangsu Xinlong"). As of the Latest Practicable Date, he is currently the managing general partner of Xinyu Longhao, which was a limited partnership mainly engaged in enterprise management and relevant consulting services, and the legal representative, executive director and chief executive officer of Jiangsu Xinlong, a limited company mainly engaged in real estate management. As of the Latest Practicable Date, Mr. Zhang Jinlong was an Independent Third Party.

Suzhou Junyong

Suzhou Junyong is a limited partnership established in the PRC on July 9, 2020, mainly engaged in equity investment and venture capital investment. As of the Latest Practicable Date, Suzhou Junyong was owned as to (i) 1.00% by Shanghai SAIC Hengxu Investment Management Co., Ltd.* (上海上汽恒旭投資管理有限公司) as its general partner, which was ultimately controlled by Lu Yongtao (陸永濤), an Independent Third Party, and (ii) 99.00% by other two limited partners, with their respective shareholding in Suzhou Junyong ranging from 20.00% to 79.00% among which, Shanghai Yangtze River Delta Industrial Upgrading Equity Investment Partnership (Limited Partnership)* (上海長三角產業升級股權投資合夥企業(有限

合夥)), being the largest limited partner holding 79.00% partnership interest in Suzhou Junyong, was ultimately controlled by Lu Yongtao. As of the Latest Practicable Date, all the other two limited partners of Suzhou Junyong were Independent Third Parties.

Shunyuan Qingrui

Shunyuan Qingrui is a limited partnership established in the PRC on April 12, 2021, mainly engaged in equity investment and relevant consulting services. As of the Latest Practicable Date, Shunyuan Qingrui was owned as to (i) approximately 0.87% by Beijing Shunyuan Investment Management Co., Ltd.* (北京順源投資管理有限公司, formerly known as Zhoushan Shunyuan Investment Management Co., Ltd.* 舟山順源投資管理有限公司) as its general partner, which was ultimately controlled by Shao Chunwei (邵春偉), an Independent Third Party, and (ii) approximately 99.13% by other five limited partners, with their respective shareholding in Shunyuan Qingrui ranging from approximately 1.74% to 68.96%, among which, Beijing Huaxia Shunze Investment Group Co., Ltd.* (北京華夏順澤投資集團有限公司, formerly known as Beijing Huaxia Shunze Investment Co., Ltd.* 北京華夏順澤投資有限公司), being the largest limited partner holding approximately 68.96% partnership interest in Shunyuan Qingrui, was ultimately controlled by Shao Chunwei. As of the Latest Practicable Date, all the other five limited partners of Shunyuan Qingrui were Independent Third Parties.

Qingdao Xinding Ronglu

Qingdao Xinding Ronglu is a limited partnership established in the PRC on April 3, 2023, mainly engaged in venture capital investment. As of the Latest Practicable Date, Qingdao Xinding Ronglu was owned as to (i) 0.02% by Xinding Rongsheng as its general partner, which was ultimately controlled by Zhang Chi (張馳), an Independent Third Party, and (ii) 99.98% by other 27 limited partners, with their respective shareholding in Qingdao Xinding Ronglu ranging from 2.02% to 32.86%, among which, Qingdao Xinding Kenge Dingsan Venture Capital Partnership (Limited Partnership)* (青島新鼎啃哥鼎叁創業投資合夥企業(有限合夥)), being the largest limited partner holding 32.86% partnership interest in Qingdao Xinding Ronglu, was ultimately controlled by Zhang Chi. As of the Latest Practicable Date, all the other 27 limited partners of Qingdao Xinding Ronglu were Independent Third Parties.

Mengfa Group

Mengfa Group is a limited liability company established in the PRC on October 10, 2006, mainly engaged in corporate headquarter management, investment activities, coal, coal chemical and non-ferrous metal mining industry, etc. As of the Latest Practicable Date, Mengfa Group was owned as to (i) 80.00% by Gao Zhu (高柱) as its chairman and chief executive officer, (ii) 10.00% by Gao Xi (高喜) and (iii) 10.00% by Liang Fengying (梁風英), as of the Latest Practicable Date, all were Independent Third Parties.

Jiyang Hydrogen Energy

Jiyang Hydrogen Energy is a limited partnership established in the PRC on December 14, 2023, mainly engaged in venture capital investment, private equity investment, investment management and asset management activities. As of the Latest Practicable Date, Jiyang Hydrogen Energy was owned as to (i) 1.67% by Zhangjiagang Industrial Investment Management Co., Ltd.* (張家港產業投資管理有限公司) as its general partner, which was ultimately controlled by Zhangjiagang State-owned Assets Management Center and (ii) 98.33% by other two limited partners, with their respective shareholding in Jiyang Hydrogen Energy ranging from 31.67% to 66.67%, among which, Zhangjiagang Emerging Industry Investment Fund (Limited Partnership)* (張家港新興產業投資基金(有限合夥)) and Zhangjiagang Innovation Investment Group Co., Ltd.* (張家港創新投資集團有限公司), being the two largest limited partners holding 66.67% and 31.67% partnership interest in Jiyang Hydrogen Energy, respectively, were both ultimately controlled by Zhangjiagang State-owned Assets Management Center, respectively. As of the Latest Practicable Date, all the other two limited partners of Jiyang Hydrogen Energy were Independent Third Parties.

Special Rights of the Pre-IPO Investors

Pursuant to the investment agreements, certain Pre-IPO Investors had been granted special rights, which include (i) the right to appoint Directors; (ii) pre-emptive right, (iii) anti-dilution rights, (iv) redemption rights, (v) liquidation preferences, (vi) right to approve major matters/veto right for certain major matters, (vii) information and inspection rights, and/or (viii) most favorable treatment (for a Pre-IPO Investor who participated in multiple rounds of Pre-IPO Investments, it was entitled to the "most favorable treatment" where if it was granted certain rights that were more favorable in the previous round(s) of its Pre-IPO Investments, such more favorable rights shall apply and prevail).

In December 2021, each of the then Shareholders of our Company entered into an agreement with our Company, Mr. Wu, Mr. Wang, New Cloud Technology and Qingjie New Energy, pursuant to which, the Pre-IPO Investors' special rights were deemed invalid retroactively from the date of reaching or signing the relevant Pre-IPO Investment agreements and shall not be reinstated under any circumstances. Thus, all such special rights were terminated since December 2021.

For Pre-IPO Investments entered into after December 2021, save for Mengfa Group, no special rights were granted to the relevant Pre-IPO Investors. According to the share subscription agreement entered between our Company and Mengfa Group, Mengfa Group was entitled to appoint a Director. Ms. Liu Yilin was a Director nominated by Mengfa Group and was appointed as a non-executive Director on January 2, 2024. For details of Ms. Liu's biography, please refer to "Directors, Supervisors and Senior Management — Board of Directors — Non-executive Directors" in this prospectus. The special right of Mengfa Group has been terminated as of the Latest Practicable Date.

Public Float

Pursuant to Rule 8.08(1)(a) of the Listing Rules, at the time of the Listing and at all times thereafter, at least 25% of the total issued number of issued Shares of our Company must be held by the public (as defined in the Listing Rules).

Following the completion of the Global Offering and filing procedure with the CSRC, 73,487,717 Domestic Unlisted Shares held by the part of the existing Shareholders will be converted into H Shares on a one-for-one basis and listed on Stock Exchange for trading. Except for the 22,683,351 H Shares converted from Domestic Unlisted Shares that are held or controlled by Mr. Wu, the 50,804,366 H Shares converted from Domestic Unlisted Shares, representing approximately 48.52% of the total issued share capital of our Company immediately after the Global Offering, will be considered as part of the public float upon Listing. For further details of our substantial Shareholder, please refer to the section headed "Substantial Shareholders" in this prospectus.

Assuming the Offer Shares are allotted and issued to public Shareholders, over 25% of our Company's total issued Shares will be held by the public upon completion of the Global Offering.

Compliance with Pre-IPO Investments and Guidance Letters

On the basis that (i) the completion of the last Pre-IPO Investment occurred more than 28 clear days before the date of our first submission of the listing application form to the Listing Division of the Stock Exchange in relation to the Listing (the "**Listing Application**"); and (ii) all special rights granted to the Pre-IPO Investors were terminated before the Listing Application, the Joint Sponsors have confirmed that the Pre-IPO Investments are in compliance with the Guide for New Listing Applicants issued by the Stock Exchange effective from 1 January 2024.

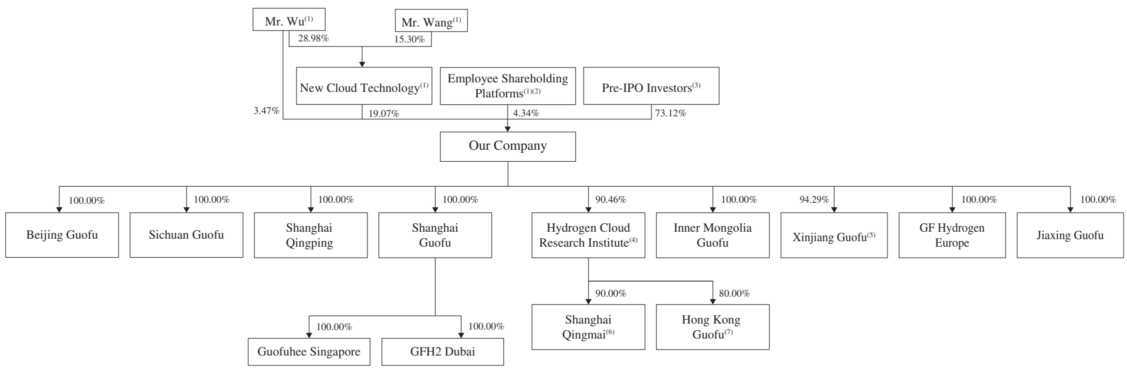
COMPLIANCE WITH LAWS AND REGULATIONS

As advised by the PRC Legal Advisors, our Company has fulfilled asset evaluation, capital verification and other necessary procedures in respect of its establishment, and the establishment method and procedures were in compliance with the then applicable PRC laws and regulations; the promoters' agreement among the then shareholders of our Company, pursuant to which our Company was converted into a joint stock limited liability company, was in compliance with applicable PRC laws and regulations and there is no potential dispute regarding such promoters' agreement; the shareholding and capital structure of our Company at the time of its establishment were valid and in compliance with applicable PRC laws and regulations, and our Company has complied with applicable PRC laws and regulations in all material respects in relation to the changes of its shareholdings.

CORPORATE STRUCTURE OF OUR GROUP

Corporate Structure Immediately Before the Global Offering

The following chart illustrates the shareholding structure and simplified corporate structure of our Group as of the Latest Practicable Date:



Notes:

(1) Mr. Wu and Mr. Wang acted as the general partner and the executive partner of New Cloud Technology, collectively holding 44.28% limited partnership interests in New Cloud Technology. Pursuant to an acting in concert agreement entered into between Mr. Wu and Mr. Wang on March 23, 2020, for a period starting from the signing date of the acting in concert agreement until 36 months after the date of initial public offering and listing of our Company, Mr. Wu and Mr. Wang shall act in concert in exercising, among other things, the voting rights as shareholders and directors of our Company (including through New Cloud Technology, Qingjie New Energy, Hydrogen Ying New Energy and Hydrogen Win New Energy), as the case may be, provided that if there is any disagreement between them, Mr. Wu's decision shall be final.

(2) We currently have three employee shareholding platforms, i.e., Hydrogen Ying New Energy, Qingjie New Energy and Hydrogen Win New Energy, holding 1.89%, 1.52% and 0.93% equity interests in our Company, respectively. Qingjie New Energy has entered a voting rights proxy agreement with Mr. Wu dated March 23, 2020, to entrust the voting rights attached to its shareholding of our Company to Mr. Wu for a period starting from the signing date of the voting rights proxy agreement until 36 months after the date of initial public offering and listing of our Company. The general partner of Qingjie New Energy is Mr. He Guangliang (何光亮). Mr. Wu is the general partner of both Hydrogen Ying New Energy and Hydrogen Win New Energy. Please refer to "— Our Corporate History — (3) Major Shareholding Changes of Our Company" above.

(3) For details of the Pre-IPO Investors, please refer to "— Pre-IPO Investments" above.

(4) In addition to our Company's interests in Hydrogen Cloud Research Institute, Hydrogen Cloud Research Institute was owned as to 9.54% by Jiangsu Southeast University Asset Management Co., Ltd.* (江蘇東南大學資產經營有限公司), a limited liability company incorporated in the PRC and an Independent Third Party, which is ultimately owned by the Southeast University (東南大學), an Independent Third Party.

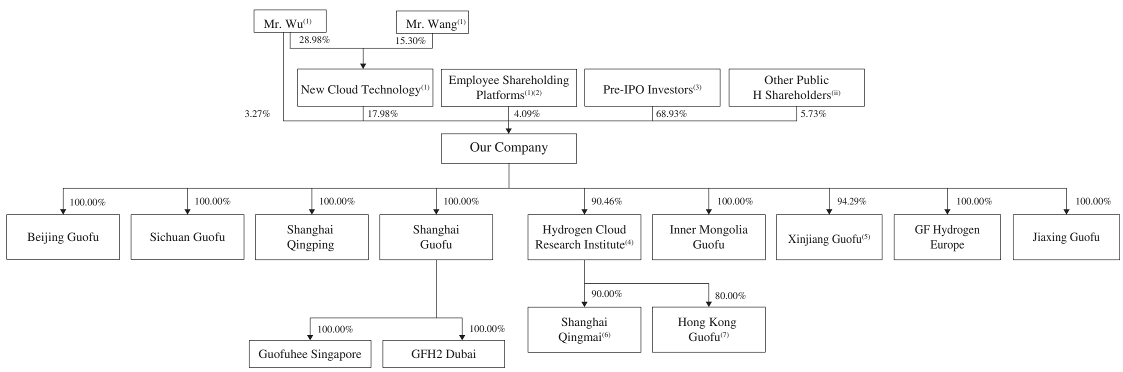
(5) In addition to our Company's interests in Xinjiang Guofu, Xinjiang Guofu was owned as to 10.00% by Urumqi Longshengda, a limited liability company established in the PRC and was owned by Wei Ming (魏明) as to 55.60%, Han Yong (韓勇) as to 30.00%, Wei Hong (魏宏) as to 10.00%, Xie Jian (謝建) as to 1.55%, Wu Hui (吳輝) as to 1.50%, Yue Aimin (岳艾民) as to 0.75% and Luo Yong (羅勇) as to 0.60%, each being an Independent Third Party for the reason that Xinjiang Guofu was an insignificant subsidiary of ours as of the Latest Practicable Date.

(6) In addition to our Company's interests in Shanghai Qingmai, Shanghai Qingmai was owned as to 5.00% by Li Huaqiang (李華強) and 5.00% by Wang Xiaohong (王曉虹), each being an Independent Third Party.

(7) In addition to our Company's interests in Hong Kong Guofu, Hong Kong Guofu was owned as to 20% by Champion Access Investment Holding Limited (冠捷投資控股有限公司), a limited liability company incorporated in British Virgin Islands and was owned by Zhai Pu (翟普) as to 100%, each being an Independent Third Party for the reason that Hong Kong Guofu was an insignificant subsidiary of ours as of the Latest Practicable Date.

Corporate Structure Immediately Following the Completion of the Global Offering

The following chart illustrates the shareholding structure and simplified corporate structure of our Group immediately following the completion of the Global Offering:



Notes:

(i) For notes (1) to (7), please refer to the corresponding note below the chart as set out in "— Corporate Structure Immediately Before the Global Offering".

(ii) Upon completion of the Global Offering, HongKong Frontier Tanzhonghe Limited (香港前沿碳中禾有限公司), a close associate of Lingang Frontier Capital, an existing Shareholder, will become our Shareholder. Please refer to the section headed "Cornerstone Investors" in this prospectus for details.

OVERVIEW

Who We Are

We are a leading hydrogen energy storage and transport equipment manufacturer in China. We develop and manufacture hydrogen energy core equipment used in the entire industrial value chain of hydrogen energy, which consists of its production, storage, transportation, refueling and use. We are strategically located in the Yangtze River Delta, with convenient access to the ports thereof, which have abundant supply chain resources. Leveraging our advantages in geographic location and benefitting from favorable policies in the global and China's hydrogen energy industry and hydrogen energy core equipment industry, we strive to contribute to the rapid growth of China's hydrogen energy industry. We continue to invest heavily in the R&D and innovation, as well as industrial applications of hydrogen energy, promote the localization of the China's hydrogen energy industry and provide integrated solutions for R&D, production, sales and services of hydrogen energy core equipment in China. Our product portfolio primarily consists of various core equipment used in the entire industrial value chain of hydrogen energy. In particular, we have achieved localized and large-scale commercialization of vehicle-mounted high-pressure hydrogen supply systems and equipment for hydrogen refueling stations during the Track Record Period. We also made various key breakthroughs in the production, storage and transportation of liquid hydrogen, maintaining our leading position in the progress of civilian use of liquid hydrogen in China. Meanwhile, we continue to exert efforts in the field of water electrolysis hydrogen production to establish a first-mover advantage in the green hydrogen field in connection with the comprehensive transformation of China's hydrogen energy industry.

We are a leading hydrogen energy storage and transport equipment manufacturer with respect to the following products:

- *Vehicle-mounted high-pressure hydrogen supply systems and related products*: We ranked first in terms of sales amount of vehicle-mounted high-pressure hydrogen supply systems in China in 2023, with a market share of 23.6%, and first in terms of sales amount of vehicle-mounted high-pressure hydrogen storage cylinders in China in 2023, with a market share of 26.2%.

- *Equipment for hydrogen refueling stations and related products*: We ranked first in terms of the number of hydrogen refueling stations built in China by 2023 where the equipment we provided was used in the construction of such hydrogen refueling stations, with a market share of 25.7%. Additionally, we ranked first in terms of market share of the equipment for hydrogen refueling stations in China, which has remained above 25.0% for five consecutive years from 2019 to 2023. During the 2022 Beijing Winter Olympics, we provided two 70MPa hydrogen refueling stations which was the first large-scale application of 70MPa hydrogen refueling stations in China;

- *Equipment for hydrogen liquefaction and storage and transportation of liquid hydrogen*: We were the first company to develop the technologies and have the capability to manufacture hydrogen liquefaction equipment for large-scale civilian use in China. We have successfully delivered China's first industrial-scale hydrogen liquefaction equipment for civilian use with the production capacity of 10 tons per day, which was the first 10-ton level hydrogen liquefaction equipment in China and also the equipment with the largest production capacity in China. We have successfully developed, manufactured and delivered the first 200 m^3 liquid hydrogen container used in a large-scale liquid hydrogen plant for civilian use in China. Meanwhile, we developed and manufactured the first liquid hydrogen tank sample for civilian use.

- *Water electrolysis hydrogen production equipment*: There are only a few leading companies in China that simultaneously possess the ALK and PEM technologies for water electrolysis hydrogen production equipment. We are the one of a few companies who are capable of (i) dynamically choosing between ALK and PEM technologies to penetrate both the ALK water electrolysis market and the PEM water electrolysis market, and cater to customer demand; and (ii) realizing the cost effectiveness and efficiency of hydrogen production.

We serve the entire hydrogen energy industry chain, which consists of the production, storage, transportation, refueling and use of hydrogen. In the stage of hydrogen production, we offer ALK water electrolysis equipment and PEM water electrolysis equipment. In the stage of hydrogen storage and transportation, we provide hydrogen liquefaction equipment and liquid hydrogen storage and transportation equipment. In the stage of hydrogen refueling, we provide equipment for hydrogen refueling stations and related products. In the stage of hydrogen use, we offer vehicle-mounted high-pressure hydrogen supply systems and its related products, including vehicle-mounted high-pressure storage cylinders, which are the core component of vehicle-mounted high-pressure hydrogen supply systems. Moreover, apart from the development, manufacture and sales of standard hydrogen energy core equipment, we also offer comprehensive customized solutions. By working closely with our customers, we design and deliver customized products that meet their different specifications and functional requirements. For example, during the Track Record Period, we provided a customer with a customized hydrogen logistics solution that included the design and construction of hydrogen production facilities and refueling stations, the customization of modular hydrogen production and refueling containers, and the provision of hydrogen transportation solutions. Leveraging our comprehensive understanding of the entire hydrogen value chain, we also provided such customer with detailed cost assessment and implementation plans. In addition, we collaborated with a company to jointly develop a holistic green hydrogen ecosystem, integrating its existing energy systems and covering the entire industrial chain of production, storage, transportation, and refueling of hydrogen.

Leveraging our insights on hydrogen energy industry and our technological advantages in hydrogen energy core equipment industry in China, we are one of a few National Specialized and Innovative "Little Giant" Enterprise (國家級專精特新"小巨人"企業) in the hydrogen energy industry in China. Through our dedicated R&D efforts in innovation and our experience in the application of hydrogen energy, we have accumulated technical advantages in the field of hydrogen energy core equipment. As of May 31, 2024, we had 277 patents, of which 175 were used in our major commercialized products.

We have received numerous awards and recognition for our achievements, including, among others, the Key "Little Giant" Enterprises (重點"小巨人"企業), Quasi Chain Anchor Enterprise in the Hydrogen Energy Industry Chain of New Energy Cluster in Jiangsu Province (江蘇省新能源集群氫能產業鏈中准鏈主企業), Enterprise Included in the Unicorn Incubation Program of Suzhou (蘇州"獨角獸"培育企業) and Gazelle Enterprise in Jiangsu High-tech Industrial Development Zone (江蘇省高新技術產業開發區瞪羚企業). Our key products also received various honors, such as 2021 First (sets) of Major Equipment Projects in the Energy Field of National Energy Administration (國家能源局2021年能源領域首台(套)重大設備裝備項目), the Second Prize of China Machinery Industry Science and Technology Progress Award (中國機械工業科技進步二等獎), the Second Prize of Jiangsu Automobile Industry Science and Technology Progress Award (江蘇省汽車工業科技進步獎二等獎) and the Second Prize of Shanghai Science and Technology Award (上海市科學技術獎二等獎). Please see the section headed "— Awards and Recognitions" in this section for further details.

In addition, we have been actively leading and participating in the R&D activities of hydrogen energy-related projects in China, especially in Jiangsu Province. We established Jiangsu Hydrogen Energy Production and Storage Equipment Engineering Technology Center (江蘇省氫能制儲裝備工程技術中心), Jiangsu Postgraduate Workstation (江蘇省研究生工作站) and Jiangsu Hydrogen Energy Equipment Engineering Technology Research Center (江蘇省氫能裝備工程技術研究中心). We also participated in the establishment of Nanjing Engineering Research Center — Electrochemical and Compressed Air Energy Storage and Hydrogen Energy Engineering Research Center (南京市工程研究中心-電化學及壓縮空氣儲能與氫能工程研究中心), Jiangsu Hydrogen Energy Technology Innovation Center (江蘇省氫能技術創新中心) and JITRI-GUOFUHEE Joint Innovation Center (JITRI-國富氫能聯合創新中心). Please see "— Research and Development" in this section for more information.

Moreover, we played an active role in the strategic planning and standard-formulation for the development of China's hydrogen energy industry. For example, Hydrogen Cloud Research Institution, which is our subsidiary mainly engaged in R&D activities, is the main author of the National Energy-saving and New Energy Vehicle Technology Roadmap 2.0 (《節能與新能源汽車技術路線圖2.0》). In addition, as of the Latest Practicable Date, we have participated in the drafting of (i) 10 national standards; (ii) 12 group standards; and (iii) one local standard under the coordination of the National Standardization Administration Committee (國家標準化管理委員會) and other organizations. Through participating in the formulation of these standards, we enhanced our competitive market position and expanded our influence in the hydrogen energy core equipment industry, built our corporate brand image and increased our market recognition. At the same time, through technical communications and sharing information with other academic institutions, industry experts and peers in the industry, we developed and improved our technologies and concepts, thereby enhancing our own technical capabilities and product quality. Please refer to "— Research and Development" in this section for further details of those standards.

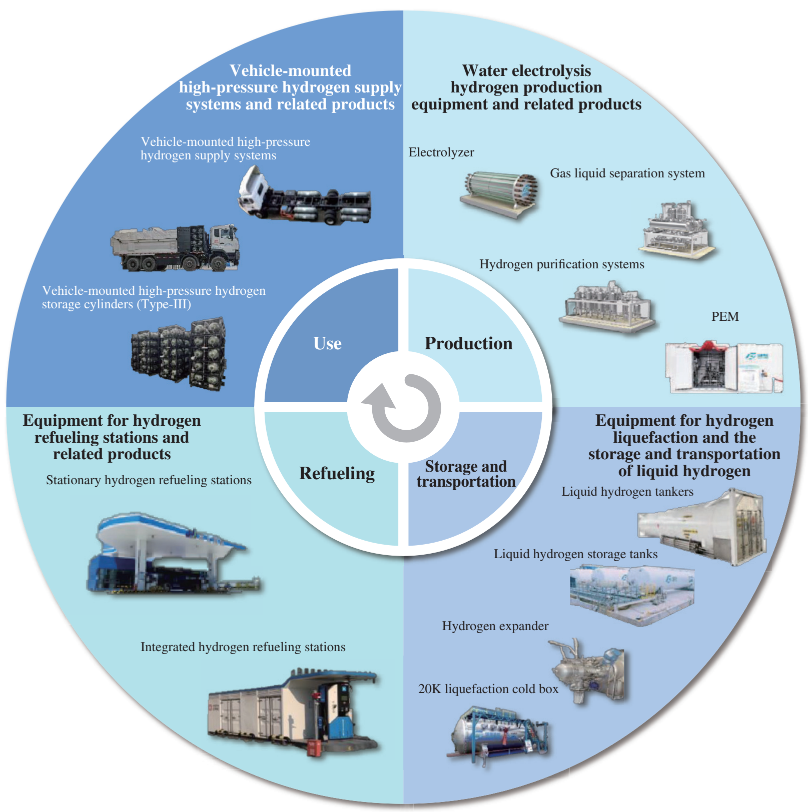
Our Industry Opportunities

Hydrogen energy is one of the important catalysts for the global energy transformation and development will change the global energy structure and contribute to new growth prospects for sustainable economic development. Governments around the world have been actively pursuing the "carbon neutral" objective and have implemented, including those in Europe, Asia, Americas, the Middle East and Australia, policies and initiatives to promote the development of clean energy in their respective countries.

In recent years, the relevant government authorities of China, such as NDRC, MIIT, MOF, MOST and SAC, have issued a number of favorable national-level policies to support the development of hydrogen energy industry. In addition, a series of national-level policies relating to the energy plan, consumption plan and transportation plan also contributed to the development of China's hydrogen energy industry. The establishment of demonstration city clusters, including Beijing, Shanghai, Guangdong, Hebei and Henan, further promoted the development of hydrogen fuel cell vehicles, thereby providing growth opportunities for the industry of hydrogen energy core equipment. For details of these favorable policies for the hydrogen energy industry in China, please see "Industry Overview — Overview of Hydrogen Energy Industry — Favorable Policies and Documents in China" in this prospectus.

Our Key Products

We currently provide four types of hydrogen energy equipment products to our customers, including: (i) vehicle-mounted high-pressure hydrogen supply systems and related products; (ii) equipment for hydrogen refueling stations and related products; (iii) equipment for hydrogen liquefaction and the storage and transportation of liquid hydrogen; and (iv) water electrolysis hydrogen production equipment and related products. For the years ended December 31, 2021, 2022 and 2023 and the five months ended May 31, 2023 and 2024, 100%, 100%, 81.2%, 96.0% and 100.0%, respectively, of our revenue was generated from the sales of vehicle-mounted high-pressure hydrogen supply systems and related products and equipment for hydrogen refueling stations and related products. Below is an illustration of our products and their applications in the production, storage, transportation, refueling and use of hydrogen energy:



Our product offering covers the entire industrial value chain of hydrogen energy as follows:

- *Use* – Vehicle-mounted high-pressure hydrogen supply system is the energy storage unit of a hydrogen fuel cell vehicle. The system and its related products, such as hydrogen storage cylinders, are the key sub-system and components of hydrogen fuel cell vehicle. We currently focus on providing vehicle-mounted high-pressure hydrogen supply systems equipped with Type-III cylinders with two pressure specifications of 35MPa and 70MPa for the use of hydrogen energy. We have adopted aluminum-lined carbon fiber full winding technology in connection with the production of our hydrogen storage cylinders. As of the Latest Practicable Date, we were also in the process of exploring the opportunities of large-scale commercialization of vehicle-mounted high-pressure hydrogen supply systems equipped with Type-IV cylinders.

- *Refueling* – Expanding the geographic coverage of hydrogen refueling stations and the efficiency of the supply of hydrogen will promote the wider use of hydrogen fuel cell vehicles. We currently offer equipment for two types of hydrogen refueling stations (i.e., stationary hydrogen refueling stations and integrated hydrogen refueling stations) and related products, such as portable hydrogen compressor units, unloading units, hydrogen dispenser, among others, for the refueling of hydrogen energy. As of the Latest Practicable Date, we were in the process of exploring the opportunities of large-scale commercialization of liquid hydrogen refueling stations.

- *Storage and transportation* – The technologies used for the storage and transportation of liquid hydrogen can effectively reduce the cost of the storage and transportation of hydrogen energy. We have successfully developed (i) hydrogen liquefaction equipment to convert gaseous hydrogen into liquid hydrogen and increase the bulk density of hydrogen which makes hydrogen more suitable for storage; and (ii) equipment for storage and transportation of liquid hydrogen, such as liquid hydrogen tanks for future intermodal transportation and storage of liquid hydrogen, which cover the entire hydrogen liquefaction, storage and transportation industrial chain.

- *Production* – In view of the requirements of the "Carbon Peaking and Carbon Neutrality" objective, it is expected that using renewable energy sources to produce hydrogen through water electrolysis technology, will become one of the mainstream approaches used for hydrogen production in the future as it produces zero carbon emissions during production activities. We currently offer ALK and PEM water electrolysis hydrogen production equipment.

Our Financial Performance

For the years ended December 31, 2021, 2022 and 2023 and the five months ended May 31, 2023 and 2024, our revenue amounted to RMB329.3 million, RMB359.5 million, RMB522.4 million, RMB45.2 million and RMB64.3 million, respectively, representing a CAGR of 26.0% from 2021 to 2023. For the same periods, we generated a majority of our revenue from vehicle-mounted high-pressure hydrogen supply systems and related products and equipment for hydrogen refueling stations and related products. Among them, our revenue generated from vehicle-mounted high-pressure hydrogen supply systems and related products accounted for approximately 57.5%, 76.7%, 57.6%, 71.8% and 40.8% of our total revenue for the years ended December 31, 2021, 2022 and 2023 and the five months ended May 31, 2023 and 2024, respectively. Revenue generated from equipment for hydrogen refueling stations and related products accounted for 42.5%, 23.3%, 23.6%, 24.2% and 59.2% of our total revenue for the same years/periods, respectively. We also generated revenue from two new product types in 2023. For the year ended December 31, 2023, the remaining 18.8% of our total revenue was generated from the sales of equipment for hydrogen liquefaction and the storage and transportation of liquid hydrogen and water electrolysis hydrogen production equipment and related products. For the five months ended May 31, 2023, the remaining 4.0% of our total revenue was generated from the sales of water electrolysis hydrogen production equipment and related products. In addition, for the years ended December 31, 2021, 2022 and 2023 and the five months ended May 31, 2023 and 2024, we recorded loss for the year/period of RMB75.2 million, RMB96.2 million, RMB75.0 million, RMB44.2 million and RMB96.8 million, respectively. We recorded net cash used in operating activities of RMB254.4 million and RMB173.9 million in the years ended December 31, 2021 and 2022, respectively, and realized net cash from operating activities of RMB8.4 million in 2023. Our net cash used in operating activities was RMB41.3 million in the five months ended May 31, 2024.

OUR COMPETITIVE STRENGTHS

A leading hydrogen energy storage and transport equipment manufacturer in the PRC, holding a series of first-mover advantages and acting as a leading market player in a number of market segments of China's hydrogen energy core equipment industry

We are a leading hydrogen energy storage and transport equipment manufacturer in the PRC. We are engaged in developing and manufacturing hydrogen energy core equipment used in the entire industrial value chain of hydrogen energy, including production, storage, transportation, refueling and use of hydrogen energy. We have achieved large-scale mass production of vehicle-mounted high-pressure hydrogen supply systems and equipment for hydrogen refueling stations as of the Latest Practicable Date. According to Frost & Sullivan, we have maintained the largest market share of vehicle-mounted high-pressure hydrogen supply systems in China in terms of sales amount and the largest market share of hydrogen refueling stations in terms of the number of hydrogen refueling stations built in China that were equipped with our equipment in 2023. We also focus on the development and iteration of core technologies for liquid hydrogen equipment and water electrolysis hydrogen production equipment, and aim to maintain our advantages in key technologies in related fields through continuous R&D investments. In the field of liquid hydrogen, we made a number of key breakthroughs and guided the pace of R&D of domestic liquid hydrogen core technologies and key equipment in China.

We are a leading market player with a series of first-mover advantages with respect to the following products:

- *Vehicle-mounted high-pressure hydrogen supply systems and related products*: We have the capability to develop, design and manufacture a core component of vehicle-mounted high-pressure hydrogen supply systems, namely, vehicle-mounted high-pressure storage cylinders. As of the Latest Practicable Date, we were capable of manufacturing ten types of 35MPa Type-III cylinders and two types of 70MPa Type-III cylinders in terms of the volume of a single cylinder. We also offer customized cylinders based on customers' specific requirements. In particular, we provided a hydrogen supply system for "Qinglong No. 1 (氫龍一號)", which is the first high-power hydrogen energy shunting locomotive in China with the largest fuel cell system in China in 2022 with a total storage capacity of 140kg of hydrogen. Qinglong No. 1 represented a significant breakthrough in the commercialization of high-power hydrogen energy power equipment for heavy-duty railroads in China. It also provided abundant experiences for project participants in the development of the high-power, efficient, reliable and safe fuel cells for railway transportation in China. We acquired the opportunity to provide hydrogen supply systems for Qinglong No. 1 by participating in a public tender in January 2021. The evaluation criteria of the tendering participants included the ability to manufacture the relevant equipment that strictly adheres to the technical specifications and national standards, and the possession of inspection and testing equipment, quality assurance systems, competitive bidding prices, and technical plan specifically designed for the project, among others. We believe that due to our leading position in supplying high-pressure hydrogen supply systems in China, strong technical capacities and product performance, as well as a competitive bidding price, we were able to win the tender. Our products were also used, among other things, in the 2022 Beijing Winter Olympics and the 2023 Chengdu Universiade. We ranked first in terms of sales amount of vehicle-mounted high-pressure hydrogen supply systems in China in 2023, with a market share of 23.6%. We also ranked first in terms of sales amount of vehicle-mounted high-pressure hydrogen storage cylinders in China in 2023, with a market share of 26.2%.

- *Equipment for hydrogen refueling stations and related products*: We are a leading enterprise specializing in developing and manufacturing the equipment for hydrogen refueling stations in the PRC. Our equipment for hydrogen refueling stations was used in a number of first demonstration projects in China, including: (i) the first integrated hydrogen production and refueling station; (ii) the first oil-hydrogen hybrid refueling station; and (iii) the first oil, gas and hydrogen integrated energy station. As of December 31, 2023, among 428 hydrogen refueling stations constructed in China, our equipment for hydrogen refueling stations was used in the construction of 110 of them, which accounted for 25.7% of China's total hydrogen refueling stations built by 2023. Since 2022, our equipment for hydrogen refueling stations has been exported to Malaysia and other overseas markets and were used in the construction of a 70MPa hydrogen refueling station project in Malaysia.

- *Equipment for hydrogen liquefaction and the storage and transportation of liquid hydrogen:* We are one of the first companies in the localization, commercialization and large-scale development of the equipment for production, storage and transportation of liquid hydrogen in China. In terms of hydrogen liquefaction, we are the first manufacturer in China that adopted the hydrogen expansion Claude method for liquefaction of hydrogen for civilian use. In addition, in 2023, we successfully delivered China's first industrial-scale hydrogen liquefaction equipment for civilian use with the production capacity of 10 tons per day, which was the first 10-ton level hydrogen liquefaction equipment in China and also the equipment with the largest production capacity in China.

In terms of storage and transportation of liquid hydrogen, we were the first company to pass the evaluation of liquid hydrogen enterprise standards conducted by China Standardization Committee of Boilers and Pressure Vessels. We have participated in the compilation of the first group standards for storage and transportation vessels of liquid hydrogen and a series of group standards in relation to liquid hydrogen, as well as the energy industry standards of China, namely, the Mobile Vacuum Insulated Liquid Hydrogen Pressure Vessels (《移動式真空絕熱液氫壓力容器》). We have successfully developed, manufactured and delivered the first 200 m^3 liquid hydrogen container used in a large-scale civilian use liquid hydrogen plant in China. Meanwhile, we developed and manufactured the first liquid hydrogen tank sample for civilian use. We are one of the domestic leaders in the development of vertical and horizontal liquid hydrogen storage tanks, liquid hydrogen containers and large-capacity liquid hydrogen storage cylinders.

- *Water electrolysis hydrogen production equipment and related products:* We also focus on the development of water electrolysis hydrogen production equipment and have achieved the large-scale production and sales of related equipment. For ALK water electrolysis equipment, we are capable of conducting large-scale production of a complete range of large- and medium-sized ALK electrolyzer products. Meanwhile, we provide customized service for our customers to meet their demands for electrolyzer products of different specifications. For PEM water electrolysis equipment, we have successfully manufactured our first set of 20kw PEM water electrolysis equipment in 2023, and are capable of manufacturing such equipment with larger production capacity that will be used in various application scenarios of the integrated hydrogen production and refueling stations. We are also actively expanding our business in the overseas markets. For instance, in June 2023, we cooperated with our international partner in Abu Dhabi and sold our relevant products to be used in the construction of an integrated hydrogen production and refueling station there. This collaboration enabled us to obtain our first order of water electrolysis hydrogen production equipment in the overseas markets, which we believe will help to promote the rapid popularity of hydrogen energy equipment worldwide.

An active participant in the formulation of industry standards with strategic layout covering key stages in the hydrogen energy industrial value chain that is deeply rooted in China with an expanding footprint in overseas markets

We develop and manufacture hydrogen core equipment that covers various key stages in the hydrogen energy industrial value chain. We put forward a future strategic layout that focuses on the development of hydrogen production by using renewable energy, hydrogen liquefaction and hydrogen storage and transportation. We are deeply involved in the strategic planning and standard-formulation for the development of China's hydrogen energy industry. Hydrogen Cloud Research Institution, which is our subsidiary mainly engaged in R&D activities, is the main author of the National Energy-saving and New Energy Vehicle Technology Roadmap 2.0 (《節能與新能源汽車技術路線圖2.0》). In addition, as of the Latest

Practicable Date, we have participated in the drafting of (i) 10 national standards; (ii) 12 group standards; and (iii) one local standard under the coordination of the National Standardization Administration Committee (國家標準化管理委員會) and other organizations.

Since our inception, we primarily focused on the transportation sector in China by developing and manufacturing core components for hydrogen fuel cell vehicles (i.e., vehicle-mounted high-pressure hydrogen supply systems) and equipment for hydrogen energy transportation infrastructure (i.e., hydrogen refueling stations). By developing core equipment for water electrolysis hydrogen production, hydrogen liquefaction, and storage and transportation of liquid hydrogen, we began to expand our business to the upstream and midstream stages of hydrogen energy industrial value chain with multiple application scenarios. We have carried out strategic technology layout and devoted substantial resources on equipment R&D with an aim to occupy the key points of the entire hydrogen energy industrial value chain. Specifically, we have commercialized our equipment for hydrogen liquefaction and storage and transportation of liquid hydrogen and water electrolysis hydrogen production equipment and related products, and generated revenue thereof in 2023. Through investments in local companies and cooperation with local business partners, we are able to integrate the advantages of both parties in terms of technology, capital, sites and equipment, and participate in the development of local hydrogen energy projects across China, thereby continuously expanding the geographic coverage of our products. For example, Qilu Hydrogen is one of our associates. We successfully delivered a set of liquid hydrogen equipment for its liquid hydrogen plant in 2023. Leveraging our competitive advantages in the Chinese domestic hydrogen energy core equipment industry and our continuous investments in the core technologies and manufacturing processes involving liquid hydrogen production, storage and transportation and hydrogen production, we believe we will be able to solidify our key positions within the supply chain of our various customers.

We have also started to explore overseas markets and actively expanded our presence in the overseas markets by direct sales, investments and/or strategic cooperative relationships with numerous local enterprises. We have strategically selected certain overseas markets that we believe have abundant renewable resources, well-established energy infrastructure and manufacturing processes and favorable government policies to enter into. As of the Latest Practicable Date, we had entered into cooperation agreements or memorandums of understanding with business partners in several countries around the world, including Germany, Brazil, Singapore, United Arab Emirates, the Netherlands and India, and are actively involved in the development of local business opportunities in order to capture the growing business opportunities in the global hydrogen energy industry. In addition, our overseas footprint had covered Europe, South America, the Middle East, Australia, Southeast Asia and the United States by offering vehicle-mounted high-pressure hydrogen supply systems, vehicle-mounted high-pressure hydrogen storage cylinders, equipment for hydrogen refueling stations and water electrolysis hydrogen production equipment to customers in these markets as of the same date. We believe our presence in these overseas markets has enhanced our brand recognition and helped us obtain overseas orders.

Strong R&D capabilities, comprehensive R&D cooperation and cultivation of excellent talents, which develop leading proprietary technologies and set high competitive standards

We have leading innovative technologies, extensive R&D experience and active exploration of the future development of the hydrogen energy industry. We are an active and leading participant in the development of industry standards for hydrogen energy core equipment, and have consequently established first-mover advantages therein. We have participated in the drafting of a series of industry standards, group standards and local standards relating to the cutting-edge technologies for certain hydrogen energy core equipment, such as vehicle-mounted liquid hydrogen supply systems, vehicle-mounted high-pressure hydrogen storage cylinders, pressure vessels for high-pressure gaseous and low-temperature liquid hydrogen storage, equipment for liquid hydrogen production, the storage and transportation, integrated oil, gas mixed hydrogen refueling stations and water electrolysis hydrogen production. In addition, we have cooperated with a number of universities and scientific research institutions including Tsinghua University, Zhejiang University, Southeast University and Hefei General Machinery Research Institute, in order to strive for scientific research cooperation and talent cultivation.

We adhere to the spirit of innovation. Relying on our trial production lines and comprehensive testing platforms, we have achieved technological advances and made breakthroughs in the R&D and manufacturing of core equipment for vehicle-mounted high-pressure gas cylinders, hydrogen refueling stations, water electrolyzer and liquid hydrogen. Specifically, our technologies for vehicle-mounted hydrogen supply systems and hydrogen storage cylinders have achieved the international top levels. We have developed the processes in the design and application of carbon fiber winding for high-pressure hydrogen storage cylinders and the curing and molding of hydrogen storage cylinders. In terms of equipment for hydrogen refueling stations, we have developed high-precision energy-saving hydrogen refueling technology and hybrid pressurized multi-stage filling technology, which improve the safety and accuracy of the hydrogen refueling process. With respect to the R&D and design of water electrolysis hydrogen production equipment, we have developed catalytic electrode integrated preparation technology (催化電極一體化製備技術) and plate structure and optimization technology (極板結構及優化技術) to improve electrolysis efficiency and reduce energy consumption in connection with hydrogen production. In terms of equipment for hydrogen liquefaction and the storage and transportation of liquid hydrogen, we resolved the critical technological issues relating to the process of hydrogen liquefaction, the development of core equipment and key components of hydrogen liquefaction, and storage and transportation of liquid hydrogen. Through years of R&D, we have developed proprietary large-scale hydrogen liquefaction technology and low-temperature liquid hydrogen storage.

In respect of R&D cooperation, we established long-term and stable cooperative relationships with reputable universities and research institutes across China. We conducted joint R&D activities with these universities and research institutes through entrustment and cooperation to complement each other's advantages, accelerate the R&D development of hydrogen energy industry, and ensure the quality of R&D results. We have also initiated the establishment of Hydrogen Cloud Research Institute, which is our independent research institution to carry out technological innovation of hydrogen energy.

We attach great importance to R&D and technical team building. We currently have a R&D team of professionals with the requisite skills and experience relating to hydrogen energy who contributed to the innovation of a number of patented and non-patented technologies. As of May 31, 2024, we had a R&D team of 76 personnel, who had expertise and experience in vehicle high-pressure hydrogen storage bottles, water electrolysis hydrogen production, and liquid hydrogen production, storage and transportation.

Deep industry knowledge and experience connecting with growing customer base

Leveraging our capabilities in business synergy, we have established a large customer network in major urban clusters across China. The customers with whom we have established comprehensive cooperation include well-known energy companies, complete vehicle manufacturers and fuel cell system integrators. In particular, the commercialized application of our integrated solutions for vehicle-mounted high-pressure hydrogen supply systems and hydrogen refueling stations has extended its coverage to five major city clusters, such as Beijing, Shanghai, Guangdong, Hebei and Henan, for demonstration application of fuel cell vehicles in China as of the Latest Practicable Date.

With respect to vehicle-mounted hydrogen supply systems, our products are mainly used on trucks or buses for logistics, public transportation and other scenarios. They can be adjusted in terms of the number and volume of vehicle-mounted high-pressure hydrogen storage cylinders to meet the requirements of different models of trucks and buses. As of the Latest Practicable Date, we had a large number of customers for our vehicle-mounted hydrogen supply systems, such as leading fuel cell system providers, major domestic passenger vehicle manufacturers, and leading heavy truck manufactures.

In terms of hydrogen refueling stations, our major customers include national energy companies, and urban public transportation operating companies. Our equipment for hydrogen refueling stations have covered five major city clusters for demonstration application of fuel cell vehicles and our relevant products were used in the construction of hydrogen energy infrastructure in these major city clusters. As of December 31, 2023, the total number of hydrogen refueling stations built in China reached 428 units, of which 110 of them were equipped with our equipment for hydrogen refueling stations, accounting for 25.7% of the total number of hydrogen refueling stations built in China. Accordingly, we ranked first among all the providers for the equipment for hydrogen refueling stations and related products in China in 2023.

Through years of our dedication in offering competitive products and serving our customers, we have established and maintained a growing customer base with stellar market reputation. The number of our customers increased from 103 in 2021 to 128 in 2022, and further to 142 in 2023. The number of our customers slightly decreased from 59 in the five months ended May 31, 2023 to 52 in the five months ended May 31, 2024. Our core products have enjoyed competitive advantages in the supply chain of vehicle manufacturers, energy companies and fuel cell system integrators. As we continue to invest in R&D capability and technological innovations involving liquid hydrogen and water electrolysis hydrogen production, we intend to expand our product offerings, which we believe will serve our customers' increasing diversified needs and enable them to broaden their product portfolio.

Strong capability of supply chain integration in the hydrogen energy industry by optimizing operational efficiency and promoting comprehensive customized services

We are committed to connecting upstream and downstream enterprises in the entire industrial value chain of hydrogen energy, and are actively integrating resources in the industry supply chain. We established long-term and stable cooperative relationships with our suppliers and customers, which enabled us to pursue technological advancements and upgrades in the hydrogen energy industrial chain, and at the same time, expedite the localization of key equipment components of hydrogen energy.

We are strategically located in the Yangtze River Delta, with convenient access to the ports thereof, which have abundant supply chain resources. The production of our major products involves procuring raw materials from Chinese domestic suppliers and agents of foreign raw materials. Some of these suppliers and agents, as well as the ports used for importation of raw materials, are primarily located in Shanghai, Jiangsu and Zhejiang Provinces. Considering (i) the availability of suppliers of raw materials in the Yangtze River Delta; and (ii) the convenience of transportation infrastructure in the Yangtze River Delta, we are able to ensure adequate and timely supply of raw materials. We also benefit from favorable policies in the global and China's hydrogen energy industry and hydrogen energy core equipment industry. China's hydrogen energy industry still relies on the import of certain key equipment and raw materials, which led to relatively high production costs for domestic manufacturers of hydrogen energy core equipment. This prevents China's hydrogen energy industry from achieving an ideal economy of scale. We have established close and deep R&D cooperation with upstream suppliers, and continued to jointly develop, test and upgrade the manufacturing process of core equipment and components. We also entered into strategic cooperation agreements with a number of major suppliers to ensure a stable supply of raw materials. In addition, we continue to refine and improve the international certification of our hydrogen energy core equipment. At the same time, we also require our suppliers to make progress on obtaining the international certification of their products in response to the implementation the global unified standards of the hydrogen energy core equipment and thereby, further promote the globalization of the entire industrial value chain. With respect to vehicle-mounted high-pressure hydrogen supply systems, we facilitated R&D cooperation with upstream suppliers and have significantly accelerated the localization of carbon fiber, valves and other core raw materials used in the production of such systems. Through joint efforts in technological innovation, we assisted these suppliers to further reduce the costs of manufacturing key raw materials and core components, and continued to reduce their operating costs and improve their operational efficiency. In terms of equipment for hydrogen liquefaction, we have taken the lead in developing a localized supply chain for parts and components of the large-scale liquid hydrogen equipment for civilian use. We realized first application of liquid hydrogen for large-scale civilian use in 2023. With respect to water electrolysis hydrogen production equipment, to tap into the hydrogen production stage of the industrial value chain, we utilized intelligent production equipment and plan to expand our production capacity of water electrolysis hydrogen production equipment. Please see "— Our Business Strategies — Strengthen our manufacturing capabilities and increase production capacity" in this section for more information.

Moreover, we focus on improving our capabilities of smart production to improve our production efficiency. Since 2020, we have been actively responding to the national intelligent manufacturing strategy, promoting the digital transformation and upgrading of enterprises. Through the transformation of automation, digitization and informatization, we have constructed an intelligent workstation of vehicle-mounted high-pressure hydrogen supply systems utilizing production process optimization, intelligent upgrade of production line equipment, and integrated design of multiple management systems, thereby achieving automation of production operations, networking of production management, digitalization of enterprise operations and intelligent decision management, reduction of manufacturing costs and improved production efficiency and product quality. Our achievements in intelligent production enable us to further promote standardized production plants, improve our management efficiency, and lay the foundation for the establishment of our production facilities in the overseas markets in the near future.

Based on our understanding of differentiated customer demands, we offer comprehensive customized solutions that include a variety of products and services tailored to the specifications and functions as required by our customers. Our comprehensive customized solutions typically include (i) an overall roadmap and structure designed based on the particular businesses of our customers; (ii) management and operation procedures formulated to address business development and growth; and (iii) supporting software and hardware specifically selected and designed to tackle the business needs of our customers. By offering customers integrated solutions that address the entire life cycle of our customers, we are able to broaden our business scope and enhance our customer stickiness.

Leveraging our first-mover advantages in the hydrogen energy industry, we have taken the following measures in terms of supply chain resource integration:

- *Integration of upstream and downstream supply chain* – We establish strategic partnerships with leading enterprises in the upstream energy and chemical industries and downstream new energy-related enterprises to achieve supply chain integration and coordinated development.

- *Industrial upgrading* – Our products were used in the construction of hydrogen refueling stations and the supply of vehicle-mounted high-pressure hydrogen supply systems for vehicles in hydrogen fuel cell vehicle demonstration city clusters promoted by the PRC governments. We continuously optimize and iterate our product offerings to meet the market demand according to the advancement of demonstration city clusters.

- *Localization substitution and milestone* – We promote the development of raw materials, parts and components and core equipment manufactured by Chinese domestic enterprises to replace imported equipment and technologies through technological innovation and process optimization and improvement. In addition, we use technology innovation and introduction to actively explore the joint development of forward-looking technologies with third parties. Based on the projects initiated at China's provincial and ministerial level, our products were used in the construction of China's first domestic large-scale hydrogen liquefaction plant for civilian use in Zibo, Shandong Province.

- *International cooperation*. We also actively explore the international markets and participate in various international projects. For example, we participated in projects in Malaysia and Abu Dhabi relating to water electrolysis hydrogen production and hydrogen refueling stations, which allowed our R&D equipment to be used in overseas markets.

Professional, dedicated and experienced founder, management team and R&D team with strong shareholder support

With decades of experience in the fields of energy and chemical industry in China, our founder and Chairman, Mr. Wu, and our core management and R&D teams focus on the entire industrial value chain of hydrogen energy core equipment, which made significant contributions to our competitive advantages and market leading positions. Mr. Wu has more than 44 years of experience in chemical machinery industry and corporate management and has profound insight into the evolving trends of China's energy development and the demand for relevant hydrogen energy core equipment. He has been actively promoting and participating in a series of the localization of key core components and equipment in China's energy equipment industry. Mr. Wu has applied his broad vision, entrepreneurial spirit and rich experience in the PRC energy equipment industry to guide our strategic direction and growth.

In addition, our core management team and R&D team are innovative, efficient and experienced. Our core management team have more than ten years of working experience in the hydrogen energy or energy equipment industry. Our core management team consists of experienced professionals, scientists and engineers with rich experience involving R&D, production, procurement and sales in the hydrogen energy or energy equipment industry, and deep understanding of the developmental stages and policies of the relevant industries, competitive landscape and technological directions of the global hydrogen energy industry chain. Our core management team made contributions to our technological breakthroughs involving, and commercialization of, various hydrogen energy core equipment with their strategic layout. Therefore, under the guidance of our core management team, our strategic direction is highly aligned with the national energy equipment development trends, and we have also been deeply involved in the formulation of strategic plans and standards for the development of the national hydrogen energy industry.

As of May 31, 2024, we had a R&D team of 76 personnel. The core members of our R&D team have participated in the formulation and revision of a number of national standards relating to hydrogen energy core equipment. Our R&D team has contributed to the development of our proprietary and key technologies and core products, such as liquid hydrogen containers, liquid hydrogen tanks, pressurized hydrogen refueling devices, vehicle-mounted high-pressure hydrogen supply systems and integrated hydrogen refueling stations.

Since our inception, we have gained valuable support from certain of our shareholders with vision and insights in China's energy industry, including Sinopec (中國石化), Three Gorges Capital (三峽資本), BAIC Industrial Investment (北汽產投) and SAIC Hengxu Capital (上汽恒旭資本). These shareholders enabled us to conduct business integration and coordination throughout the entire industrial value chain of hydrogen energy core equipment, ensuring the sustainability and scalability of our business and helping us continuously solidify our leading position in the industry.

For details of our competitive advantages by product type, please see "— Business Sustainability — Our Core Competencies of the Four Types of Products Manufactured by Us" in this section.

OUR BUSINESS STRATEGIES

Our mission is to provide integrated solutions of hydrogen energy equipment covering the entire industrial value chain of hydrogen energy to expedite the development of the hydrogen energy industry, including the production of green hydrogen, large-scale high-efficiency storage, transportation and use of hydrogen energy, as well as transportation using green energy. We are committed to becoming a leader in the advancement of hydrogen energy technologies and equipment, and making sizeable contributions to the transformation of green energy, energy saving and carbon reduction and realization of the objective of "Carbon Peaking and Carbon Neutrality". We plan to achieve this mission by implementing the following strategies:

Generate synergy of our existing business lines and build an ecosystem for the development of the hydrogen energy industry

We will focus on developing and manufacturing (i) water electrolysis hydrogen production equipment; and (ii) hydrogen liquefaction and storage and transportation of liquid hydrogen. Subject to the concurrent increase in availability of renewable energy and related infrastructure, we intend to combine the technical solutions for green hydrogen production and storage and transportation of liquid hydrogen to achieve large-scale commercial application of hydrogen energy that are tailored for China's conditions and characteristics. We plan to manufacture hydrogen production equipment using green electricity for customers in areas with rich wind and photovoltaic resources, and will continue to promote the implementation of renewable energy hydrogen production projects in areas with abundant wind, solar and hydropower resources. Leveraging our existing technologies in hydrogen liquefaction, we intend to improve the flexibility and economy of the hydrogen energy transportation in order to realize cross-regional resource allocation of green hydrogen. In particular:

- In terms of water electrolysis hydrogen production, green hydrogen, will become increasingly favored by the market in the future. Since we believe that our technologies for the commercial application of water electrolysis hydrogen production are mature, we intend to strengthen our investments in water electrolysis hydrogen production equipment to further expand our product portfolio and diversify our revenue stream in the future.

- With respect to hydrogen liquefaction and storage and transportation of liquid hydrogen, our relevant products were used in the construction of a liquid hydrogen plant project of Qilu Hydrogen with a production capacity of 10 tons per day. The development of liquid hydrogen in China is currently still at a preliminary stage and there exists huge market potentials for the market in the future. We will continue to invest in the business of equipment for hydrogen liquefaction and the storage and transportation of liquid hydrogen, and contribute to the construction of China's domestic liquid hydrogen infrastructure.

In addition, we will enhance our competitive advantages in hydrogen energy core equipment that is used for green energy transportation, and continue to leverage the synergies generated from our various business lines involving vehicle-mounted high-pressure hydrogen supply systems, equipment for hydrogen refueling stations, equipment for hydrogen liquefaction and storage and transportation of liquid hydrogen and water electrolysis hydrogen production equipment. The measures we aim to take to generate such synergetic effect include:

- Actively participating in the construction of hydrogen refueling stations, which will enable us to participate in the planning and supply of hydrogen fuel cell vehicles within the service coverage area of hydrogen refueling stations, thereby achieving targeted expansion of our end customer base and promoting the growth of our vehicle-mounted high-pressure hydrogen supply systems business. In addition, we intend to facilitate the cooperation with major complete vehicle manufacturers to continue to promote our vehicle-mounted high-pressure hydrogen supply systems business. We will timely monitor the plans and business layout of the major complete vehicle manufacturers in the relevant regions in China, expand the number of hydrogen refueling stations that are equipped with our products in these targeted areas. Our objective is to obtain additional orders for hydrogen refueling stations using our competitive advantages in system adaptability and stable equipment performance.

  During the Track Record Period, we made investments in a number of companies to co-develop and co-produce certain equipment for hydrogen refueling stations and water electrolysis hydrogen production equipment. We intend to continue to invest in companies that satisfy our strategic business plans to maintain our technological advantages with respect to these products.

- After achieving the commercialization of liquid hydrogen, we will conduct the market promotion of liquid hydrogen refueling stations based on the existing market size and customer base of high-pressure gaseous hydrogen refueling stations by utilizing the synergetic advantages of liquid hydrogen technology and hydrogen refueling stations. We will participate in the construction of integrated stations of high-pressure gaseous and liquid hydrogen filling and cryogenic high-pressure hydrogen filling. By promoting the commercial application of liquid hydrogen refueling stations and liquid hydrogen fuel cell vehicles, the service coverage area of hydrogen refueling stations will be further extended, and the speed and efficiency of hydrogen filling will be improved.

- Leveraging our existing customer base of hydrogen refueling stations, we will promote the construction of integrated hydrogen production and refueling stations. This will help resolve the issues of lack of hydrogen supply and high cost of hydrogen refueling stations in certain areas in China through on-site hydrogen production. We will help our customers make use of the local green electricity or the balance of peak and off-peak electricity to increase the proportion of green hydrogen used in hydrogen production.

Adhere to the R&D-driven strategy and promote technology upgrades and product iterations

To maintain our technological advantages in hydrogen energy core equipment, improve our customer satisfaction and brand recognition, we will continue to carry out our R&D activities to cover the entire industrial value chain of hydrogen energy to ensure the overall competitiveness of our core products. We plan to further improve the performance and stability of our products based on our existing R&D structure. In the future, we will conduct R&D activities in the following manner:

- We will focus on the expansion of our production capacity for Type-III cylinders and the commercialization of Type-IV cylinders and liquid hydrogen storage cylinders. Based on our existing experience in new energy transportation, energy chemical industry and hydrogen energy industry, we will further improve the performance and application of raw materials and optimize the production process through R&D. We will also continue to make R&D investments in cryogenic high-pressure hydrogen storage cylinders.

- We will strengthen our advantages in self-developed core equipment for hydrogen refueling stations to create technical barriers for our competitors. We also aim to strengthen cooperation with upstream parts and components suppliers in China, promote equipment localization, and enhance our proprietary core technologies. We will continue to focus on breakthroughs in the technical process of liquid hydrogen refueling stations and liquid hydrogen filling machines. In addition, we will also continue to optimize the integration process of hydrogen refueling stations to improve the efficiency of temperature and flow control and strengthen their adaptability and reliability. Through the foregoing methods, we expect to our customer experience and satisfaction will improve, which we believe will continuously enhance our reputation and brand image.

- We will focus on the development of the relevant technologies in hydrogen liquefaction and storage and transportation of liquid hydrogen, especially the technologies such as the process of manufacturing hydrogen liquefaction units with a capacity of 15 tons and above per day and the multimodal transportation of liquid hydrogen tanks. We will continue to reduce the production and usage cost of liquid hydrogen equipment by achieving economy of scale, improving the efficiency of our production process, and promoting the standardization of transportation equipment. We believe these efforts will enable us to adapt to the industry trends for production capacity enhancement and large-scale commercialization.

- Through continuous R&D investments, we will promote the industrial production of water electrolysis hydrogen production equipment with low energy consumption, high reliability, wide load range and fast response, so as to meet the growing market demand for hydrogen production using renewable energy sources. We will also continue to optimize the ALK and PEM hydrogen production technologies and methods that we currently use and apply in the manufacturing of water electrolysis hydrogen production equipment, and at the same time, invest in the R&D of SOEC, AEM and other technologies and methods.

Please see the section headed "Future Plans and Use of Proceeds" in this prospectus for further details.

Expedite our globalization strategy to realize the expansion of our international presence

We aim to gradually accelerate the pace of internationalization of our existing businesses. This will enable us to achieve wider application of hydrogen energy around the world. Leveraging on our core team's international working experience over the years, as well as the market opportunities of hydrogen energy arising from the strategic deployment of major global economies, we plan to quickly extend our footprint in various local markets. We will develop differentiated competitive strategies for different countries and regions. Our global expansion tactics include:

- *Direct product sales and strategic cooperation*: We plan to penetrate the overseas markets through direct product sales and strategic cooperation, such as project cooperation and construction activities of hydrogen energy infrastructures. For example, we were invited by a number of enterprises in Malaysia, Australia, the U.S., Germany and UAE to make minority investments in local companies with the aim of setting up the local capability for the production of vehicle-mounted high-pressure hydrogen supply systems, equipment for hydrogen refueling stations and water electrolysis hydrogen production equipment. In addition, we entered into a series of memorandum of understanding or cooperation agreement with our overseas business partners in Germany, Italy, Turkey, Morocco, Singapore and India that aim to establish long-term or strategic cooperation to develop local hydrogen energy markets. We will continue to expand our cooperation with overseas business partners in the future.

- *Investments in local companies*: We intend to promote the growth of our overseas business through making investments in local companies and collaborating with foreign business partners to construct production facilities to manufacture hydrogen energy core equipment in various countries that consider the development of hydrogen energy as an important approach of promoting the green energy transition and achieving the goal of deep decarbonization, such as the Netherlands, Germany, the UAE and Brazil.

- *Technology exchange and supply chain cooperation*: We intend to facilitate the strategic cooperation via technology exchanges and supply chain complementarity with countries that have strong entry barriers for foreign competitors due to their strong demand for energy security and economic growth.

We plan to gradually expand our business presence globally. Through international strategic research cooperation, promotion of international standards and PCT international patent layout, we will continue to cultivate our global customer base and gain operational experience in numerous overseas markets, so that we can provide our international customers with efficient and stable integrated solutions for the entire industrial value chain of hydrogen energy, while continuously increasing the proportion of revenue generated from our overseas business in our total revenue.

Strengthen our manufacturing capabilities and increase production capacity

We will deploy and expand our production capacity in an orderly manner based on the latest development trends and industrial planning of the hydrogen energy industry in China and globally. Considering that the development of the global hydrogen energy industry is still in the initial stage of commercialization, we believe that manufacturers with sufficient production capacity and stable supplies will have strong competitive advantages in fulfilling large orders.

In recent years, we have been formulating forward-looking strategic plans and deploying production capacity in key regions around China in stages. Our existing production capacity is mainly located in Zhangjiagang, Jiangsu Province, and we utilize well-established logistics routes to deliver our products to key cities across China. Centered around Zhangjiagang, we plan to continue to strengthen our supply chain integration capability by establishing or participating in the construction of production facilities in Shanghai, Inner Mongolia and other regions in China. During the Track Record Period and up to the Latest Practicable Date, we had achieved large-scale commercial production of vehicle-mounted high-pressure hydrogen supply systems and hydrogen refueling stations. We will expand our production of (i) water electrolysis hydrogen production equipment in the Zhangjiagang Factory Phase III; (ii) Type-III cylinders in the Zhangjiagang Factory Phase III; and (iii) Type-IV cylinders in Qingpu District, Shanghai. In particular, we plan to increase our production capacity for Type-III and Type-IV cylinders, as well as water electrolysis hydrogen production equipment to at least 60,000 units (equivalent to approximately 24.6 million liters), 50,000 units and approximately 500 sets, respectively, by 2026. For the rationale, industry analysis and other details of our production expansion plan, please see "— Our Facilities and Production — Production Expansion Plan" in this section and "Future Plans and Use of Proceeds" in this prospectus for further details.

In the foreseeable future, we will continue to sell directly to overseas markets and at the same time, explore overseas investment opportunities and strategic cooperation to expand our presence in such markets.

We plan to further expand the global network of our production facilities based on multiple considerations, including (i) the development plans for hydrogen energy of different countries; (ii) the planning of China's hydrogen energy demonstration city clusters; (iii) the distribution of new energy installations in various regions; (iv) local development policies for hydrogen energy industry; and (v) local customer demand for clean energy. We will select suitable places around the world to build our production facilities, through which we believe will provide strong support for the development of the local hydrogen energy industry, assist local governments and energy companies to build an integrated industry chain of hydrogen energy, promote the large-scale commercialization of hydrogen energy, and simultaneously seize a considerable local market share. We can organize our production activities according to the local conditions and customer demands, which will enable us to improve operational efficiency and reduce operating costs, so as to enhance our competitive advantages in large-scale production of hydrogen energy core equipment.

Actively participate the formulation of policies and standards of hydrogen energy and capitalized on the opportunities brought by favorable government policies

Historically, we played an important role in assisting the formulation of national development policies and industry standards relating to hydrogen energy. We assisted the formulation of national development policy such as "Energy-saving and New Energy Vehicle Technology Roadmap 2.0《節能與新能源汽車技術路線圖2.0》". National standards that we participated in the formulation included, among others, "Technical Standards for Automobile Refueling and Hydrogenation Stations (《汽車加油加氣加氫站技術標準》)" and "Technical Specifications for Liquefied Hydrogen Production System (《液氫生產系統技術規範》)". In the future, leveraging our in-depth understanding of national strategies and policies and our insight on industry standards, we will continue to provide helpful advice for the formulation of new national policies and standards.

We strive to increase our market penetration in existing hydrogen fuel cell vehicle demonstration city clusters in various sectors, such as green energy transportation, and further explore the hydrogen energy business in key demonstration city clusters in Shanghai, Beijing, Guandong province, Henan Province and Hebei Province to gain greater market influence. For the information of hydrogen fuel cell vehicle demonstration city clusters, please see "Industry Overview — Overview of Hydrogen Energy Industry — Favorable Policies and Documents in China" for more information. As a response to the construction of hydrogen fuel cell vehicle demonstration city clusters promoted by the PRC governments, we will participate in the construction of new demonstration city clusters in various ways, such as offering hydrogen energy core equipment and investing in local companies to conduct local businesses. We are actively exploring business opportunities in new areas in China to expand our business coverage.

Continue to attract and cultivate professional talents and improve our operational efficiency with the support of comprehensive talent training and team building

We adhere to our talent development strategy and plan to build an industry-leading professional team covering our various aspects of our operations, such as management, R&D, production and sales. We will cultivate and attract various types of talents according to the demand of our business growth and our corporate strategies. In particular:

- Along with our overseas expansion and the growth of our new businesses, we plan to recruit management personnel who have highly relevant international experiences in the corresponding businesses, which we believe will align with our globalization strategy and continue to improve our management capabilities.

- As our new production lines gradually start their operation, we intend to recruit and train additional production staff to ensure production efficiency and operation stability, including cultivating international technical talents.

- Along with our business expansion in the domestic and overseas markets and the increasing quality requirements of our customers, we will continue to expand our sales and operational teams with professionals who have extensive experience in sales, marketing and customer services.

- In respect of R&D, we will continue to expand our R&D team to better serve our businesses and operations. We aim to enhance our technological advantages by attracting highly qualified global talents. We have also established in-depth cooperation with national and overseas higher education institutions to conduct cutting-edge technology exchanges by co-establishing research institutes and postgraduate workstations, co-cultivating postgraduate students and jointly undertaking research projects.

OUR BUSINESS MODEL

We are a leading hydrogen energy storage and transport equipment manufacturer in China. We develop and manufacture hydrogen energy core equipment used in the entire industrial value chain of hydrogen energy, which consists of production, storage, transportation, refueling and use of hydrogen energy. Because transportation sector is one of the major sectors in China that used hydrogen energy in various applications, we started our business from the transportation sector by offering equipment for the refueling and use of hydrogen energy by vehicles. We gradually expanded our business to cover the entire industrial chain of hydrogen energy by launching new equipment products for the production, storage and transportation of liquid hydrogen and water electrolysis hydrogen production. We currently provide four types of hydrogen energy equipment products to our customers, which include: (i) vehicle-mounted high-pressure hydrogen supply systems and related products; (ii) equipment for hydrogen refueling stations and related products; (iii) equipment for hydrogen liquefaction and the storage and transportation of liquid hydrogen; and (iv) water electrolysis hydrogen production equipment and related products.

Since our establishment, we have been dedicated to offering hydrogen energy core equipment covering entire industrial value chain of hydrogen energy, including production, storage, transportation, refueling and use. We have successfully commercialized the large-scale production of equipment for vehicle-mounted high-pressure hydrogen supply systems and hydrogen refueling stations, which are widely applied in the process of the refueling and use of hydrogen energy. We ranked first in terms of sales amount of vehicle-mounted high-pressure hydrogen supply systems in China by 2023, and first in terms of the number of hydrogen refueling stations built in China by 2023 where the equipment we provided was used in the construction of such hydrogen refueling stations. Furthermore, in order to respond positively to the objective of "Carbon Peaking and Carbon Neutrality" promoted by the PRC government, beginning in 2022, we utilized our in-house development and production capabilities to manufacture equipment for hydrogen liquefaction and the storage and transportation of liquid hydrogen and water electrolysis hydrogen productions equipment and related products, thereby gradually expanding our business coverage to the production, storage and transportation of green hydrogen.

During the Track Record Period, we were principally engaged in the production and sales of (i) vehicle-mounted high-pressure hydrogen supply systems and related products; (ii) equipment for hydrogen refueling stations and related products. We also generated a small portion of our revenue from the sales of (i) equipment for hydrogen liquefaction and the storage and transportation of liquid hydrogen; and (ii) water electrolysis hydrogen production equipment and related products.

The following table sets forth a breakdown of our revenue by product type for the years/periods indicated:

	For the years ended December 31,						For the five months ended May 31,			
	2021		2022		2023		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* (unaudited)	*%*	*RMB'000*	*%*
Vehicle-mounted high-pressure hydrogen supply systems and related products	189,424	57.5	275,835	76.7	301,060	57.6	32,420	71.8	26,247	40.8
Equipment for hydrogen refueling stations and related products	139,854	42.5	83,657	23.3	123,036	23.6	10,939	24.2	38,042	59.2
Equipment for hydrogen liquefaction and the storage and transportation of liquid hydrogen	–	–	–	–	82,782	15.8	–	–	–	–
Water electrolysis hydrogen production equipment and related products	–	–	–	–	15,564	3.0	1,796	4.0	–	–
Total	**329,278**	**100.0**	**359,492**	**100.0**	**522,442**	**100.0**	**45,155**	**100.0**	**64,289**	**100.0**

For the years ended December 31, 2021, 2022 and 2023, and the five months ended May 31, 2023 and 2024, we generated a majority of our revenue from vehicle-mounted high-pressure hydrogen supply systems and related products, which in the aggregate accounted for approximately 57.5%, 76.7%, 57.6%, 71.8% and 40.8% of our total revenue, respectively. Revenue generated from equipment for hydrogen refueling stations and related products accounted for 42.5%, 23.3%, 23.6%, 24.2% and 59.2% of our total revenue for the same years/periods, respectively.

Although we have successfully commercialized hydrogen energy core equipment, we recorded loss for the year/period during the Track Record Period and net cash used in operating activities outflow in 2021 and 2022. We currently expect that such positions may continue until we achieve greater economies of scale, obtain more purchase orders and commercialize more products, including those relating to liquid hydrogen and water electrolysis. For the years ended December 31, 2021, 2022 and 2023 and the five months ended May 31, 2023 and 2024, we recorded loss for the year/period of RMB75.2 million, RMB96.2 million and RMB75.0 million, RMB44.2 million and RMB96.8 million, respectively, primarily because we made substantial investments in our R&D to maintain our technical advantages and expanded our R&D staff along with our business expansion. We recorded net cash used in operating activities of RMB254.4 million and RMB173.9 million in 2021 and 2022, respectively, and realized net operating cash inflow of RMB8.4 million in 2023. Our net cash used in operating activities was RMB42.9 million and RMB41.3 million for the five months ended May 31, 2023 and 2024, respectively. For risks related to our financial position, please refer to "Risk Factors — Risks Relating to Our Business and Industry — We recorded net losses and had net cash used in operating activities during the Track Record Period, all of which may continue in the future." in this prospectus.

Going forward, we will continue to focus on the R&D of the core technologies to be used in the production, storage, transportation, refueling and use of hydrogen energy, thereby promoting the "Carbon Peaking and Carbon Neutrality" objective and facilitating energy transformation, while increasing the penetration of the application of green hydrogen in various energy and industrial sectors in China and globally.

OUR PRODUCTS

Vehicle-mounted High-pressure Hydrogen Supply Systems and Related Products

Vehicle-mounted High-pressure Hydrogen Supply Systems

Vehicle-mounted high-pressure hydrogen supply system is one of the key sub-systems of hydrogen fuel cell systems and is the energy storage unit of a hydrogen fuel cell vehicle. These systems are generally used for the storage and supply of hydrogen for the electrochemical reaction of fuel cell stacks. A vehicle-mounted high-pressure hydrogen supply system mainly consists of hydrogen storage cylinders, pipelines and valve parts, pressure/temperature sensors and a control system. Currently, we primarily focus on providing vehicle-mounted high-pressure hydrogen supply systems equipped with Type-III cylinders with two pressure specifications of 35MPa and 70MPa. As of the Latest Practicable Date, we were in the process of developing and manufacturing vehicle-mounted high-pressure hydrogen supply systems equipped with Type-IV cylinders with the specification of 70MPa. We had successfully manufactured vehicle-mounted liquid hydrogen supply systems and were exploring the opportunities in their large-scale commercialization as of the same date. According to Frost & Sullivan, we ranked first in terms of sales amount of vehicle-mounted high-pressure hydrogen supply systems in China in 2023, with a market share of 23.6%. We are fully capable of developing, designing and manufacturing these systems in-house.

Our vehicle-mounted high-pressure hydrogen supply systems are mainly equipped on trucks or buses that are used in logistics, public transportation and other scenarios. We adjust the volume specifications and number of hydrogen storage cylinders to adapt our systems to different truck and bus models. Our major customers of vehicle-mounted high-pressure hydrogen supply system include, among others, China's domestic leading fuel cell system integration manufacturers, heavy-duty truck manufacturers and bus manufactures.

The following table sets forth the revenue, sales volume and price range of our vehicle-mounted high-pressure hydrogen supply systems and related products in each year/period of the Track Record Period.

	For the years ended December 31,			**For the five months ended May 31,**	
	2021	**2022**	**2023**	**2023***	**2024**
Revenue					
(RMB'000)	189,424	275,835	301,060	32,420	26,247
Sales volume					
– *(sets)*	1,282	1,938	1,853	205	157
– *(liters)*	1,432,761	2,271,123	2,577,477	211,065	242,084
Price range(1)					
(RMB'000/set)	79 to 166	55 to 184	73 to 189	71 to 189	91 to 379(2)

Notes:

* The revenue for the five months ended May 31, 2023 was unaudited.

(1) For the major product category of vehicle-mounted high pressure hydrogen supply systems, the price range refers to the range of the average price of a particular type of products with different specifications.

(2) The highest average unit price increased significantly to approximately RMB379,000 in the five months ended May 31, 2024, primarily because we sold customized 70MPa vehicle-mounted high-pressure hydrogen supply systems to customers, which commanded relatively higher selling prices.

For the years ended December 31, 2021, 2022 and 2023 and the five months ended May 31, 2023 and 2024, our revenue generated from vehicle-mounted high-pressure hydrogen supply systems and related products amounted to RMB189.4 million, RMB275.8 million, RMB301.1 million, RMB32.4 million and RMB26.2 million, respectively, which reflected our business expansion involving such product type and was in line with the growth of China's hydrogen fuel cell vehicle industry during the same years. The sales volume of vehicle-mounted high-pressure hydrogen supply systems and related products significantly increased from 1,282 sets in 2021 to 1,938 sets in 2022 primarily because we received increased customer demand for such products. The slight decrease in sales volume of vehicle-mounted high-pressure hydrogen supply systems and related products from 1,938 sets in 2022 to 1,853 sets in 2023 was mainly due to our selection of customers' orders with the terms that commercially favorable to us, leveraging our enhanced bargaining power. The decrease in the sales volume of vehicle-mounted high-pressure hydrogen supply systems and related products from 205 sets in the five months ended May 31, 2023 to 157 sets in the five months ended May 31, 2024 was mainly due to the decrease in the sales volume by sets of vehicle-mounted high-pressure hydrogen supply systems with smaller hydrogen storage capacity as we focused on developing the sales of these systems with larger hydrogen storage capacity, which was evidenced by the increase in our sales volume by liters. In particular, the sales volume of vehicle-mounted high-pressure hydrogen supply systems and related products in terms of liters increased from 2,271,123 liters in 2022 to 2,577,477 liters in 2023, and from 211,065 liters in the five months ended May 31, 2023 to 242,084 liters in the five months ended May 31, 2024.

Due to the seasonality of our business, our production utilization rate of vehicle-mounted high-pressure hydrogen supply systems and related products reached 121.1% in the second half of 2023, which required us to select customer orders that were more commercially favorable to us. We offer various specifications of vehicle-mounted high-pressure hydrogen supply systems in terms of volume of a single hydrogen storage cylinder, and the unit prices of such products vary widely. Therefore, the price range of our vehicle-mounted high-pressure hydrogen supply systems and related products is relatively broad. For the years ended December 31, 2021, 2022 and 2023, and the five months ended May 31, 2023 and 2024, the price range of such product type was approximately RMB79,000 to RMB166,000, approximately RMB55,000 to RMB184,000, approximately RMB73,000 to RMB189,000, approximately RMB71,000 to RMB189,000 and approximately RMB91,000 to RMB379,000, respectively. Generally, the selling prices of vehicle-mounted high-pressure hydrogen supply systems with a larger hydrogen storage volume are higher than that of vehicle-mounted high-pressure hydrogen supply systems with a smaller storage volume.

The following table sets forth pictures and brief introduction of our vehicle-mounted high-pressure hydrogen supply systems.

Name	Product Specification	Product Advantages
Vehicle-mounted high-pressure hydrogen supply systems  	Main specifications of volume: • 8x140L • 8x210L • 8x270L • 4x410L • 6x410L Main specifications of pressure: • 35MPa Type-III cylinders • 70MPa Type-III cylinders	• Adopt overall integration and matching technology; simplify tube design and development for high pressure resistance; reduce the number of system tube ferrule connection joints; reduce leakage points; improve safety and realize the light weight of vehicle-mounted high-pressure hydrogen supply system at the same time. • Achieve system designs using domestic core components, which have passed the quality verification procedures to meet the requirements of our customers. • Adopt modularized design, which can achieve compatibility and convenient matching and installation with fuel cell packs of various vehicle models. • Adopt simulation analysis to analyze the influence of inertia force on the stability of the frame during the braking process of a vehicle to ensure that the overall structure meets the stability requirements under complex road conditions.

Related Products for Vehicle-mounted High-pressure Hydrogen Supply System

Vehicle-mounted high-pressure hydrogen storage cylinders are one of the core components of vehicle-mounted high-pressure hydrogen supply systems. Vehicle-mounted high-pressure hydrogen storage cylinder is currently the most widely used gaseous hydrogen storage method. Our vehicle-mounted high-pressure hydrogen storage cylinders are aluminum-lined carbon fiber fully wound cylinders. The production of such cylinders requires us to obtain pressure vessel special equipment manufacturing licenses and pass the assessment conducted by third-party expert testing agencies designated by Chinese competent authorities. During the Track Record Period, we normally sold vehicle-mounted high-pressure hydrogen supply systems as a package of equipment to our customers. We also sold a small quantity of hydrogen storage cylinders on a standalone basis to a few of our customers. The assessment generally involves testing on the hydrogen storage cylinders through fire to obtain the type test report, shooting, blasting normal temperature pressure cycle test, drop test and accelerated stress test, among other things.

During the Track Record Period, we focused on developing Type-III and Type-IV cylinders. In particular, we completed the development and are capable of manufacturing ten types of 35MPa Type-III cylinders and two types of 70MPa Type-III cylinders in terms of the volume of a single cylinder. We also offer customized cylinders based on customers' requirements. According to Frost & Sullivan, we ranked first in terms of sales amount of vehicle-mounted high-pressure hydrogen storage cylinders in China in 2023, with a market share of 26.2%. Our vehicle-mounted high-pressure hydrogen storage cylinders are mainly used for the production of our vehicle-mounted high-pressure hydrogen supply systems. We also separately sell vehicle-mounted high-pressure hydrogen storage cylinders to our customers in hydrogen fuel cell industry. In addition, we started to develop Type-IV cylinders in 2021. As of the Latest Practicable Date, we were in the process of conducting trial production of Type-IV cylinders and exploring the opportunities in their large-scale commercialization. For details of the Type-III and Type-IV cylinders, please refer to "Industry Overview — Overview of Vehicle-Mounted High-Pressure Hydrogen Supply Systems Industry — Comparison of the Major Types of High-pressure Hydrogen Storage Cylinders in High-pressure Hydrogen Supply Systems" in this prospectus for details.

The following table sets forth the pictures and brief introduction of our vehicle-mounted high-pressure hydrogen storage cylinders.

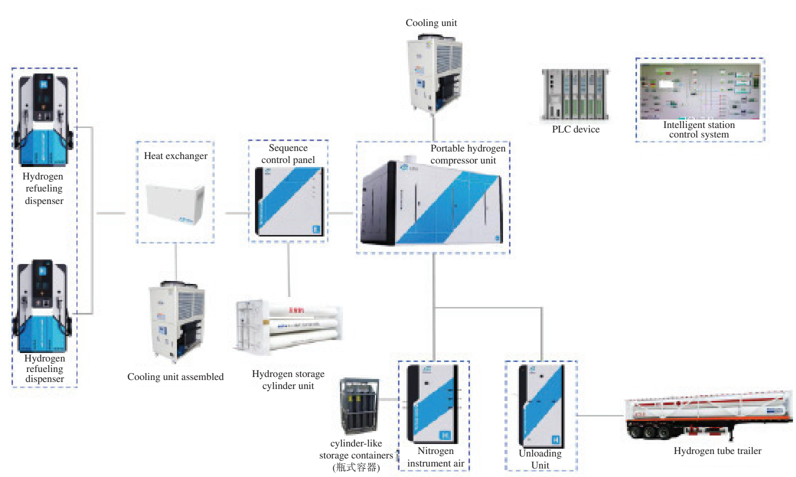
Product Name	Product Specification	Product Advantages
Vehicle-mounted high-pressure hydrogen storage cylinder (Type-III) 	Main specifications of volume: • 35MPa hydrogen storage cylinder: 61L, 100L, 110L, 130L, 140L, 165L, 180L, 210L, 270L, 410L • 70MPa hydrogen storage cylinder: 62L, 203L Fatigue frequency: • Not less than 15,000 times (national standard is 11,000 times) Weight (140L): around 74 kg Burst pressure: around 110-140MPa	• Realize localization of carbon fiber application in the field of high-pressure containers; conduct joint technology development with domestic carbon fiber enterprises to explore the application of domestic carbon fiber in high-pressure hydrogen storage cylinders. • Safe and reliable self-developed resin system formula: our hydrogen storage cylinders can reach a maximum fire resistance time of 28 minutes without explosion compared to the national standard of 12 minutes. • High fatigue resistance: fatigue frequency more than 15,000 times, which are higher than the national standard of 11,000 times. • One-off winding process: realize production automation and continuity, and ensure even and smooth product surface. • Realize light-weight design: continuous optimization and improvement of processes covering the winding process, structure design, spinning process of the inner liner, closing process. For example, the weight of our 140L hydrogen storage cylinder is about 74 kg, compared to the industry average of approximately 80 kg.

Equipment for Hydrogen Refueling Stations and Related Products

Equipment for Hydrogen Refueling Stations

Our hydrogen refueling station consists of various equipment components comprising of portable hydrogen compressor unit, unloading units, hydrogen dispensers, sequence control panels and station control systems, among others. We provide equipment for two types of hydrogen refueling stations in terms of the form of station construction, namely, stationary hydrogen refueling stations and integrated hydrogen refueling stations. In particular, stationary hydrogen refueling stations provide multi-modular hydrogen refueling solutions, equipped with modular unloading, pressurization, storage, rapid hydrogen refueling and cooling modules. Integrated hydrogen refueling stations consist of an integrated solution for the whole hydrogen refueling system. The hydrogen refueling stations with the equipment we provided are generally equipped with our proprietary intelligent station control system. This system ensures the safety control of hydrogen unloading, pressurizing, refueling, cooling, metering and other functions by conducting real-time monitoring and remote intelligent diagnosis of the operating parameters of the refueling system and core components. In addition, we started to develop equipment for liquid hydrogen refueling stations in 2021. As of the Latest Practicable Date, we had successfully produced equipment for such stations and were exploring the opportunities in their large-scale commercialization. According to Frost & Sullivan, we ranked first in terms of the number of hydrogen refueling stations built in China by 2023 where the equipment we provided was used in the construction of such hydrogen refueling stations.

The following chart sets forth the core products of a typical hydrogen refueling station.



Note:

* The equipment in blue boxes above refers to the equipment for hydrogen refueling stations independently developed, designed and produced by us.

The customers of our hydrogen refueling stations business mainly include state-owned energy companies and city bus operators. As of December 31, 2023, our equipment for hydrogen refueling stations were used in the construction of 110 hydrogen refueling stations in China, which accounted for 25.7% of China's total hydrogen refueling stations by 2023.

The following table sets forth the revenue, sale volume and price range of our equipment for hydrogen refueling stations and related products in each year/period of the Track Record Period.

	For the years ended December 31,			For the five months ended May 31,	
	2021	**2022**	**2023**	**2023***	**2024**
Revenue *(RMB'000)*	139,854	83,657	123,036	10,939	38,042
Sales Volume *(sets)*	23	14	19	1	5
Price range(1) *(RMB'000)*	4,848 to 18,589	3,259 to 21,443(2)	3,496 to 10,044	6,947(3)	6,476 to 6,945

Notes:

* The revenue for the five months ended May 31, 2023 was unaudited.

(1) For the major product category of equipment for hydrogen refueling stations, the price range refers to the range of the average price of a particular type of products with different specifications.

(2) We sold a set of equipment for hydrogen refueling stations with a large refueling capacity of 6,000kg in 2022. The selling price of this equipment was significantly higher than that of our other equipment, which led to the highest price end of the price range of equipment for hydrogen refueling stations in 2022 was significantly higher than that in other years/periods during the Track Record Period. We did not sell the equipment with the same refueling capacity in 2021, 2023 and the five months ended May 31, 2024.

(3) We only delivered one set of equipment for the five months ended May 31, 2023. The price range represented the unit price of such equipment.

Our revenue generated from equipment for hydrogen refueling stations and related products decreased from RMB139.9 million in 2021 to RMB83.7 million in 2022, primarily due to the industry trend of a slow-down in the growth of new hydrogen refueling stations built in 2022, which led to decreased customer demand for our equipment for hydrogen refueling stations and related products. According to Frost & Sullivan, in 2022, the number of newly-built hydrogen refueling stations in China was 86, compared to 97 in 2021 and 118 in 2023. Our revenue generated from equipment for hydrogen refueling stations and related products amounted to RMB83.7 million, RMB123.0 million, RMB10.9 million and RMB38.0 million in 2022, 2023 and the five months ended May 31, 2023 and 2024, respectively, primarily due to increased customer demand that resulted in additional units being sold, which was in line with the increase in the number of new hydrogen refueling stations built in China in corresponding years/periods. The increase in the sales volume of equipment for hydrogen refueling stations and related products from one set in the five months ended May 31, 2023 to five sets in the five months ended May 31, 2024 was mainly because we completed the delivery of relevant equipment in relation to customer orders in 2023, and similarly, the delivery in the five months ended May 31, 2023 was in relation to our customer order in 2022. As aforementioned, customer demand for our equipment for hydrogen refueling stations and related products increased in 2023 compared to 2022. The pattern of fluctuation in sales volume of equipment for hydrogen refueling stations and related products was similar to the reasons for the fluctuation pattern in revenue of such product types. We offer various specifications of equipment for hydrogen refueling stations and related products in terms of refueling capacity, and the unit prices of such products vary widely. Therefore, our price range of equipment for hydrogen refueling stations, and related products is relatively broad. For the years ended December 31, 2021, 2022 and 2023 and the five months ended May 31, 2024, the price range of such product type was approximately RMB4.8 million to RMB18.6 million, approximately RMB3.3 million to RMB21.4 million, approximately RMB3.5 million to RMB10.0 million and RMB6.5 million to RMB6.9 million, respectively. We only delivered one set of equipment for the five months ended May 31, 2023. Therefore, the average unit price of our equipment for hydrogen refueling stations and related products for the same periods was approximately RMB6.9 million.

The following table sets forth the pictures and brief introduction of our equipment for stationary hydrogen refueling stations and integrated hydrogen refueling stations.

Product Name	Product Specification	Product Advantages
Equipment for stationary hydrogen refueling station 	(1) Hydrogen refueling pressure: 35MPa, 70MPa (2) Average hydrogen refueling speed: • Direct refueling: 0.3-0.7 kg/min • Fast refueling: 2 kg/min (3) Hydrogen pressurization displacement per compressor: 500/1000 kg/12h	• Adopts plug-in temperature control design; collect temperature data; realize efficient and intelligent temperature management of the system. • Install with self-developed chip card issuance system, which conforms to China's financial integrated circuit card specifications and supports financial-grade encryption security. • Equipped with cloud-edge collaboration capability; adopt stable and reliable cloud-edge transmission protocol to directly transmit the results of station edge computation to the third-party platform, and support offline operation and automatically synchronize the cloud data when online.
Equipment for integrated hydrogen refueling station 		

The table below sets forth the differences between a stationary hydrogen refueling station and an integrated hydrogen refueling station:

	Stationary Hydrogen Refueling Station	Integrated Hydrogen Refueling Station
Installation:	Components installed separately in a dedicated location, requiring substantial on-site construction	All equipment integrated in a single framework or container, which is portable and capable to be transported to different locations
Size:	Larger in size	Compact and modular design
Floor area required:	Approximately 2,000 sq.m. to 4,000 sq.m.	Approximately 800 sq.m. to 1,500 sq.m.
Application scenario:	Suitable for permanent installations	Suitable for temporary or mobile refueling operations

Related Products for Hydrogen Refueling Stations

The related products for our hydrogen refueling station mainly include portable hydrogen compressor units, unloading units, hydrogen dispensers, sequence control panels and intelligent station control systems. We separately sell such equipment components to operators of hydrogen refueling stations and new energy equipment providers.

- *Portable Hydrogen Compressor Unit:* The portable hydrogen compressor unit is the core product of a hydrogen refueling station. The portable hydrogen compressor unit pressurizes and delivers the hydrogen to the hydrogen storage cylinders or hydrogen refueling machine through the sequence control panels. The design of a portable hydrogen compressor unit is based on the use of an independent leakage dispersal system and insertion-type temperature monitor, which ensures the safety and stability of the entire operation process of a portable hydrogen compressor unit.

- *Unloading Unit:* The unloading unit provides unloading service for tube trailers, delivers high purity hydrogen from tube trailers to portable hydrogen compressor units. We provide customized unloading units according to customers' requirements in terms of the number of interfaces, filtration accuracy and blowing-down function, among others.

- *Hydrogen Refueling Dispenser:* Hydrogen dispensers are specialized equipment that provide hydrogen filling services for hydrogen-powered vehicles, hydrogen-powered ships, hydrogen-powered streetcars, with functions including control, metering and billing. We provide customized complete hydrogen dispensers and ancillary electronic control systems based on customers' requirements.

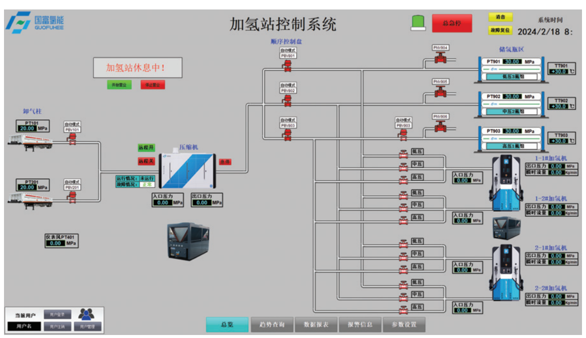
- *Sequence Control Panel:* Hydrogen compressed by the portable hydrogen compressor unit is sequentially distributed and stored in high-, medium- and low-pressure cylinders through a sequence control panel in a prioritized order. The sequence control panel is designed to coordinate various parts in a hydrogen refueling station, and contributes to the safe and efficient filling and refueling performance, the control of inlet and outlet compression ratios, the sequence of gas supply, and the control of the temperature of the equipment. Benefitted from these advantages, the sequence control panel is able to help the hydrogen refueling station to prolong its service life, ensure the filling differential pressure and increase the refueling speed.

- *Intelligent Station Control System:* The station control system automatically controls the entire hydrogen refueling process. The refueling station collects and records real-time operation status and parameters of the main process equipment, offers emergency security and alarming functions in the event of an accident, provides accurate metering, display and settlement of hydrogen filling and is equipped with toll management system for users of the hydrogen refueling stations.

The following table sets forth the pictures and brief introduction of our related products for hydrogen refueling stations.

Product Name	Product Specification	Product Advantages
Portable hydrogen compressor unit 	Compressor type: Diaphragm/liquid-driven pump Inlet pressure: 5~20MPa Outlet pressure: 45/90MPa Discharge temperature: ≤40°C Compressor displacement: 500~1000Nm^3/h	• The design involves an independent leak dissipation system: it eliminates contamination of internal compressor piping and improves the reliability of diaphragm compressor diaphragm rupture alarm. • Plug-in design temperature control system accurately detects the temperature and intelligently collect the data to control and maintain hydrogen temperature below the designed permissible temperature to prolong the life of the equipment.
Unloading unit 	Design temperature: -20°C~55°C Working pressure: 5~20MPa Design pressure: 22MPa Minimum explosion proof grade: IICT4	• Equips with the filter self-test system to control the quality of the entire station gas source and provide prompt alarm of the suspicious gas source. • The filtration accuracy reaches 0.01μm, which can remove most of the impurity particles and effectively protect the components of the hydrogen refueling station equipment. • Provides the option to equip with one-button operation of the automatic purging function. It eliminates the potential errors of manual operation or insufficient purging and replacement resulting in impure gas composition. • Provides customized models: according to the requirements of our customers, we offer customized single-column dual interface (single/double metering), dual-column dual interface (single/double metering) and other modes.

Product Name	Product Specification	Product Advantages
Hydrogen refueling dispenser 	Hydrogen refueling speed: ≤7.2 kg/min Power: 0.3kW Design temperature: -40˚C~50˚C Working pressure: 35/70MPa Design pressure: 48.2/96.3MPa Maximum permissible metering error: ±1.5%	• Adopts independent metering control system with pressure and temperature compensation function, the error of calibration metering accuracy can reach ±0.5%. • Provides the option to equip automatic pull-off and cut-off system according to the customer's needs when the tube pull-off accident occurs, the system automatically interlocks to cut off the refueling system to ensure the safety of the hydrogen refueling area. • Uses IoT technology to monitor the operating status of the hydrogenation dispenser via internet. • Provides the option to insert a mobile payment interface, which can be customized according to customers' requirements. • Configures the high-flow refilling process according to customer needs, optimize the parts structure and refilling strategy, which can meet the demand for rapid refilling of hydrogen storage cylinders for fuel cell locomotives or ships.

Product Name	Product Specification	Product Advantages
Sequence control panel 	Design temperature: -20°C~55°C Working pressure: 45/87.5MPa Design pressure: 50/96.3MPa	• Adopts a multi-stage filling and refueling logic control technology, which can meet the demand of multi-stage filling and gas supply. • Sets up an independent control valve and an instrumentation failure detection system, which can provide prompt warning of the valve failure and send such feedback to the central control system. This function enables the staff to eliminate the chance of equipment failure in advance. • Nozzle orientation can be adjusted in multiple directions, which can meet the requirements of various piping arrangements in hydrogen refueling stations.
Intelligent station control system 	Hardware: Programmable logic controllers, engineer stations, operator workstations. Software: Real-time multi-tasking operating system software, hydrogenation management software, user application software.	• Provides customers with the monitoring visualization, safety monitoring and other functions of hydrogen refueling station equipment based on customers' needs. • Installs our proprietary hydrogen refueling card issuance system with high security level. • Data transmission adopts data validation mechanism, encryption algorithm and authentication mechanism to ensure the accuracy, safety and stability of data.

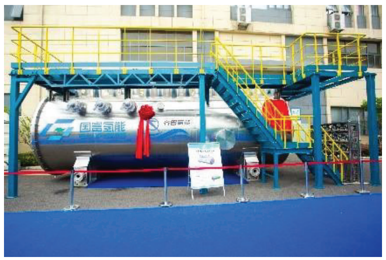
Equipment for Hydrogen Liquefaction and the Storage and Transportation of Liquid Hydrogen

Equipment for Hydrogen Liquefaction

The technology for hydrogen liquefaction involves the process of converting hydrogen from a gaseous state to a liquid state. Based on different refrigeration methods, there are three common hydrogen liquefaction technologies, namely, pre-cooling Linde-Hampson method, Claude method and Brayton method. Please refer to “Industry Overview — Overview of Core Equipment for Liquid Hydrogen Industry” in this prospectus for the details of the three common hydrogen liquefaction technologies. We are the first company in China who uses the hydrogen expansion Claude method for civilian use. Hydrogen liquefaction process mainly involves having (i) hydrogen go into the pre-cooled heat exchanger and flow through the low-temperature purifier to achieve hydrogen cooling and purification; (ii) hydrogen flow through the ortho-para-hydrogen converter, and part of the ortho-hydrogen is converted into para-hydrogen; (iii) hydrogen flow into the high vacuum cold box, intercepted and liquefied after exchanging heat with the cold energy provided by the expander, and is stored in the liquid hydrogen storage tanks; (iv) liquid hydrogen enters the mobile liquid hydrogen tanks through the filling system for transport; and (v) evaporated gas goes back to the liquefaction cold box for secondary liquefaction.

Through independent research of liquid hydrogen conducted by our R&D team, according to Frost & Sullivan, we successfully delivered China’s first industrial-scale hydrogen liquefaction equipment for civilian use with the production capacity of 10 tons per day. In addition, we are the first company in China who uses the hydrogen expansion Claude method for civilian use. Leveraging our proprietary technological advantages in hydrogen liquefaction, we actively seek to capture the opportunities in the storage and transportation of liquid hydrogen. During the Track Record Period, we only delivered one set of hydrogen liquefaction equipment to a customer in 2023.

The following table sets forth the pictures and brief introduction of our hydrogen liquefaction equipment.

Product Name	Product Description	Product Advantages
20K liquefaction cold box 	Includes high-vacuum multi-layer insulation, built-in finned heat exchanger, and ortho-para-hydrogen converter, one set of regeneration and purification system, which synchronizes ortho-para-hydrogen conversion during heat exchange.	• Adopts propane + liquid nitrogen graded Claude expansion refrigeration process. • Able to remain low temperature, high purification and high vacuum level to ensure purity and continuous operation. • The cold end of the hydrogen expander is embedded in a high-vacuum cold box with a low heat leakage rate. • Embedded with continuous isothermal conversion of ortho-para-hydrogen, the content of para-hydrogen is more than 95%. • Adopts high vacuum + multi-layer adiabatic to reach good adiabatic effect, high vacuum maintenance degree and low leakage rate. • The low-temperature valve is embedded inside the cold box, and the connection adopts a vacuum structure with a high degree of overall integration. • Equipped with a high vacuum pump to obtain and maintain the high vacuum degree of the cold box online.

Product Name	Product Description	Product Advantages
Hydrogen expander 	Enable the gas in the expansion machine for adiabatic expansion to consume the internal energy of the gas, so as to achieve the purpose of refrigeration.	• Adopts reaction type turbine expander and the impeller adopts the closed impeller to reduce the internal leakage loss, more efficient. • The brake adopts oil brake, which is easier to operate, and the overall structure is compact and convenient for inspection and maintenance. • The bearing reaches a compact structure and ensure safe and reliable operation. • The cold end of the hydrogen expander is embedded in the high vacuum cold box as a whole, which plays a highly efficient adiabatic effect and reduces the loss of ultra-low temperature cold.

Equipment for the Storage and Transportation of Liquid Hydrogen

The equipment for the storage and transportation of liquid hydrogen primarily includes liquid hydrogen storage tanks and liquid hydrogen containers. The following table sets forth the pictures and brief introduction of our equipment for the storage and transportation of liquid hydrogen.

Product Name	Product Description	Product Advantages
Liquid hydrogen storage tanks 	Tanks for the storage of liquid hydrogen	• High vacuum multi-layer insulation. • Optimizes the support structure to control the overall heat leakage of the equipment. • Uses internal and external heating method to form vacuum to effectively control the rate of interlayer leakage and outgassing. • Places adsorption material in interlayers to effectively ensure the vacuum performance.
Liquid hydrogen containers 	Mobile pressure vessels for the transportation and re-injection of liquid hydrogen	• Low overall heat leakage due to optimized design of the mezzanine support structure. • Adopts autonomous composite winding method to improve the overall cold-retaining effect of the insulation layer. • The inner container adopts the cold shock pre-cooling program and helium leakage testing process, effectively verifying the overall quality, safety and reliability of the inner container under extreme cold working conditions. • The dosage configuration of adsorbent takes into account multiple factors, such as process loss, to ensure that the service life of the sandwich vacuum is better than the design standard requirements.

Water Electrolysis Hydrogen Production Equipment and Related Products

Water electrolysis hydrogen production involves an electrochemical process that splits water into hydrogen and oxygen by employing electricity. This reaction occurs within a device known as an electrolyzer. Water electrolysis hydrogen production involves an electrochemical process that decomposes water into hydrogen and oxygen by employing electricity. There is no carbon emission throughout the electrochemical process.

Our water electrolysis hydrogen production equipment, as the core process equipment for green electricity-green hydrogen conversion, mainly consists of electrical equipment, electrolyzer, gas-liquid separation system, hydrogen purification system and other auxiliary equipment. Our water electrolysis hydrogen production equipment supports the use of renewable energy (e.g., solar, wind and hydro power). We mainly provide customers with water electrolysis hydrogen production equipment, including ALK electrolyzer, PEM electrolyzer, system integration, distributed hydrogen production and other green hydrogen solutions.

During the Track Record Period, we only delivered five sets of water electrolysis hydrogen production equipment and related products to our customers in 2023. Therefore, the sales volume and price range of water electrolysis hydrogen production equipment and related products would not be no meaningful in connection with the period-to-period analysis.

The following table sets forth the pictures and brief introduction of our water electrolysis hydrogen production equipment.

Product Name	Product Specification	Product Advantages
Water electrolysis hydrogen production equipment ***ALK:***  ***PEM:*** 	Main specifications: 50Nm^3/h, 200Nm^3/h, 500Nm^3/h, 1000Nm^3/h	• Average DC energy consumption of the hydrogen production system during dynamic operation less than 4.3 kWh/Nm^3, reducing operating cost. • The rated working pressure of the electrolysis stack hits 3.2 MPaG, which could be applied to a wide range of scenarios, saving cost of pressurization at later stage.

Related Products for Water Electrolysis Hydrogen Production

The related products of our water electrolysis hydrogen production mainly include electrolyzer, gas-liquid separation systems and hydrogen purification systems. These core components are mainly used for the production and sale of our water electrolysis hydrogen production equipment.

- *Electrolyzer*: Electrolyzer is the key equipment of hydrogen generation system. The structure of electrolysis stack include: bipolar plate, bolt nut, disc spring, end plate and diaphragm. When direct current passes through the electrolysis tank, oxygen is precipitated by oxidation reaction at the interface between the anode and the solution, and hydrogen is precipitated by reduction reaction at the interface between the cathode and the solution.

- *Gas-liquid separation system*: The gas-liquid separation system is mainly used to separate hydrogen and electrolyte at the cathode side of electrolyzer. We have independently developed the gas-liquid separation system based on our technological experience in pressure vessels, and we can customize the design and manufacture of the system based on customers' needs.

- *Hydrogen purification system*: Hydrogen purification system mainly utilizes the principle that "traces of oxygen can be heated to form water under the action of catalyst" for deoxygenation.

The following table sets forth pictures and brief introduction of our related products for water electrolysis hydrogen production.

Product Name	Product Specification	Product Advantages
Electrolyzer 	Capacity of hydrogen production: • 20-50Nm^3/h • 100-300Nm^3/h • 400-500Nm^3/h • 600-1000Nm^3/h	• Has the advantages of low energy consumption, high output hydrogen pressure and purity, wide operating load range, flexibility to combine and expand according to customer needs and personalized and customized services.
Gas-liquid separation system 	Capacity of hydrogen production: • 20-50Nm^3/h • 100-300Nm^3/h • 400-500Nm^3/h • 600-1000Nm^3/h	• Adopts a combination of multiple technologies. The hydrogen and oxygen are fully separated from the lye to ensure that the purity of raw hydrogen is more than 99.8%.

Product Name	Product Specification	Product Advantages
Hydrogen purification system 	Capacity of hydrogen production: • 20-50Nm^3/h • 100-300Nm^3/h • 400-500Nm^3/h • 600-1000Nm^3/h	• The purity of hydrogen after catalytic reaction is up to 99.999% or more. • The design of isobaric temperature swing adsorption process reduces the consumption of electric power, zero emission of regeneration gas and zero loss of hydrogen. • Operates in fully automatic control, offers the adjusting according to the operating status to ensure the quality of gas. • Sets pressure relief points at key points in the system to prevent over-pressurization of the system. • Ensures stable output of system pressure. • System pressure and gas regeneration treatment are controlled by regulating valves, which can reduce the operating cost of the equipment.

OUR BUSINESS EXPANSION OF EQUIPMENT FOR HYDROGEN LIQUEFACTION AND THE STORAGE AND TRANSPORTATION OF LIQUID HYDROGEN

Growth Potential of the Liquid Hydrogen Industry

According to Frost & Sullivan, liquid hydrogen for civilian use has a large growth potential. The advantages of liquid hydrogen in storage and transportation, the maturity of the applications for civilian use in the overseas markets, its crucial role in promoting hydrogen fuel cell vehicles, and its suitability for industrial applications collectively indicate a promising future for civilian use of liquid hydrogen in China.

Liquid hydrogen has a relatively long history of applications for civilian use in various overseas markets, which provides China with valuable experience and proven applications. Currently, liquid hydrogen technology has reached a relatively mature stage in North America, Europe and Japan, which have realized large-scale applications of liquid hydrogen in storage and transportation sectors. According to Frost & Sullivan, the global total production capacity of liquid hydrogen exceeded 600 tons per day in 2023. North America has established nearly 20 liquid hydrogen plants by 2023. As a major aerospace power, the United States has a well-developed liquid hydrogen technology and industrial chain, and is the world's largest producer of liquid hydrogen in terms of production capacity, accounting for about 80% of global production capacity in 2023. The successful development of liquid hydrogen in overseas countries demonstrates its potential for large-scale civilian use in China.

Liquid hydrogen offers the following major advantages for storage and long-distance transportation, particularly for large-scale applications, according to Frost & Sullivan:

- ***High energy density***: Liquid hydrogen has a much higher energy density compared to gaseous hydrogen, making it more efficient for storage. One liter of liquid hydrogen contains significantly more hydrogen molecules than one liter of compressed gaseous hydrogen, which is critical for applications that require large volume of hydrogen.

- ***Efficiency in transportation***: Transporting hydrogen in its liquid state is more practical for long distance. Liquid hydrogen can be transported in cryogenic liquid hydrogen tankers and liquid hydrogen tanks, which are more space-efficient compared to compressed gas cylinders. Additionally, liquid hydrogen transportation does not require extensive and costly pipeline infrastructure, making it a more flexible option for regions where established pipelines are scarce.

- ***Reduced pressure requirements***: Unlike high-pressure gaseous hydrogen, liquid hydrogen is stored at low pressure, reducing the risks associated with high-pressure systems and making it safer to transport.

In addition, hydrogen liquefaction technology plays a crucial role in supporting the promotion of hydrogen fuel cell vehicles in China. The ability to transport larger volume of hydrogen efficiently reduces transportation costs and enhances the feasibility of hydrogen energy as a fuel for hydrogen fuel cell vehicles. Furthermore, hydrogen liquefaction technology enables large-scale production and distribution of hydrogen energy, which meets the demands of a growing hydrogen fuel cell vehicle market.

Looking forward, liquid hydrogen can be used in the following industrial applications, according to Frost & Sullivan:

- ***High purity levels***: Liquid hydrogen is often produced at high purity levels, which are essential for many industrial processes, including electronics, petrochemical and high-end manufacturing industries.

- ***Energy source***: Liquid hydrogen can serve as a clean energy source for various industrial applications, thereby reducing carbon emissions and supporting environmental sustainability goals.

Our Business Opportunities in China's Liquid Hydrogen Industry

According to Frost & Sullivan, the global hydrogen fuel cell vehicle industry realized strong growth in recent years and the market demand for large-scale application of hydrogen energy increased. Liquid hydrogen is one of the most efficient ways to store and transport hydrogen energy. As a high-density and ultra-pure fuel, liquid hydrogen is suitable to be used for hydrogen fuel cell vehicles, trains and ships. The market potential for the application of liquid hydrogen in transportation field is relatively large. The NDRC and the National Energy Administration jointly issued the "Medium- and Long-Term Plan for the Development of the Hydrogen Energy Industry (2021-2035)" (《氫能產業發展中長期規劃(2021-2035年)》). The plan proposes to improve the efficiency of storage and transportation of high-pressure gaseous hydrogen, accelerate the reduction of storage and transport costs, and enhance the commercialization of the hydrogen energy storage and transportation system. Liquid hydrogen has become an important direction in the development of global hydrogen energy infrastructure, and it has been included in the "14th Five-year Renewable Energy Development Plan" (《"十四五"可再生能源發展規劃》). The broad industrial and civil applications of liquid hydrogen containers in the United States, Japan, Europe and other developed countries have demonstrated the technical feasibility of the civilian use of liquid hydrogen in China.

Comparably, the application of liquid hydrogen in China has historically been limited to the aerospace and military fields, and the application of liquid hydrogen for civilian use in China is currently in its initial stage. In the past several years, customers' demand in the civilian use of liquid hydrogen in China was limited. According to Frost & Sullivan, liquid hydrogen is expected to gradually play an important role in the storage and transportation of hydrogen energy in the future. In addition, the "Energy Law of the People's Republic of China (Draft for Comments)" (《中華人民共和國能源法(草案)》) officially included hydrogen energy in the legal definition of energy and proposed to give hydrogen energy the same strategic position as natural gas. Multiple competent government authorities, such as the Ministry of Energy and the NDRC, have publicly expressed the view that China's hydrogen energy industry shall learn from the development of the natural gas industry. Considering that (i) liquid hydrogen equipment has been widely applied in China's aerospace field; (ii) foreign countries have accumulated substantial experience involving a large number of applications of liquid hydrogen equipment for civilian use; and (iii) liquid hydrogen plays a crucial role of supporting the promotion of hydrogen fuel cell vehicles and other applications requiring large volume of hydrogen due to its ability to be transported in larger quantities efficiently, we believe that China has the technological know-how and market potential for liquid hydrogen equipment for civilian use.

We began to plan and develop our business in the equipment for hydrogen liquefaction and the storage and transportation of liquid hydrogen in 2016, which enabled us to become one of the first companies in China's hydrogen energy industry to tap into the liquid hydrogen field. We recruited a team of professionals with academic and practical background in liquefied natural gas to study the technologies of liquid hydrogen equipment in China by applying their expertise and experience in gas liquefaction. In 2018, we officially commenced a R&D project to conduct a thorough study on the technical feasibility and applications of liquid hydrogen equipment and liquid hydrogen containers (the "Liquid Hydrogen R&D Project"). The Liquid Hydrogen R&D Project primarily focused on, among others, hydrogen liquefaction equipment, liquid hydrogen containers and vehicle-mounted liquid hydrogen storage cylinders. In particular, we conducted a feasibility study on the production process of, and the technical solutions for, the hydrogen liquefaction equipment with a production capacity of 10 tons per day in 2018. From July 2018 to December 2021, we successively undertook the design of the hydrogen liquefaction equipment process, cold box integration process and expander design, and started the trial production of the relevant equipment and parts. Subsequently, we completed the trial production of the hydrogen liquefaction equipment with a production capacity of 10 tons per day in December 2021. The Liquid Hydrogen R&D Project was completed in 2021 with a total R&D investment amount of approximately RMB19.0 million, through which we developed our proprietary liquid hydrogen equipment, including liquid hydrogen containers, vehicle-mounted liquid hydrogen cylinders and hydrogen liquefaction equipment.

We achieved numerous technological breakthroughs through the Liquid Hydrogen R&D Project, including (i) the proprietary technologies for the large-scale production of hydrogen liquefaction equipment with a production capacity of 10 tons per day, which marked an important advancement in large-scale production of liquid hydrogen in China; (ii) the adoption of supporting structures at both ends with the features of impact-resistant and low-heat-leakage used in liquid hydrogen containers (液氫容器採用抗衝擊、低漏熱的兩端支撐結構), which was one of the first applications of such structure to liquid hydrogen equipment in China; (iii) the adoption of high-vacuum multi-layer insulation structures using composite materials, which demonstrated strong insulation properties under extreme low temperatures; (iv) the use of vacuum valves and piping, which was one of the first applications of high vacuum valves and piping to mobile cryogenic vessels with ensured reliability in China; and (v) the development of ultra-high vacuum acquisition and maintenance technology, and welding fabrication, inspection and testing technology for hydrogen leakage characteristics. As of May 31, 2024, we had 83 patents (including 27 invention patents) and one software copyright that constituted the core technologies of our liquid hydrogen equipment.

Our Advantages in Developing Liquid Hydrogen Business and the Synergies with Our Existing Businesses

Through our long-term R&D efforts, we have achieved the following advantages in the supply of equipment for hydrogen liquefaction and the storage and transportation of liquid hydrogen:

- ***Strategic layout***: Since our inception, we were optimistic about the important role of liquid hydrogen in the energy and industrial fields. We considered liquid hydrogen as one of our strategic growth objectives. We have formulated a comprehensive intellectual property system around liquid hydrogen equipment. We had also participated in the formulation of ten national standards and group standards relating to liquid hydrogen as of the Latest Practicable Date.

- ***Team and talent***: Our technology team is comprised of numerous members who possess over a decade of experience in cryogenic technology, and the design, manufacturing and inspection of industrial equipment. They also possess management experience in leading cryogenic technology enterprises and listed companies, both domestically and internationally.

- ***External R&D collaboration***: We have cooperated with renowned Chinese universities and research institutes to carry out R&D cooperation relating to liquid hydrogen equipment. Additionally, we have undertaken a number of national, provincial and municipal R&D projects involving liquid hydrogen equipment.

- ***Project experience***: In 2023, we successfully delivered China's first large-scale hydrogen liquefaction equipment for civilian use with a production capacity of 10 tons per day in Zibo, Shandong Province, which demonstrated our leading hydrogen liquefaction technology in China.

Our business strategy for the synergetic development of the entire industrial chain revolves around the liquefaction, storage, transportation and use of green hydrogen. By combining large-scale hydrogen liquefaction equipment for civilian use and water electrolysis hydrogen production equipment with large-scale storage and transportation containers of liquid hydrogen, along with the potential promotion of green hydrogen in the PRC, the volume of hydrogen produced by water electrolysis may increase. Storing and transporting hydrogen energy in liquid status will enable us to achieve efficient storage and large-scale transportation of hydrogen produced by water electrolysis in the future. In addition, according to Frost & Sullivan, liquid hydrogen refueling stations offer greater refueling efficiency and energy savings compared to traditional high-pressure hydrogen refueling stations, thereby facilitating the development of our equipment for liquid hydrogen refueling stations business. Moreover, we will be able to supply liquid hydrogen storage tanks to other hydrogen refueling stations and gasification station integrators separately. In the field of heavy-duty truck solutions, we will be able to offer vehicle-mounted liquid hydrogen storage and supply system, which is expected to complement our existing business of large-volume vehicle-mounted high-pressure hydrogen storage cylinders.

Commercialization of the Equipment for Hydrogen Liquefaction and Storage and Transportation of Liquid Hydrogen Business

In order to capture the commercialization opportunities in China's liquid hydrogen equipment industry, we started to plan for the initiation of the production of the equipment for hydrogen liquefaction and the storage and transportation of liquid hydrogen in Zhangjiagang Factory Phase I in 2019, established our production capacity of liquid hydrogen equipment in the end of 2020, and completed the trial production of the hydrogen liquefaction equipment with a production capacity of 10 tons per day in December 2021. Our forward-looking business layout in liquid hydrogen equipment enabled us to become the first company in China to be equipped with large-scale production capacity in hydrogen liquefaction equipment for civilian use, according to Frost & Sullivan.

In addition, in 2021, we successfully developed the technologies relating to liquid hydrogen container and the technologies relating to liquid hydrogen system for civilian use. Therefore, we believe that we possessed advanced technologies and strong production capability of liquid hydrogen equipment in 2021, which enabled us to provide competitive price to manufacture the relevant liquid hydrogen equipment for Qilu Hydrogen.

According to Frost & Sullivan, liquid hydrogen equipment for civilian use has a large growth potential in China. Accordingly, we have been dedicated to exploring commercialization opportunities of liquid hydrogen equipment in China. During the Track Record Period, we have been proactively and continuously seeking cooperative opportunities with potential customers in relation to the equipment for hydrogen liquefaction and the storage and transportation of liquid hydrogen. Among them, in 2021, Qilu Hydrogen commenced the tender of its hydrogen energy integration project (the "Integration Project") and we won the tender to offer equipment for hydrogen liquefaction and the storage and transportation of liquid hydrogen in the same year. At the time when we participated in the tender of the Integration Project, we had formulated proprietary technologies of liquid hydrogen equipment, which consisted of 10 relevant patents, and were equipped with a large-scale production capacity for liquid hydrogen equipment.

As of the Latest Practicable Date, we were in discussions with certain potential customers of equipment for hydrogen liquefaction and the storage and transportation of liquid hydrogen, and had not entered into any sales agreements with or received any orders from potential customers in relation to liquid hydrogen equipment.

We expect that our revenue generated from the sales of equipment for hydrogen liquefaction and the storage and transportation of liquid hydrogen will continue to increase and the gross profit margin of this product type will remain relatively high compared to that of our other product types. Our positive expectations for the sales of equipment for hydrogen liquefaction and the storage and transportation of liquid hydrogen and our improved bargaining power with customers are based on (i) the market potential and development projection of China's liquid hydrogen industry; (ii) growing customers' interest in liquid hydrogen for civilian use in China; and (iii) our advantages, especially our technical expertise and successful product delivery, in liquid hydrogen equipment over our competitors.

OUR OVERSEAS EXPANSION

We believe that overseas markets are critical to our business development. In the past several years, we have vigorously pursued overseas business opportunities that we believe will enable us to expand our global footprint. We currently focus on the hydrogen energy markets in Germany, the Netherlands, the UAE, Singapore, India and Brazil. Leveraging favorable local government policies on hydrogen energy, we seek to capture business development opportunities in these markets, strengthen cooperation with our overseas partners, increase our overseas sales, and participate in the construction of localized hydrogen energy facilities. In terms of selecting overseas business partners, we mainly consider whether they have (i) resources in renewable energy assets; (ii) needs to transform their business to renewable energy; (iii) trading channels for green hydrogen; (iv) procurement needs for hydrogen energy equipment; and (v) relationships with local governments.

As of the Latest Practicable Date, our overseas footprint had covered Europe, South America, the Middle East, Australia, Southeast Asia and the United States by offering vehicle-mounted high-pressure hydrogen supply systems, vehicle-mounted high-pressure hydrogen storage cylinders, equipment for hydrogen refueling stations and water electrolysis hydrogen production equipment to these markets.

We actively seek business opportunities in the key global hydrogen energy markets. As of the Latest Practicable Date, we were in the process of deploying our overseas businesses in following markets with growth potential as supported by Frost & Sullivan:

- *Germany:* Germany is the largest economy in Europe in 2023. The European hydrogen energy market is characterized by high customer demand and favorable policy environment, resulting in substantial business opportunities for hydrogen energy projects. We have established a subsidiary in Germany to seek investment opportunities and cooperate with local business partners. Through in-depth cooperation with our business partners and benefitting from hydrogen subsidies in the EU, we plan to develop our business of hydrogen energy core equipment in Europe. In September 2023, we signed a memorandum of understanding with RCT Solutions GmbH, a Germany new energy products and solutions consultant and provider, to leverage on the strengths of both parties to facilitate the construction and operation of water electrolysis equipment manufacturing bases in Germany and

Europe. Further, In March 2024, we entered into a shareholders' agreement to establish a German company with a shareholding of 49.0%. As of the Latest Practicable Date, we had contributed our investment amount of EUR49,000.

- *Singapore:* Singapore is a leading global energy trading center. As a key pathway of decarbonization, developing hydrogen energy is Singapore's national strategy. We intend to capitalize on Singapore's favorable policy environment and a well-developed trade market to make Singapore an important location for our strategic hydrogen energy industry layout in Southeast Asia. We established a subsidiary in June 2023 and made an investment in a Singaporean company in December 2023 to conduct (i) investment activities in hydrogen energy projects; (ii) R&D of core hydrogen energy projects; and (iii) trading business relating to hydrogen energy in Singapore. As of the Latest Practicable Date, we had contributed our investment of SGD87,500 in this company. Through our local subsidiary, we are actively pursuing business cooperation opportunities and intend to supply hydrogen purification equipment for biomass hydrogen production, hydrogen refueling stations and hydrogen energy equipment for vehicles and ships to the Singapore's market. In addition, we have formed joint R&D objectives with our U.S. business partner to jointly develop process packages of hydrogen liquefaction and integration and development of core hydrogen energy equipment in Singapore. In September 2023, we entered into an investment agreement with our U.S. business partner and two other parties to jointly establish a company in Singapore. As of the Latest Practicable Date, we had not contributed our investment amount of US$1.0 million. We plan to supply the relevant core equipment and technical services to hydrogen liquefaction plant projects in overseas markets.

- *The UAE:* UAE is committed to becoming a global hydrogen energy trade and technology development center. It has raised the development of hydrogen energy as a national development strategy. We believe that the local hydrogen market in the UAE has great potential and its business extends to the neighboring markets in the Middle East. We plan to invest in a company with a local business partner in the UAE to sell equipment for water electrolysis hydrogen production and hydrogen refueling stations. The local company in which we made investment plans to establish the first hydrogen equipment manufacturing complex in Abu Dhabi. As of the Latest Practicable Date, we had contributed our investment amount of US$400,000.

- *Brazil:* Brazil has abundant renewable energy resources and strong industrial base. It is expected to become a major producer and exporter of hydrogen energy in the future and a major global supplier of green hydrogen. We plan to set up a water electrolysis production project through our cooperation with YDRO Soluções em Descarbonização Ltda, which is a project developer of green hydrogen-related businesses to deploy local production capacity. Further, we and YDRO Soluções em Descarbonização Ltda entered into a joint venture agreement to set up a local company in Brazil in April 2024. As of the Latest Practicable Date, we had not contributed our investment amount of BRL375,000.

- *Netherlands:* Netherlands is a major hydrogen producing country in Europe and has a relatively well-developed hydrogen energy ecosystem. Through the cooperation with our business partner in the Netherlands, we intend to invest in a local company to provide integrated distributed hydrogen energy solutions in the European market. As of the Latest Practicable Date, we had not contributed our investment amount of EUR100,000.

- *India:* The Indian government highly encourages the development of the hydrogen energy industry. India is committed to becoming a hydrogen energy production and export center in South Asia. We plan to cooperate with our Indian business partner to jointly invest in a local company to manufacture and sell water electrolysis hydrogen production equipment, equipment for hydrogen refueling stations and hydrogen storage systems in India. As of the Latest Practicable Date, we had not contributed our investment amount of US$100,000.

- *Morocco:* North African countries promote domestic green hydrogen production in order to export green hydrogen to countries committed to reducing carbon emissions. For example, Morocco's National Hydrogen Strategy outlines a road map towards a hydrogen-based economy by 2050. We plan to cooperate with our business partners in North Africa to (i) develop green hydrogen projects, refueling stations networks, hydrogen production facilities and associated value chains; and (ii) boost the use and deployment of green hydrogen in Morocco and other African countries, as well as the hydrogen production in Morocco. As of the Latest Practicable Date, we had contributed our investment amount of EUR9,700.

During the Track Record Period and up to the Latest Practicable Date, we did not make any contributions to the above overseas companies in Brazil, Netherlands and India, and we did not complete our contribution to a Singaporean company.

Moreover, we also collaborated with an Australian specialized technical school to establish a local hydrogen technology institute to train skilled workers for the manufacturing of hydrogen-related products.

We intend to accelerate the expansion of our international presence through enhanced promotion and sales of our products in the global markets, continued establishment of overseas subsidiaries and expanded investments in local companies in strategic regions, and strengthened cooperation with reputable overseas business partners to participate in internationalization strategy research, international standard promotion and PCT international patent layout of hydrogen energy core equipment to improve our product competitiveness in the overseas markets and enhance our reputation and accelerate the expansion of our international business.

OUR FACILITIES AND PRODUCTION

Our Production Facilities

As of the Latest Practicable Date, we officially operated two production facilities in China, which were located in Zhangjiagang, Jiangsu Province. The following table sets forth detailed information relating to our production facilities as of the Latest Practicable Date.

Location	GFA	Name	Products Manufactured	Year of Establishment	Key Features
Zhangjiagang	54,434.96 sq.m.	Zhangjiagang Factory Phase I	Type-III cylinders, vehicle-mounted high-pressure hydrogen supply systems, equipment for hydrogen refueling stations and liquid hydrogen containers	2019	Equipped with international advanced production equipment and Chinese domestic professional equipment, as well as localized raw and auxiliary materials.
Zhangjiagang	16,740.20 sq.m.	Zhangjiagang Factory Phase II	Type-IV cylinders, equipment for hydrogen refueling stations, equipment for hydrogen liquefaction and storage and transportation of liquid hydrogen equipment and liquefaction plants, and water electrolysis hydrogen production equipment	2021	Obtained special equipment manufacturing licenses (C2, B3), ASME certificates and relevant management system certifications (GB/T19001-2016/ ISO 9001: 2015, IATF16949).

Production Machinery and Equipment

We have an array of major machineries and equipment used for our different product types. In particular, we primarily use forklifts, electric flatbed trucks, air-driven pumps, small scissor lift platforms and palletizers for the production of vehicle-mounted high-pressure hydrogen supply systems, and mainly use winding machines, threading machines, overhead cranes and curing ovens for the production of vehicle-mounted high-pressure hydrogen storage cylinders. Our major machineries and equipment used for the production of equipment for hydrogen refueling stations and equipment for hydrogen liquefaction include welding machines, ovens, roller stands, crosses and lifting platforms, cast iron platforms, vacuum pumps, welding fume removers and cranes. We primarily use electric single girder cranes for the production of the equipment for the transportation and storage of liquid hydrogen. In addition, our major machineries and equipment used for the production of equipment for water electrolysis hydrogen production include welding machines, cantilever cranes, elevated work platforms and cranes.

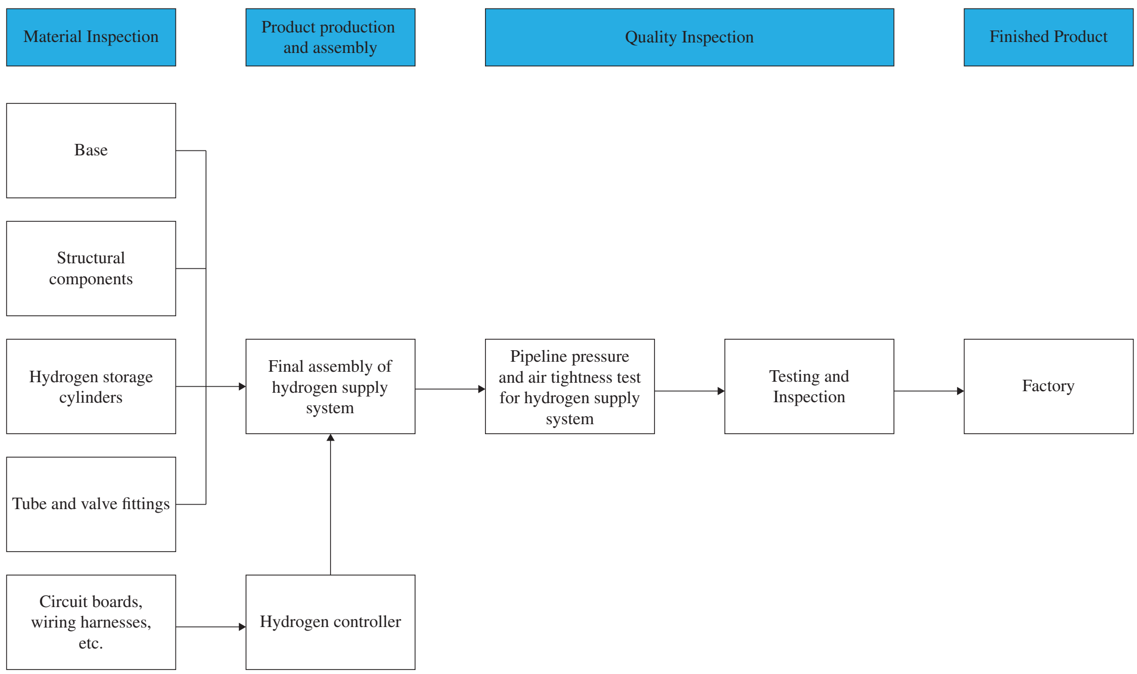
All the machinery and equipment for production are owned by us. Most of them were purchased from equipment manufacturers in China, United States and Italy during the Track Record Period. Our in-house technical and engineering staff upgrade and reconfigure the purchased equipment from time to time to meet our specific production requirements. Our repair and maintenance team works with our equipment suppliers and their aftersales personnel to repair and maintain our machinery and equipment on a regular basis to ensure good working condition, and will replace or upgrade such machinery and equipment from time to time as more advanced technologies become available. During the Track Record Period, we did not experience any material production disruption due to unexpected failure of production flows or equipment.

We typically engage multiple suppliers for our production machinery and equipment and do not rely on any single supplier. Since our inception, we have established stable long-term business relationship with these suppliers to ensure our business operations were uninterrupted. We adopt the straight-line method over the estimated useful lives of the relevant machinery and equipment to calculate their depreciation.

Production Process

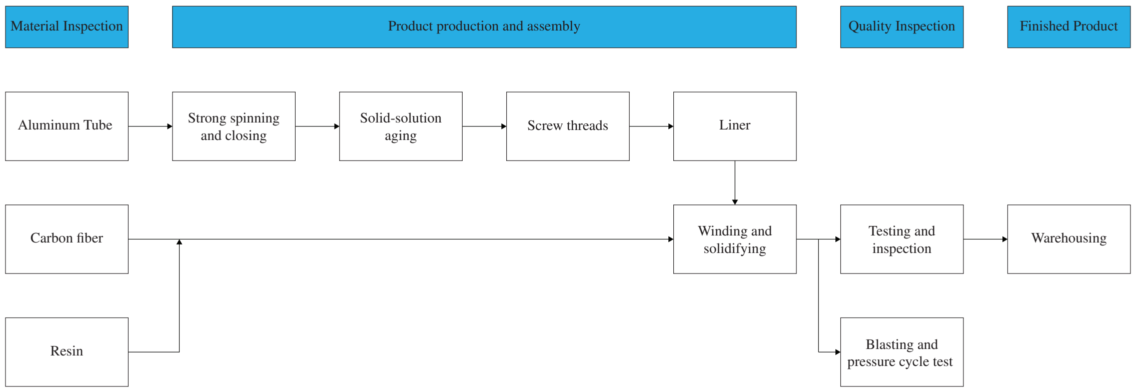
Our manufacturing adheres to the quality standards and product specifications as required by our customers. We constantly maintain stringent technical standards in our production processes. The following diagrams set out the main steps of the production process for our major products.

Vehicle-mounted High-pressure Hydrogen Supply Systems



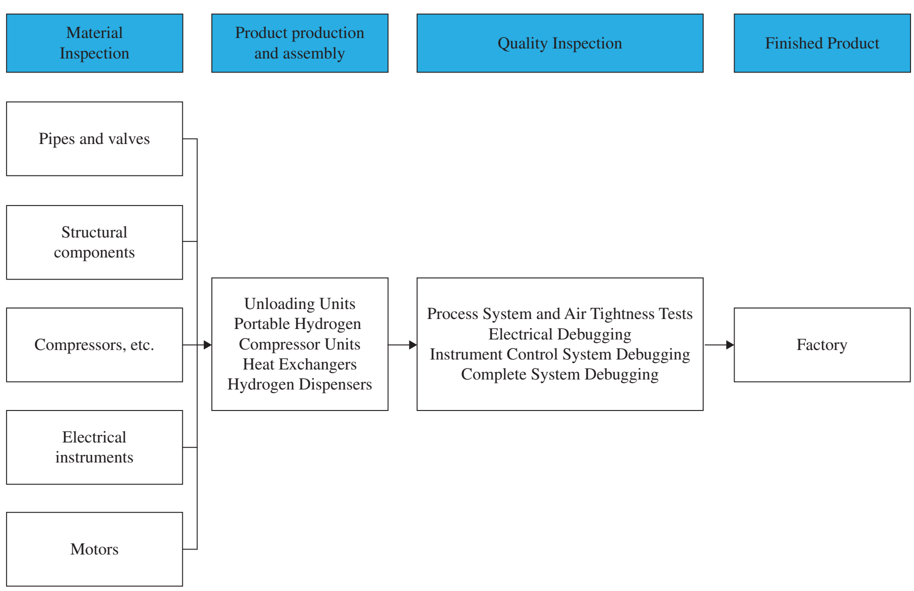
The production of our vehicle-mounted high-pressure hydrogen supply systems typically requires (i) a design period of around one week; (ii) a procurement period of generally within three months; (iii) a manufacturing period (covering the above production process) of generally within one month; and (iv) a despatch period of around two days.

Vehicle-mounted High-pressure Hydrogen Storage Cylinders



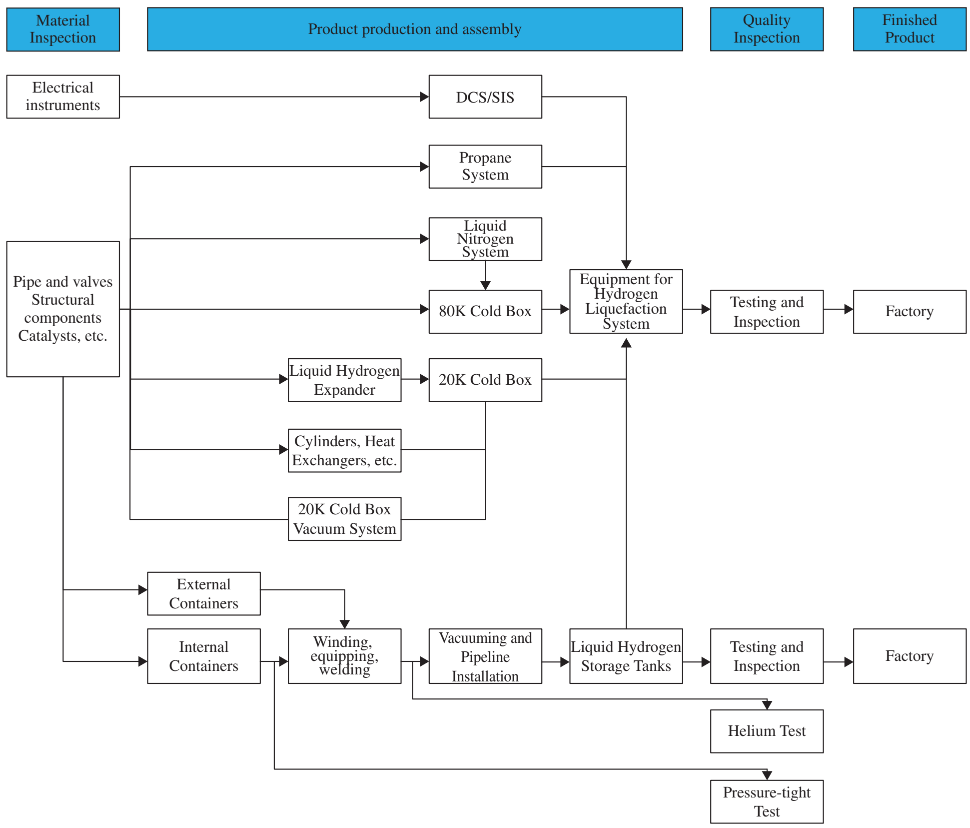
The production of our Type-III cylinders typically requires (i) a manufacturing period (covering the above production process) of around one week; and (ii) a despatch period of around two days. Unlike our vehicle-mounted high-pressure hydrogen supply system, we do not have a typical design period for Type-III cylinders as we generally use standardized design plans. Additionally, there is no typical procurement period for Type-III cylinders since our inventories primarily include carbon fiber and aluminium tubes.

Equipment for Hydrogen Refueling Stations



The production of our equipment for hydrogen refueling stations typically requires (i) a design period of less than one week; (ii) a procurement period of generally within two months, (iii) a manufacturing period (covering the above production process) of generally within one month; and (iv) a despatch period of around two days.

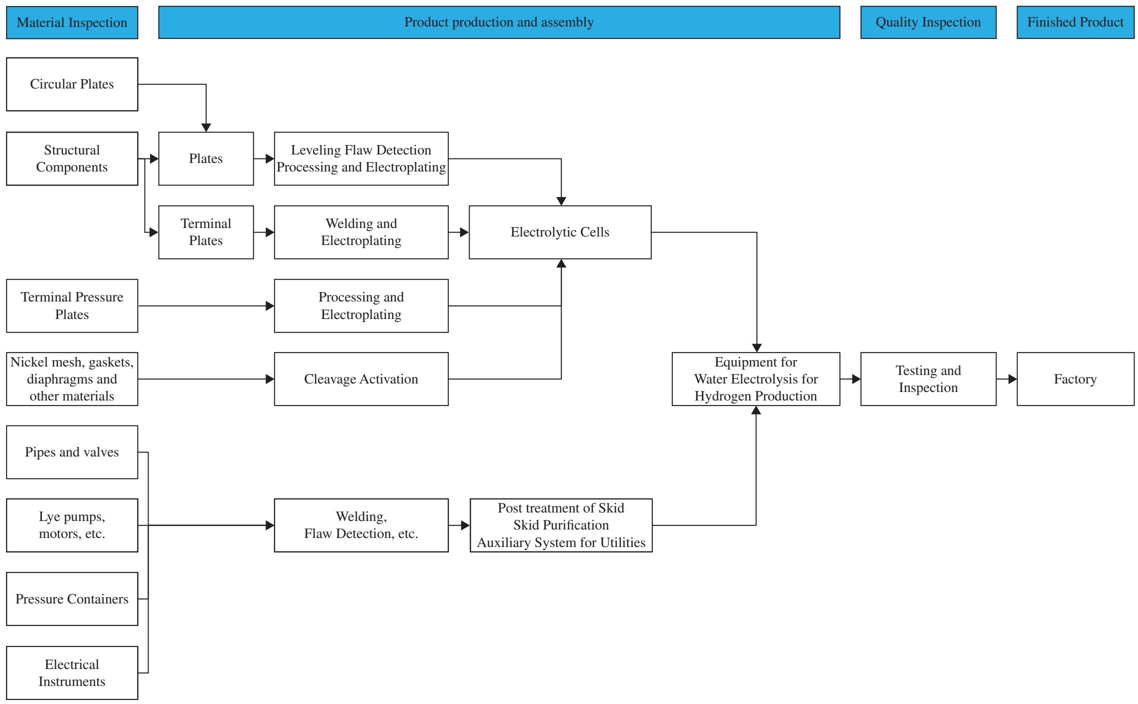
Equipment for Hydrogen Liquefaction and the Storage and Transportation of Liquid Hydrogen



In terms of our hydrogen liquefaction equipment, based on our historical manufacturing experience, the procurement and manufacturing period (covering the above production process) is around 15 months. We expect that such period can be reduced in the future as we gain more experience in developing and manufacturing hydrogen liquefaction equipment. We do not have a design period for such equipment as we generally use standardized design plans. Additionally, there is no typical packing and despatch period as the hydrogen liquefaction equipment involves special transport arrangement. Therefore, the transportation period is subject to actual conditions and customer demand.

The production of our liquid hydrogen tanks requires (i) a procurement period of around three quarters; and (ii) a manufacturing period (covering the above production process) of around one year. We do not have a design period for these tanks as we use standardized design plans. Additionally, there is no typical packing and despatch period as the liquid hydrogen tanks involve special transport arrangement. Therefore, the transportation period is subject to actual conditions and customer demand.

Water Electrolysis Hydrogen Production Equipment



The production of our water electrolysis hydrogen production equipment usually requires (i) a design and procurement period of generally within three months; and (ii) a manufacturing period of around 30 days. As water electrolysis hydrogen production equipment requires special transport and delivery services, the transportation period is subject to actual conditions and customer demand.

Production Capacity, Volume and Utilization Rate

For the construction and operation of our in-house production, we normally consider not only our historical and current business volume, but also our anticipation and estimates in the future development of global and China's hydrogen energy industry, as well as our planned production capacity to accommodate our expected business growth, including the mass production of hydrogen liquefaction plant and the water electrolysis hydrogen production equipment.

During the Track Record Period, we provided customized products primarily based on customers' requirements, and the production process and core machines used for the production of each equipment varied significantly. Those customized products include (i) equipment for hydrogen refueling stations and related products; and (ii) equipment for hydrogen liquefaction and the storage and transportation of liquid hydrogen. Therefore, the production capacity and volume of the aforementioned equipment are not statistically calculable. In addition, we only began to deliver water electrolysis hydrogen production equipment and related products in 2023 and have not yet commenced large-scale commercial production up to the Latest Practicable Date. As a result, it would not be meaningful to calculate the utilization rate for 2023.

Vehicle-mounted high-pressure hydrogen storage cylinder is one of the core components of the vehicle-mounted high-pressure hydrogen supply system. Our production capacity of vehicle-mounted high-pressure hydrogen supply systems is mainly subject to our production capacity of vehicle-mounted high-pressure hydrogen storage cylinders. In particular, carbon fiber winding machine is the core machine used for the production of hydrogen storage cylinders, which primarily affects the production capacity of hydrogen storage cylinders. Therefore, we use the number of units of hydrogen storage cylinders that a single carbon fiber winding machine can complete the winding process for in order to calculate the production capacity of such cylinders.

The following table sets forth the estimated production capacity, actual production volume and utilization rate of our production lines for vehicle-mounted high-pressure hydrogen storage cylinders we manufactured for the years/periods indicated:

	2021		2022		2023			2024
	Full Year	Second Half of the Year	Full Year	Second Half of the Year	Full Year	Second Half of the Year	The First Five Months	The First Five Months
Production capacity *(in liters)*[2]	4,125,000	2,062,500	4,125,000	2,062,500	4,125,000	2,062,500	1,718,750	1,718,750
Production volume *(in liters)*	1,927,391	1,534,274	2,550,760	1,827,740	2,915,845	2,498,396	384,920	510,338
Utilization rate[3] (%)	46.7	74.4	61.8	88.6	70.7	121.1[4]	22.4	29.7

Notes:

(1) For the purpose of statistical consistency, all vehicle-mounted high-pressure hydrogen storage cylinders are calculated on the basis of the volume in liters, primarily because we are capable of manufacturing more than 10 types of hydrogen storage cylinders in different volumes (e.g., 140L, 165L, 180L, 210L, 270L and 410L) and the production time of a single carbon fiber winding machine to complete the winding process of hydrogen storage cylinders in different volumes also varies. Therefore, the volume of hydrogen storage cylinders is the only comparable basis for the calculation of the production capacity and volume of such cylinders. Based on our experience in manufacturing activities, our average production capacity is 125 L/working hour of a single carbon fiber winding machine and we have six carbon fiber winding machines in operation.

(2) In calculating our production capacity, we have made certain assumptions and applied certain formulae as explained below:

Production capacity represents the maximum possible units that could be manufactured in our production lines for the year/period, assuming there are (a) 275 working days in each year; and (b) 20 hours in each working day.

(3) Utilization rate is calculated as actual production volume for the year/period divided by the production capacity for the year/period.

(4) The utilization rate of vehicle-mounted high-pressure hydrogen storage cylinders was 121.1% in the second half year of 2023 because we arranged over-time production to satisfy significantly increased orders from our customers due to the seasonality in our customer demand for our vehicle-mounted high-pressure hydrogen supply systems. Please refer to "— Seasonality" in this section for more information.

The production volume of vehicle-mounted high-pressure hydrogen storage cylinders was 1,927,391 liters, 2,550,760 liters, 2,915,845 liters, 384,920 liters and 510,338 liters for the years ended December 31, 2021, 2022 and 2023 and the five months ended May 31, 2023 and 2024, respectively. The production volume of vehicle-mounted high-pressure hydrogen storage cylinders was 1,534,274 liters, 1,827,740 liters and 2,498,396 liters for the second half years of 2021, 2022 and 2023, respectively. The increase in the production volume of vehicle-mounted high-pressure hydrogen storage cylinders during the Track Record Period was primarily because the number of our customers increased due to our business expansion.

For the years ended December 31, 2021, 2022 and 2023 and the five months ended May 31, 2024, we incurred capital expenditure on property, plant and equipment and right-of-use assets in the amount of RMB121.5 million, RMB243.6 million, RMB222.6 million and RMB81.3 million, respectively.

Production Seasonality

During the Track Record Period, we experienced seasonal fluctuations primarily in the demand for our vehicle-mounted high-pressure hydrogen supply systems and related products. Due to the nature of our business, we usually receive the largest number of orders from our customers during the second half of each calendar year. Therefore, we adjust our production activities for vehicle-mounted high-pressure hydrogen supply systems and related products based on the orders we receive from our customers. For more information, please refer to "— Seasonality" in this prospectus.

Production Expansion Plan

During the Track Record Period and up to the Latest Practicable Date, we have begun to expand our existing production lines for Type-III cylinders and water electrolysis hydrogen production equipment in our Zhangjiagang Factory Phase III using our internal funds and loans we obtained from commercial banks in China. In order to grow our business, meet the increasing demand from our customers and capture the potential growth opportunities in the hydrogen energy industry in China and globally, we plan to use the net proceeds of the Global Offering and our internal funds and/or loans we may obtain from commercial banks in China to (i) establish new production lines for water electrolysis hydrogen production equipment and Type-III cylinders in Zhangjiagang Factory Phase III; and (ii) construct a new production facility for Type-IV cylinders in Qingpu District, Shanghai. The following table sets forth the details of our expansion plans.

No.	Location	Primary Products	Expected Annual Production Capacity	Expected Capital Expenditure to be Incurred (2024 to 2026)	Actual Commencement Date[3]	Expected Completion Date[4]
				RMB in millions		
1.	Zhangjiagang Factory Phase III	Type-III cylinders	~60,000 units[1][2] (equivalent to ~ 24.6 million liters), including: • *Stage one:* ~22,000 units (equivalent to ~9.0 million liters) • *Stage two:* ~38,000 units (equivalent to ~15.6 million liters)	290.0	First quarter of 2022	Second quarter of 2026, in particular: • *Stage one:* Started official operation in June 2024. • *Stage two:* Assuming that we receive the net proceeds from the Global Offering in October 2024, we expect to (i) initiate the planning, conduct tendering activities to select suitable suppliers and construct the production lines under stage two from November 2024 to June 2025; (ii) conduct procurement, assembling and commissioning of equipment and machinery from April 2025 to December 2025; and (iii) commission the production lines and commence the trial operation of stage two from October 2025 to June 2026.
		Water electrolysis hydrogen production equipment	~500 sets[1], including: • *Stage one:* ~120 sets • *Stage two:* ~380 sets			

No.	Location	Primary Products	Expected Annual Production Capacity	Expected Capital Expenditure to be Incurred (2024 to 2026)	Actual Commencement Date[3]	Expected Completion Date[4]
				RMB in millions		
2.	Qingpu District, Shanghai	Type-IV cylinders	~50,000 units[1]	200.0	Second quarter of 2024	Second quarter of 2026, in particular: Assuming that we receive the net proceeds from the Global Offering in October 2024, we expect to (i) initiate the planning, conduct tendering activities to select suitable suppliers, procure relevant equipment and machinery and construct the production lines from November 2024 to June 2025; (ii) conduct assembling and commissioning of equipment and machinery from June 2025 to December 2025; and (iii) commission the production lines and commence the trial operation from January 2026 to June 2026.

Notes:

(1) The expected production capacity is estimated based on the assumptions that (i) there are 275 working days in each year; and (ii) 20 hours in each working day.

(2) We will primarily manufacture Type-III cylinders with the storage volume of 410L in light of the fact that a large number of our customers preferred larger-capacity hydrogen storage cylinders in recent years. Since we typically use the number of hydrogen storage cylinders when we make production project filings with the relevant government authorities, we use the same concept in determining estimated additional production capacity of the Type-III cylinders in connection with our expansion plans, which is different from the calculation of the utilization rate of our production capacity as disclosed in the section headed "— Our Facilities and Production — Production Capacity, Volume and Utilization Rate" in this section.

(3) Refers to the date of commencement of the factory's construction.

(4) Refers to the date of official operation of all stages of a factory.

According to Frost & Sullivan, China's market size of water electrolysis hydrogen production equipment in terms of sales revenue increased from RMB0.8 billion in 2021 to RMB1.9 billion in 2023 with a CAGR of 55.7% and it is expected to further grow to RMB64.2 billion in 2028 with a CAGR of 79.9% from 2024. There are only a few leading companies in China that simultaneously possess the ALK and PEM technologies for water electrolysis hydrogen production equipment. We are the one of a few companies who are capable of (i) dynamically choosing between ALK and PEM technologies to penetrate both the ALK water electrolysis market and the PEM water electrolysis market, and cater to customer demand; and (ii) realizing the cost effectiveness and efficiency of hydrogen production. We plan to cultivate the huge potential in water electrolysis hydrogen production equipment industry, increase our production capacity to meet the potential increasing customer demand for the relevant equipment and maintain our leading advantages in water electrolysis hydrogen production.

In addition, benefiting from the rapid development of hydrogen fuel cell vehicles market in China and globally, we expect that the customer demand for hydrogen storage cylinders, which are one of key components in a hydrogen fuel cell vehicle, will continue to grow. According to Frost & Sullivan, Type-III cylinders are widely used in the vehicle-mounted high-pressure hydrogen supply systems of hydrogen fuel cell vehicles in China, while Type-IV cylinders are more commonly used in the overseas markets. However, the popularity of Type-IV cylinders has been gaining traction in China in recent years. To maintain our competitive advantages in vehicle-mounted high-pressure hydrogen supply systems, we intend to further increase our production capacity of Type-III and Type-IV cylinders in the future.

Both Type-III cylinders and Type-IV cylinders are used as hydrogen storage units in vehicle-mounted high-pressure hydrogen supply systems. The following table sets forth a summary of comparison of key differences between Type-III and Type-IV cylinders:

	Type-III Cylinders	**Type-IV Cylinders**
Material:	Aluminum-lined carbon fiber wound	Polymeric-lined carbon fiber wound cylinders
Major Application:	• Mainly used in medium to heavy-duty trucks, buses, among others • Less commonly used in passenger vehicles	• More commonly used in passenger vehicles due to light-weight design
Features:	• Inner liner material: aluminum • Structure: relatively simple • Manufacturing process: relatively simple • Weight: relatively heavy	• Inner liner material: plastic • Structure: relatively complex • Manufacturing process: complex design and manufacturing process and high technological barrier for raw material synthesis processing • Weight: relatively light
Main Specifications:	Capacity: 140L, 210L, 270L, 410L with a maximum volume not exceeding 450L	Capacity: 60L, 62L, with a maximum volume not exceeding 450L

According to Frost & Sullivan, vehicle-mounted high-pressure hydrogen storage cylinders manufactured by us have relatively lower material costs and manufacturing costs compared with those imported from overseas suppliers. In addition, imported vehicle-mounted high-pressure hydrogen storage cylinders are subject to on-site testing by an independent inspection agency and verification of satisfactory test results before they can enter into China's market.

The table below sets forth a comparison of Chinese domestic and international standards of 35MPa and 70MPa Type-III cylinders and our products.

Standard/Manufacturer	**GB/T 35544[(1)]**	**ISO 19881[(2)]**	**Our Company**
Comparison for 35MPa Type-III cylinders			
Designed Cycle Times	≥11,000	≥11,000	≥15,000
Service Life	15 years	≥15 years	15 years
Working Pressure	35MPa	35MPa	35MPa
Temperature Range	-40°C~85°C	-40°C~85°C	-40°C~85°C
Minimum Burst Pressure	2.25Wp	2.25Wp	3Wp
Comparison for 70MPa Type-III cylinders			
Designed Cycle Times	≥7,500	≥7,500	≥11,000
Service Life	≥10 years	≥10 years	≥10 years
Working Pressure	70MPa	70MPa	70MPa
Temperature Range	-40°C~85°C	-40°C~85°C	-40°C~85°C
Minimum Burst Pressure	2.25Wp	2.25Wp	3Wp

Notes:

(1) Refers to current national standard GB/T 35544 "Compressed Hydrogen Gas Cylinders for Vehicles with Aluminum Liner and Carbon Fiber Fully Wrapped Cylinders" (《車用壓縮氫氣鋁內膽碳纖維全纏繞氣瓶》) that regulates the quality standard of Type-III cylinders in China.

(2) Refers to current international standard ISO/CD 19881:2015 "Compressed Hydrogen Gas Vehicle Fuel Containers" that sets forth quality requirements of Type-III cylinders worldwide.

Considering (i) the PRC government's favorable policies supporting the hydrogen energy industry; (ii) Frost & Sullivan's estimates regarding the increasing future demand for hydrogen energy core equipment in the next five years; (iii) the latest technological development in terms of the manufacturing in China's hydrogen energy industry and hydrogen energy core equipment industry; (iv) the utilization of our existing production facilities; (v) the prospect on future customer demand; (vi) the need to maintain our competitive advantages in the market; and (vii) our future growth and business development plans, we believe that it is necessary to expand our production capacity for water electrolysis hydrogen production equipment, and Type-III and Type-IV cylinders. We also believe that we can benefit from the economies of scale based on the size of our operations and the scale of our production activities. After the completion of our expansion, we believe we will be able to (i) expand the production capacity of the aforementioned products, which will enable us to accept more orders from our customers; (ii) maintain our competitive advantages, including our advantages in the technologies used in connection with our production process; and (iii) achieve the economies of scale of our production. We also plan to equip these production facilities with production equipment and machinery with a high degree of automation, which we believe can substantially improve our productivity and manufacturing efficiency.

For details of our expansion plan associated with the use of proceeds from the Global Offering, see the section headed "Future Plans and Use of Proceeds" in this prospectus.

RESEARCH AND DEVELOPMENT

Our R&D efforts primarily focus on hydrogen energy core equipment in order to further expand our product portfolio to cover the entire industrial value chain of hydrogen energy, and provide equipment solutions for the production, storage, transportation and use of hydrogen energy. We have invested substantial capital in R&D, and we believe that our success depends on the outcomes of our continuous R&D efforts. As of May 31, 2024, we had a R&D team of 76 personnel.

We identify potential R&D projects based on the needs of our customers and industry trends, as well as our business development strategy. We normally use our internal funds to carry out independent R&D projects and gain R&D experience. We also collaborate with external parties, such as universities and specialized research institutes, or undertake special projects assigned by the national, provincial and municipal governments. These external R&D activities allow us to utilize funds from governments to enhance our R&D capabilities and to further advance and create additional iterations of our technologies. For details, please refer to the paragraph headed "— Cooperation in Research and Development" in this section.

We mainly rely on Hydrogen Cloud Research Institute, to conduct our R&D activities. Hydrogen Cloud Research Institute is the R&D platform of our Group, which is responsible for establishing R&D projects, organizing R&D project implementation, coordinating the development and management of our R&D projects, forming technical achievements and intellectual property rights, and continuous optimization of our product development.

The major stages of our R&D activities include project proposal, establishment, execution and final acceptance. Based on the project feasibility study report, the project applicant is responsible for drafting the project proposal and project application, submitting the report to the general manager meeting for discussion. The general manager meeting subsequently evaluates the importance and feasibility of the proposed R&D project, and approves to establish the project if it passed the evaluation. When a project is approved, the R&D department will set up a project team according to the project proposal, and determine the person in charge of the R&D project and the members of the project team. The person in charge of the R&D project is usually the core technical specialist of the business unit, who is responsible for coordinating the implementation of the R&D project and preparing R&D progress reports on a regular basis. After the completion of the R&D project, Hydrogen Cloud Research Institute will organize meetings to evaluate the acceptance of the project. The project team submits the project summary report to the general manager meeting, summarizes and archives the R&D information, and share with other departments about the R&D results.

In addition, we have been actively leading and participating in external R&D activities of hydrogen energy-related projects in China, especially in Jiangsu Province. We have established and participated in the establishment of a number of R&D centers. The table below sets forth a brief introduction of our major external R&D centers.

Research Center	Purpose of the Establishment	Direction of R&D
Jiangsu Hydrogen Energy Production and Storage Equipment Engineering Technology Center (江蘇省氫能制儲裝備工程技術中心)	To promote the restructuring, development, and innovation of the hydrogen energy industry, including hydrogen production, storage, transportation, refueling and safety applications	Water electrolysis hydrogen production, hydrogen liquefaction, liquid hydrogen containers and hydrogen storage cylinders
Jiangsu Postgraduate Workstation (江蘇省研究生工作站)	To introduce master's and doctoral graduate student teams under the guidance of university mentors to conduct technical R&D	Liquid hydrogen storage and supply for heavy-duty vehicles, vehicle-mounted high-pressure hydrogen storage cylinders and integrated intelligent high-pressure hydrogen filling device
Jiangsu Hydrogen Energy Equipment Engineering Technology Research Center (江蘇省氫能裝備工程技術研究中心)	To focus on vehicle-mounted hydrogen storage cylinders and provide solutions for entire industrial value chain of hydrogen energy equipment, to reduce the cost of sales by promoting localization through R&D and application of hydrogen energy in China	Vehicle-mounted high-pressure hydrogen storage equipment, high-pressure hydrogen refueling equipment and equipment for the storage and transportation of liquid hydrogen

Research Center	Purpose of the Establishment	Direction of R&D
Nanjing Engineering Research Center — Electrochemical and Compressed Air Energy Storage and Hydrogen Energy Engineering Research Center (南京市工程研究中心-電化學及壓縮空氣儲能與氫能工程研究中心)	To develop hydrogen energy design and system integration demonstration projects and to promote the upgrade of the hydrogen energy equipment industry in Jiangsu Province	Compressed air energy storage, modularized integration of energy storage power plant, integrated control and operation management of energy storage power plant and hydrogen energy equipment
Jiangsu Hydrogen Energy Technology Innovation Center (江蘇省氫能技術創新中心)	To construct the industrialization platform, talent team and industry institutional mechanism of hydrogen industry	Large-scale and low-cost hydrogen production, storage and transportation, hydrogen energy infrastructure construction and key materials and core technologies for fuel cells
JITRI-GUOFUHEE Joint Innovation Center (JITRI-國富氫能聯合創新中心)	To overcome technical bottlenecks and weaknesses in the large-scale hydrogen production, storage and transportation	Liquid hydrogen production, storage and transportation and safety testing standards development

In the years ended December 31, 2021, 2022 and 2023 and the five months ended May 31, 2023 and 2024, our R&D expenses were RMB41.7 million, RMB42.7 million, RMB39.1 million, RMB10.0 million and RMB17.1 million, respectively, representing 12.7%, 11.9%, 7.5%, 22.0% and 26.5% of our total revenue, respectively. We expect to experience an increase in our R&D expenses in connection with the anticipated growth of our business and revenue going forward. During the Track Record Period, we used research and development expenses mainly for (i) the procurement of R&D materials, such as aluminum tubes, carbon fiber and valves; (ii) the payment for the compensations of R&D personnel; and (iii) the payment for inspection and testing fees and technical service fees involved in our R&D activities, among others.

Our Achievements and Our Proprietary Technologies

Since our inception, R&D has been at the center of focus of our business. We aimed to create our own core technology development system through numerous steps, from (i) technology import; and (ii) R&D experience gained through continuous learning, to the eventual independent innovation. We possess strong technical capabilities, R&D strengths and product quality. As of the Latest Practicable Date, we have participated in the drafting of (i)

10 national standards (ii) 12 group standards; and (iii) one local standard under the coordination of the National Standardization Administration Committee (國家標準化管理委員會) and other organizations. In addition, our prior experience in conducting independent research and participation in provincial- and national-level R&D projects allow us to accumulate valuable experience, and help us develop and refine our fundamental technologies.

The table below sets forth the details of the standards for which we had participated in the drafting process.

Type	Major Content	Application Area
National standard	Including vehicle compressed hydrogen aluminium inner liner carbon fiber fully wrapped gas cylinder (車用壓縮氫氣鋁內膽碳纖維全纏繞氣瓶), fixed vacuum insulated cryogenic pressure vessel (固定式真空絕熱深冷壓力容器), liquid hydrogen fuel for hydrogen-powered vehicles (氫能汽車用燃料液氫), liquid hydrogen production systems (液氫生產系統), liquid hydrogen storage and transportation (液氫儲存和運輸), vehicle refueling, gas filling, and hydrogen refueling stations (汽車加油加氣加氫站) and hydrogen refueling stations, among others	Type-III cylinder, liquid hydrogen container, hydrogen liquefaction, liquid hydrogen storage and transportation, equipment for hydrogen refueling station
Group standard	Including fuel cell vehicle-mounted hydrogen supply system (燃料電池車載供氫系統), vehicle high-pressure hydrogen storage system (車用高壓儲氫系統), vehicle compressed hydrogen gas plastic-lined carbon fiber fully wrapped gas cylinder (車用壓縮氫氣塑料內膽碳纖維全纏繞氣瓶), vehicle-mounted liquid hydrogen system (車載液氫系統), liquid hydrogen refueling machine, stationary vacuum insulated liquid hydrogen pressure vessel (固定式真空絕熱液氫壓力容器), mobile vacuum insulated liquid hydrogen pressure vessel (移動式真空絕熱液氫壓力容器), among others	Vehicle-mounted high-pressure hydrogen system, Type-III cylinder, Type-IV cylinder, liquid hydrogen cylinder, liquid hydrogen refueling system, liquid hydrogen storage and transportation, and equipment for hydrogen refueling station
Local standard	Mainly relating to equipment hydrogen refueling station	Equipment for hydrogen refueling station

The major differences between national standards, local standards and group standards are set out below:

	National Standard	Local Standard	Group Standard
Formulation organization	The Standardization Administration of the PRC (國家標準化管理委員會)	The standardization administrative departments of local governments of the provinces, autonomous regions and municipalities of the PRC	Associations, chamber of commerce, industry and technology alliances and other social groups
Scope of application	Applied uniformly nationwide, and all other levels of standards shall not conflict with the compulsory national standards	Formulated according to the needs and characteristics of local development, while leveraging regional advantages, thus only applicable within specific regions	Group standard shall be adopted by the members of the group or voluntarily adopted by the industry
Legal nature	National standards are divided into mandatory national standards and recommended national standards. Mandatory national standards are compulsory to adopt	Only recommended standards, not mandatory	Only recommended standards, voluntarily adopted, not mandatory
Level of importance	Serve as the main body of the standard system of the PRC, setting minimum requirements for product quality, safety performance, and other critical aspects	The technical requirements of local standards shall not be lower than the relevant technical requirements of mandatory national standards	Normally market-driven and innovative, capable of promptly responding to market demands and technological changes. The technical requirements of group standards shall not be lower than the technical requirements of the relevant mandatory national standards

Through years of our dedicated R&D, we have successfully transformed our R&D results into a series of proprietary technologies, which enabled us to compete effectively. As of the Latest Practicable Date, we had 10 proprietary core technologies, all of which were applied in our main products. The following table is a brief introduction of our core technologies.

No.	Name of the Core Technology	Key Elements and Characteristics of the Core Technology	Major Application in Our Products	Underlying R&D Results(1)(2)
1.	Carbon fiber wet winding non-destructive dipping technology (碳纖維濕法纏繞無損浸膠技術)	Uses the multi-strand carbon fiber spreading tension control device to solve the problem of composite layer strength fluctuations caused by uneven carbon fiber dipping.	Hydrogen storage cylinders	Invention patent: 2
2.	Carbon fiber wrapped hydrogen bottle lightweight design and performance evaluation technology (碳纖維纏繞氫瓶輕量化設計與性能評估技術)	Uses the lightweight design and performance evaluation method for carbon fiber-wound hydrogen bottles to solve the problem of low calculation accuracy of traditional grid theory.	Hydrogen storage cylinders	Invention patent: 11 Utility model: 15
3.	New spin forming technology for aluminum liner (鋁內膽新型旋壓成型技術)	Uses the spinning closing method for the aluminum liner of high-pressure hydrogen to reduce the probability of cracks and improve product stability.	Hydrogen storage cylinders	Invention patent: 4 Utility model: 2
4.	High-pressure hydrogen supply system overall integrated matching technology (高壓供氫系統整體集成匹配技術)	Uses vehicle-mounted high-pressure hydrogen supply system integration and control technology.	Vehicle-mounted high-pressure hydrogen supply systems	Invention patent: 3 Utility model: 12 Software copyright: 4
5.	High-precision energy-saving hydrogen refueling technology (高精度節能加氫技術)	Develops a hydrogen filling system and a new filling process to increase the filling rate; Uses a consumption-reducing hydrogen filling system to reduce energy consumption.	Hydrogen refueling systems	Invention patent: 2 Utility model: 6

No.	Name of the Core Technology	Key Elements and Characteristics of the Core Technology	Major Application in Our Products	Underlying R&D Results(1)(2)
6.	Hybrid pressurized multi-stage filling technology (混合增壓多級加注技術)	Develops 35MPa/70MPa hybrid pressurization multi-stage filling methods to solve the problem of the hydrogen refueling process; has a flameproof and intrinsically safe hydrogen refueling machine with active protection function to solve the active safety issues during hydrogen refueling process; uses a method for compatibility of temperature differences and strains between the medium and the pipeline under pre-cooling and filling conditions to solve the problem of low metering accuracy under pre-cooling and filling conditions.	High-pressure hydrogen refueling devices	Invention patent: 3 Utility model: 6
7.	Electronic control technology of skid-mounted hydrogen filling device (撬裝式氫氣加注裝置的電控技術)	Develops a compression hydrogen refueling device for a hydrogen refueling machine, including a hydrogen filling pipeline system, a gas filling machine electronic control system, and a diaphragm compressor pressure regulating device, among others. The hydrogen refueling equipment is overall controllable and provides the large-scale application basis for the hydrogen refueling station systems.	High-pressure hydrogen refueling devices	Invention patent: 1 Utility model: 4 Software copyright: 25
8.	Low-temperature storage and transportation technology of liquid hydrogen (低溫液氫儲運技術)	Develop the technology of, design and manufacturing of liquid hydrogen storage and transportation containers suitable for large-scale civilian use and commercialization, which are suitable for fixed liquid hydrogen containers, mobile storage containers, and mobile storage and supply containers, and develop liquid hydrogen.	Storage and transportation of liquid hydrogen	Invention patent: 15 Utility model: 36

No.	Name of the Core Technology	Key Elements and Characteristics of the Core Technology	Major Application in Our Products	Underlying R&D Results(1)(2)
9.	Low temperature hydrogen liquefaction technology (低溫氫液化技術)	Develops large-scale liquid hydrogen production process, including hydrogen purification process, hydrogen pre-cooling process, liquefaction process, ortho-parahydrogen conversion process, and circulating hydrogen process, and develop the first large-scale civil hydrogen liquefaction device in China.	Hydrogen liquefaction	Invention patent: 15 Utility model: 17 Software copyright: 1
10.	Water electrolysis for hydrogen production matched to renewable energy sources (匹配可再生能源的水電解製氫技術)	Solves the problem of unstable electricity, improves the capacity planning of hydrogen production, improves the conversion and utilization, and maintain a stable working condition. This approach enables the system to be highly coupled with wind power and photovoltaic power generation, realizing hydrogen production when electricity comes, avoiding the phenomenon of wind and power abandonment, and realizing multi-energy complementarity and supply coupling by integrating these subsystems.	Water electrolysis hydrogen production	Invention patent: 3 Utility model: 18 Software copyright: 7

Notes:

(1) As of May 31, 2024

(2) None of our underlying R&D results are co-owned

We plan to focus on advancing the technologies relating to high-pressure hydrogen storage cylinders, hydrogen refueling stations, water electrolysis for hydrogen production, hydrogen liquefaction and storage and transportation of liquid hydrogen. We will continue to improve our production process, enhance product performance and strengthen quality control. Through (i) optimizing internal R&D management and jointly establishing external R&D centers with our collaboration partners; (ii) participating in setting various industry standards; and (iii) developing and improving our core proprietary technologies, we believe our proprietary technologies and our continuing R&D investments will set competitive barriers for our products and enable us to continue to introduce new and/or upgraded products to enrich and diversify our product pipeline.

Cooperation in Research and Development

We collaborated with a number of top universities in China, such as Tsinghua University (清華大學), Southeast University (東南大學) and Zhejiang University (浙江大學), as well as certain key specialized research institutes in our industry, such as China Special Equipment Inspection & Research Institution (中國特種設備檢測研究院), that possess industry-leading technologies for further exploring the improvement and 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 R&D efforts. For instance, in April 2022, we entered into a research project related to hydrogen liquefaction system with Southeast University. The goal of such collaboration is to research on process control and adiabatic simulation technology of hydrogen liquefaction system, which is an important research direction under the key technology research and industrialization of large-scale hydrogen liquefaction system.

The salient terms of our typical cooperation agreements are set forth below:

Objective:	The cooperation agreement usually sets out the major objectives, technical routes and target schedule of the R&D projects.
Costs and resources:	Costs and resources are generally shared among and provided by the respective parties depending on the role taken by each party.
Intellectual property rights:	The arrangement of research results and intellectual property rights formed and interests under the R&D projects shall be mutually agreed by all participating parties. The intellectual property developed by the relevant party is owned by that party. The intellectual property jointly developed by both parties is co-owned.
Confidentiality:	The cooperation agreement usually requires the parties to assume confidentiality obligation towards the information obtained from other parties.

As of the Latest Practicable Date, we had a total of 11 R&D projects with third-party organizations, including top universities and specialized research institutes in China, such as Tsinghua University, Zhejiang University and Southeast University. The key areas of our cooperative R&D include core technologies for the equipment of production, storage, transportation, refueling and use of hydrogen energy, green hydrogen storage, supply and refueling, establishment of integrated energy systems, multi-energy fusion, and R&D of raw materials for the production of hydrogen energy core equipment. As of the Latest Practicable Date, three of these projects have been completed, and we have obtained the relevant R&D

results with respect to the performance and quality evaluation of hydrogen energy storage and transportation equipment, key technology for 70MPa vehicle-mounted high-pressure hydrogen storage cylinder and key technology for heavy-duty vehicle liquid hydrogen storage and supply.

Ongoing Research and Development Projects

We are currently conducting several R&D activities to (i) enhance technological advantages of our core products; (ii) further improve their performance and stability; (iii) explore new application fields of our technologies and R&D results; and (iv) explore the application of new technologies and processes based on industry development trends and technological innovation. As of May 31, 2024, we had over 10 ongoing R&D projects, including projects involving the technologies for (i) Type-IV cylinders and liquid hydrogen storage cylinders; (ii) hydrogen liquefaction equipment with an estimated production capacity of 15 tons per day or above, and hydrogen expander production, liquid hydrogen storage containers and multimodal transportation of liquid hydrogen tankers; (iii) ALK water electrolysis hydrogen production and large-scale proton exchange membrane water electrolysis hydrogen production; (iv) liquid hydrogen storage type of high-pressure fueling and liquid hydrogen fueling; (v) Type-III cylinders, vehicle-mounted hydrogen supply systems and high-pressure hydrogen refueling stations. Through our R&D cooperation with external institutions, the R&D results generated from the efforts have laid a solid foundation for our technological advancement of our products. Please refer to the details of our external R&D centers in this sub-section for more information.

SALES AND MARKETING

Sales and Marketing Strategies

During the Track Record Period, we primarily focused our marketing and sales efforts on (i) our vehicle-mounted high-pressure hydrogen supply systems and related products; (ii) equipment for hydrogen refueling stations and related products; (iii) equipment for hydrogen liquefaction and the storage and transportation of liquid hydrogen; and (iv) water electrolysis hydrogen production equipment and related products. As of May 31, 2024, we had a sales and marketing team of 40 personnel, focusing on business development, customer service and industry coverage. We maintain respective sales teams responsible for our sales efforts in different areas nationwide and globally 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 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 also communicate the details of our products with our customers, such as the designs, functionalities or technologies from time to time. For the years ended December 31, 2021, 2022, 2023 and the five months ended May 31, 2023 and 2024, our selling expenses amounted to RMB20.5 million, RMB22.2 million, RMB43.5 million, RMB9.5 million and RMB16.5 million, respectively, accounting for 6.2%, 6.2%, 8.3%, 21.0% and 25.6% of our total revenue, respectively, for the same years/periods. In terms of pricing strategy, we usually provide customers with competitive prices in the market. In certain circumstances, we may also participate in select tender projects, where we typically quote prices that are commensurate with the requirements and competitive landscape of the bid.

Pricing Policy

We generally price our products by taking into consideration various factors, including estimated production capacity, administrative and sales and distribution expenses, the prevailing market prices of similar products, market conditions and length of business relationship. We do not differentiate our pricing policy by customer type. We have a broad range of product offerings and their specifications differ significantly. As such, the unit prices of our products also vary widely.

Sales Contracts

Below are the typical principal terms of the sales agreements for vehicle-mounted high-pressure hydrogen supply systems:

- *Pricing*: Prices of our products are determined based on the required specifications and purchase quantity.

- *Delivery*: We usually make transportation arrangements to deliver our products to places designated by our customers, and bear the delivery costs.

- *Payment*: We usually require our customers to pay by lump sum or by installment at the following stages: after execution of the agreement, prior to shipment, post-delivery and at the end of the warranty period.

- *Warranty*: The warranty period is normally five years or 200,000 kilometers for passenger vehicles and eight-year or 400,000 kilometers for heavy trucks. The percentage of the warranty to our total sales price generally ranges between 5% and 10%.

- *Quality standard and Inspection*: We are required to provide products that meet the specifications stipulated in the technical agreement that we entered into with our customers separately.

- *Termination*: The agreement will be terminated upon expiry or on breach of agreement by either party pursuant to the agreement.

Below are the typical principal terms of sales agreements for equipment for hydrogen refueling stations and relevant installation services:

- *Pricing*: Prices of our products are determined based on the required specifications, and purchase quantity.

- *Rights and obligations of parties involved*: We are mainly responsible for the selection of design, assembling, procurement of the relevant materials, components and parts, on-site installation, and commissioning of equipment for hydrogen refueling stations.

- *Delivery and Installation*: We usually make transportation arrangements to deliver our products to places designated by our customers and bear the delivery costs. Depending on the agreements with customers, they either engage us or third parties to assemble and install hydrogen refueling stations in the places designated by them.

- *Payment*: We usually require our customers to pay by installment at the following stages: several days after the execution of agreement, prior to or after the shipment of relevant products, several days after installation and commissioning of relevant products or after the delivery date, and after the warranty period.

- *Warranty*: The warranty period is normally 12 to 18 months and the percentage of the warranty to our total sales price generally ranges between 5% and 10%.

- *Quality standard and Inspection*: We are required to provide products that meet the specifications stipulated in the technical appendix to the sales agreements, as well as the applicable national standards and local government standards.

- *Termination*: The agreement will be terminated upon expiry or on breach of agreement by either party pursuant to the agreement.

In addition, since we had just begun to deliver our equipment for hydrogen liquefaction and the storage and transportation of liquid hydrogen, and water electrolysis hydrogen production equipment and related products in 2023 to only a few of customers, we have not yet formulated the relevant standard agreement templates for these two types of products. Therefore, the clauses in different agreements we entered into with these customers in 2023 varied.

We believe we are selected by our customers based on factors such as proximity, stability of our supply, product quality and cost. According to our sales contracts, product return generally is only permitted if there are quality issues. During the Track Record Period, we did not experience any material product or sales return from our customers due to quality issue, and we had not received any material complaints or claims in relation to the products sold that would affect our business, financial position or results of operations.

Customer Services, Warranty and Product Replacement/Return Policy

We are subject to contractual obligations to ensure that the quality and specifications of our products meet international and domestic industry standards and our customers' standards and requirements. When our products are not able to meet our customers' specifications or requirements under the sales agreements, they may request product returns. In terms of vehicle-mounted high-pressure hydrogen supply systems, we usually provide a warranty period of five-year or 200,000 kilometers for passenger vehicles and eight-year or 400,000 kilometers for heavy trucks. We generally provide a warranty period ranging from 12 to 18 months for equipment for hydrogen refueling stations, equipment for hydrogen liquefaction and the storage and transportation of liquid hydrogen and equipment for water electrolysis hydrogen production equipment after acceptance. During the Track Record Period, we did not experience any material product returns from our customers.

We provide customer services in accordance with our customers' requirements as specified in the sales agreements, technical agreements and warranty agreements we entered into with them. As part of our customer services, we visit our customers periodically to seek their feedback on our products, and we conduct a customer satisfaction survey every 12 months. Our marketing department typically passes along the feedbacks we receive from our customers to our quality control, technology, after-sales and other related departments to hold a special meeting to discuss the feedback and improve the relevant products to enhance customer satisfaction. In the event of customer complaints, our marketing and after-sales departments will pass them to our responsible business units to resolve customer complaints.

Customers

We have built a diversified customer base. Our customers primarily consist of fuel cell system integration providers, vehicle manufacturers, energy companies and city bus operating companies. To the best knowledge of our Directors, during the Track Record Period, all of our five largest customers were Independent Third Parties except for Qilu Hydrogen, one of our associates. None of our Directors, their respective close associates, or any Shareholder who, to the knowledge of our Directors, owns more than 5% of our issued capital, had any interest in these customers during the Track Record Period and up to the Latest Practicable Date.

In the years ended December 31, 2021, 2022 and 2023 and the five months ended May 31, 2024, revenue from our five largest customers amounted to RMB147.5 million, RMB192.1 million, RMB296.0 million and RMB44.9 million, respectively, accounting for 44.8%, 53.5%, 56.7% and 69.1%, respectively, of our total revenue for the same years/periods. In each year/period of the Track Record Period, revenue from our largest customer amounted to RMB43.7 million, RMB94.5 million, RMB86.0 million and RMB20.8 million, respectively, accounting for 13.3%, 26.3%, 16.5% and 32.4%, respectively, of our total revenue for the same years/periods.

Our downstream customers are also concentrated. According to Frost & Sullivan, top five hydrogen fuel cell vehicles/hydrogen fuel cell systems providers, which are our major customer types, accounted for over 40% of total market share in terms of sales volume in 2023. Accordingly, we rely on our major customers. The loss of any of these customers could adversely affect our business, financial condition, results of operations and cash flows.

The following table sets forth the details of our top five customers in each year/period of the Track Record Period:

For the Year Ended December 31, 2021

Rank	Customer	Year of Establishment	Principal Business	Primary Services Provided	Year of Establishing Business Relationship	Typical Credit Term	Amount of Revenue	As Percentage of Our Total Revenue
							RMB' million	*%*
1.	Customer A	1983	Exploration and production, pipeline transportation and sale of petroleum and natural gas; the production, sale, storage and transportation of refinery products, petrochemical products, coal chemical products, synthetic fiber, and other chemical products	Equipment for hydrogen refueling stations and related products	2019	up to 90 days	43.7	13.3
2.	Customer B	1997	Development and manufacturing of fuel cell vehicles, fuel cell vehicle powertrain configuration, fuel cell engine, electric drive powertrain and domain controller for multi-energy systems	Vehicle-mounted high-pressure hydrogen supply systems and related products	2019	90 days	29.1	8.8
3.	Customer C[(1)]	2020	Software development; integrated circuit design; information system integration services; internet of things technology services; internet of things application services	Vehicle-mounted high-pressure hydrogen supply systems and related products	2021	up to 6 months	27.3	8.3

Rank	Customer	Year of Establishment	Principal Business	Primary Services Provided	Year of Establishing Business Relationship	Typical Credit Term	Amount of Revenue	As Percentage of Our Total Revenue
							RMB' million	%
4.	Customer D	2018	Technical services, development, consulting, exchange, technology transfer and promotion in the field of hydrogen fuel cells, production and research and development and sales of fuel cells, fuel cell automobile systems and components	Vehicle-mounted high-pressure hydrogen supply systems and related products	2020	25 to 365 days	23.9	7.3
5.	Customer E	2015	Technology development, transfer, consulting, service, exchange and promotion in the field of new energy vehicles; engineering and technology research and experimental development; manufacture of mechanical and electrical equipment; integration, production and sales of hydrogen fuel cell systems and related control equipment and components	Vehicle-mounted high-pressure hydrogen supply systems and related products	2016	30 days to 2 years	23.5	7.1
Total							**147.5**	**44.8**

Note:

(1) To the best knowledge, information and belief of the Directors after making reasonable enquiries, Customer C failed to settle the outstanding trade receivable balance with us according to the terms of relevant agreements mainly due to its financial constraints. There were no quality issues associated with our products in connection with the prolonged settlement by Customer C as we did not receive any relevant complaint from Customer C. To collect our overdue trade receivables, we filed a lawsuit against Customer C on March 2, 2023, and subsequently reached an agreement with Customer C after the mediation held by the court on March 31, 2023. As of the Latest Practicable Date, we had received all our overdue trade receivables from Customer C.

For the Year Ended December 31, 2022

Rank	Customer	Year of Establishment	Principal Business	Primary Services Provided	Year of Establishing Business Relationship	Typical Credit Term	Amount of Revenue	As Percentage of Our Total Revenue
							RMB' million	*%*
1.	Customer F	2003	Automobiles and auto parts, new energy vehicles and batteries, motors, vehicle control technology development, design, manufacturing and sales, technical services	Vehicle-mounted high-pressure hydrogen supply systems and related products and equipment for hydrogen refueling stations and related products	2018	60 to 90 working days	94.5	26.3
2.	Customer G	1996	Passenger cars, automobile components, motorcycles and components manufacturing, assembly, development, maintenance	Vehicle-mounted high-pressure hydrogen supply systems and related products	2019	30 to 150 days	31.7	8.8
3.	Customer C[(1)]	2020	Software development; integrated circuit design; information system integration services; internet of things technology services; internet of things application services;	Vehicle-mounted high-pressure hydrogen supply systems and related products	2021	up to 6 months	24.4	6.8

Rank	Customer	Year of Establishment	Principal Business	Primary Services Provided	Year of Establishing Business Relationship	Typical Credit Term	Amount of Revenue	As Percentage of Our Total Revenue
							RMB' million	%
4.	Customer H	2002	Pressure vessel design, manufacturing, general machinery, chemical equipment design, manufacturing, installation, repair, technical consulting	Equipment for hydrogen refueling stations and related products	2022	up to 1 month	21.4	6.0
5.	Customer E	2015	Technology development, transfer, consulting, service, exchange and promotion in the field of new energy vehicles; engineering and technology research and experimental development; manufacture of mechanical and electrical equipment; Integration, production and sales of hydrogen fuel cell systems and related control equipment and components	Vehicle-mounted high-pressure hydrogen supply systems and related products	2016	30 days to 2 years	20.1	5.6
Total							**192.1**	**53.5**

Note:

(1) To the best knowledge, information and belief of the Directors after making reasonable enquiries, Customer C failed to settle the outstanding trade receivable balance with us according to the terms of the relevant agreements mainly due to its financial constraints. There were no quality issues associated with our products in connection with the prolonged settlement by Customer C as we did not receive any relevant complaint from Customer C. To collect our overdue trade receivables, we filed a lawsuit against Customer C on March 2, 2023, and subsequently reached an agreement with Customer C after the mediation held by the court on March 31, 2023. As of the Latest Practicable Date, we had received all our overdue trade receivables from Customer C.

For the Year Ended December 31, 2023

Rank	Customer	Year of Establishment	Principal Business	Primary Services Provided	Year of Establishing Business Relationship	Typical Credit Term	Amount of Revenue	As Percentage of Our Total Revenue
							RMB' million	%
1.	Qilu Hydrogen	2021	Engineering and technology research and experimental development; intelligent basic manufacturing equipment manufacturing; station hydrogen refueling and hydrogen storage facilities sales	Hydrogen liquefaction equipment and equipment for hydrogen refueling stations and related products	2021	10 days	86.0	16.5
2.	Customer I	2015	Research, development, production and sales of hydrogen fuel cell stacks and hydrogen fuel cell systems	Vehicle-mounted high-pressure hydrogen supply systems and related products	2022	1 year	80.0	15.3
3.	Customer F	2003	Automobiles and auto parts, new energy vehicles and batteries, motors, vehicle control technology development, design, manufacturing and sales, technical services	Vehicle-mounted high-pressure hydrogen supply systems and related products	2018	90 working days	57.5	11.0

Rank	Customer	Year of Establishment	Principal Business	Primary Services Provided	Year of Establishing Business Relationship	Typical Credit Term	Amount of Revenue	As Percentage of Our Total Revenue
							RMB' million	%
4.	Customer E	2015	Technology development, transfer, consulting, service, exchange and promotion in the field of new energy vehicles; Engineering and technology research and experimental development; manufacture of mechanical and electrical equipment; Integration, production and sales of hydrogen fuel cell systems and related control equipment and components	Vehicle-mounted high-pressure hydrogen supply systems and related products	2016	30 days to 2 years	54.8	10.5
5.	Customer A	1983	Exploration and production, pipeline transportation and sale of petroleum and natural gas; the production, sale, storage and transportation of refinery products, petrochemical products, coal chemical products, synthetic fiber, and other chemical products	Equipment for hydrogen refueling stations and related products	2019	up to 90 days	17.7	3.4
Total							**296.0**	**56.7**

For the Five Months Ended May 31, 2024

Rank	Customer	Year of Establishment	Principal Business	Primary Services Provided	Year of Establishment Business Relationship	Typical Credit Term	Amount of Revenue	As Percentage of Our Total Revenue
							RMB' million	%
1.	Customer K	1994	Port operation; ship pilotage services; engineering construction activities; construction engineering design; water transportation project supervision	Equipment for hydrogen refueling stations and related products and water electrolysis hydrogen production equipment	2023	30 days	20.8	32.4
2.	Customer E	2015	Technology development, transfer, consulting, service, exchange and promotion in the field of new energy vehicles; engineering and technology research and experimental development; manufacture of mechanical and electrical equipment; Integration, production and sales of hydrogen fuel cell systems and related control equipment and components	Vehicle-mounted high-pressure hydrogen supply systems and related products	2016	30 days to 2 years	11.2	17.4
3.	Customer L	2016	Production of hazardous chemicals (hydrogen gas, clean gas)	Equipment for hydrogen refueling stations and related products	2023	30 days	6.5	10.1

Rank	Customer	Year of Establishment	Principal Business	Primary Services Provided	Year of Establishment Business Relationship	Typical Credit Term	Amount of Revenue	As Percentage of Our Total Revenue
							RMB' million	%
4.	Urumqi Longshengda	2008	Design, manufacture, installation and sale of low and medium pressure vessels, automotive tankers, including cryogenic insulated tanks, installation of automotive LNG gas cylinders, maintenance of trucks, installation of pressure piping	Equipment for hydrogen refueling stations and related products	2023	12 months to 24 months	3.5	5.4
5.	Zhejiang Fengyuan Hydrogen Energy Technology Co., Ltd.* (浙江鋒源氫能科技有限公司)	2018	Manufacture and sales of batteries; research and development of emerging energy technologies; technical services, technological development, consulting, exchanges, technology transfer and technology promotion	Vehicle-mounted high-pressure hydrogen supply systems and related products	2022	6 months to 12 months	2.5	3.8
Total							**44.4**	**69.1**

Our Sales to Qilu Hydrogen

We entered into a sales agreement in relation to the provision of equipment for hydrogen liquefaction and the storage and transportation of liquid hydrogen with Qilu Hydrogen in 2021, and delivered the first set of the relevant equipment to Qilu Hydrogen in 2023.

Background of Our Sales to Qilu Hydrogen

According to the planning of the Integration Project, the project will mainly be used for hydrogen purification and liquefaction. Qilu Hydrogen was searching for a supplier of liquid hydrogen equipment with the capacity to manufacture hydrogen liquefaction equipment for large-scale industrial production. In September 2021, Qilu Hydrogen engaged an independent tendering agent in Shandong Province to hold the public tendering activity for Phase I of the Integration Project. The tendering activity consisted of four tendering sections, namely, (i) industry by-product hydrogen and related engineering, procurement and construction (the "EPC") projects of hydrogen production; (ii) equipment for hydrogen liquefaction and storage of liquid hydrogen, loading stations and related EPC projects; (iii) equipment for hydrogen recycle compressors and related EPC projects; and (iv) high-pressure hydrogen compressors. The tender documents set out the requirements for tenderers' qualifications. For example, the tenderers shall have valid quality management system certifications and engineering and installation qualifications, solid bank credit and business reputation, and the project leaders from the tenderers shall have the relevant engineering and chemical engineering qualifications. The official tender documents of Phase I of the Integration Project published by the tendering agent are publicly available on the official government website of China Tendering & Bidding Public Service Platform (中國招投標公共服務平台). To ensure a comprehensive evaluation of the tendering participants, the tender document specified certain independence requirements from the tenderers on the committee members. For example, any individual with economic interests in the tenderers that may affect the fairness of the review and any close relatives of the tenderers or their person(s) in charge shall refrain from acting as a tender review committee member. The tender review committee consisted of seven experts, among whom, five were independent experts with background in the technical and economic fields, and two were designated by Qilu Hydrogen. The five independent experts were selected from a pool of experts via the selection terminal of experts in accordance with "Public Resources Transaction Comprehensive Bid Evaluation and Assessment Expert Database and Expert Management Measures of Shandong Province" (《山東省公共資源交易綜合評標評審專家庫和專家管理辦法》), and the pool of experts was established according to the "Provisional Measures for the Administration of Bid Evaluation Experts and Bid Evaluation Expert Pools (《評標專家和評標專家庫管理暫行辦法》)" issued by the NDRC. After the evaluation, the tender review committee provided an overall rating for each tenderer that covered business capabilities, technical capabilities, pricing and other aspects.

We only participated in the second tendering section of Phase I of the Integration Project to provide equipment for hydrogen liquefaction and the storage of liquid hydrogen, loading stations and related EPC projects for Qilu Hydrogen. To satisfy the qualification requirements of the tenderers, we collaborated with two independent construction engineering companies with the requisite engineering qualifications to apply for Phase I of the Integration Project as joint tenderers to provide comprehensive liquid hydrogen equipment and undertake the related EPC projects. There were a total of three tenderers, including our Company, which participated in the second tendering section of Phase I of the Integration Project. After a comprehensive evaluation by the tender review committee, we obtained the highest overall rating and offered the most competitive price and won the tender for the second section of Phase I of the Integration Project in November 2021, and entered into a sales agreement with Qilu Hydrogen in December 2021. For details of our competitive strengths in equipment of hydrogen liquefaction and the storage and transportation of liquid hydrogen, please refer to "— Our Business Expansion of Equipment for Hydrogen Liquefaction and the Storage and Transportation of Liquid Hydrogen" in this section. Considering (i) the publicity, fairness and independence of public tendering activity of Qilu Hydrogen, and (ii) our overall rating given by the tender review committee, we believe that our relationship with Qilu Hydrogen had no material impact in the tender process of the Integration Project.

Background of Qilu Hydrogen

Qilu Hydrogen is a limited liability company incorporated in Zibo, Shandong Province, the PRC in May 2021, which mainly engages in the sales of hydrogen and hydrogen-related equipment. As a participation city of China's five city clusters for demonstration application of fuel cell vehicles in 2020, Zibo, Shandong Province, actively participated in the application of new energy vehicles, including the development of hydrogen fuel cell vehicles. Jinlutong is a passenger transportation service provider in Shandong Province and is committed to exploring improved transportation solutions. Given the importance of stable and cost-effective hydrogen resources for the development of hydrogen fuel cell vehicles, Jinlutong took the lead in establishing Qilu Hydrogen as its largest shareholder for the development of hydrogen purification and liquefaction. The table below sets forth the details of the shareholders of Qilu Hydrogen as of the Latest Practicable Date.

No.	Name of the Shareholder[(1)]	Place and Date of Establishment	Ownership	Shareholding in Qilu Hydrogen
1.	Jinlutong	July 2007, PRC	Stated-owned	40.00%
2.	Our Company	June 2016, PRC	Private	22.50%
3.	Zibo Huaben Gas Co., Ltd.* (淄博華本燃氣有限公司) ("Huaben Gas")	May 2013, PRC	Private	15.00%
4.	Suzhou Shengruichen Enterprise Consulting Management Partnership (Limited Partnership)* (蘇州晟瑞辰企業諮詢管理合夥企業(有限合夥))	October 2021, PRC	Private	15.00%
5.	Zibo Tianyuan Chemical Co., Ltd.* (淄博天元化工有限公司)	July 1995, PRC	Private	7.50%

Note:

(1) All shareholders made capital contributions to Qilu Hydrogen in cash.

Before the establishment of Qilu Hydrogen, we had cooperated with Jinlutong to jointly explore the local hydrogen energy market in Shandong Province. We also sold certain equipment for hydrogen refueling stations and related products and other hydrogen energy core equipment to Jinlutong in 2020. Moreover, we began selling equipment and related services of hydrogen refueling stations to Huaben Gas in 2021. We believe that as a result of the foregoing, our technology and manufacturing capabilities in equipment for hydrogen liquefaction and the storage and transportation of liquid hydrogen were recognized by the shareholders of Qilu Hydrogen. The gross profit margins of our sales to Jinlutong in 2020 and our sales to Huaben Gas in 2021 did not have any material difference compared to the gross profit margin of our sales of the same type of products to other independent customers in the same years.

In addition to our investment in Qilu Hydrogen, (i) our Chairman, Mr. Wu is also a director of Qilu Hydrogen; (ii) in November 2023, our Company entered into a loan agreement of RMB10.0 million with Jinlutong to replenish its working capital. Please refer to "Financial Information — Description of Certain Key Items from Our Consolidated Statement of Financial Positions — Loan Receivables" in this prospectus for details; and (iii) we began selling equipment and related services of hydrogen refueling stations to Jinlutong and Huaben Gas in 2020 and 2021, respectively.

Except as described above, to the best knowledge of our Directors, the shareholders of Qilu Hydrogen or their ultimate beneficial owners did not have any past or present relationships, including financing, family, business, employment, trust or other activities, with our Group, our substantial shareholders, Directors, supervisors or senior management, or any of our respective associates.

To the best knowledge, information and belief of our Company, all of the shareholders of Qilu Hydrogen were aware of the Integration Project prior to the establishment of Qilu Hydrogen. However, our Company's equity investment in Qilu Hydrogen was mainly for the purpose of pursuing Qilu Hydrogen's growth potential and the return on investment thereof in the future. Therefore, our Company's investment in Qilu Hydrogen and subsequent participation in the tendering activity of the Integration Project as detailed below were two independent decisions.

Sales Transaction with Qilu Hydrogen

The Integration Project was a newly constructed project with an area of 27,837.77 sq.m. located within the Qilu Industrial Park in Linzi District, Zibo, Shandong Province. The construction of the Integration Project primarily involved the EPC of the following equipment and related civil engineering infrastructure: (i) high pressure hydrogen; (ii) hydrogen liquefaction, storage and filling station; and (iii) civil engineering infrastructure. The procurement amount of our equipment for hydrogen liquefaction and the storage and transportation of liquid hydrogen accounted for approximately 43.6% of the total procurement amount of Phase I of the Integration Project. The Integration Project consists of two phases, among which, Phase I had completed the construction as of the Latest Practicable Date and trial operation is expected to commence in the second half year of 2024, while Phase II still in the preparation stage and the relevant tender, contracting and construction had not started as of the Latest Practicable Date. Upon completion of the construction of the two phases, the Integration Project will mainly be used for hydrogen purification and liquefaction. The Integration Project was one of the major new energy projects designated by the government of Zibo, Shandong Province, in 2022.

Qilu Hydrogen is responsible for obtaining all requisite licenses and permits to construct and operate the Integration Project. The integration Project was still under construction as of the Latest Practicable Date. Regarding the construction of the Integration Project, Qilu Hydrogen has obtained the requisite licenses and permits, including, but not limited to, the relevant real estate ownership certificate, construction land planning permit, construction project planning permit, construction works commencement permit, and approval opinions on the environmental impact report for Phase I of the Integration Project. Regarding the installation of our equipment for hydrogen liquefaction, Qilu Hydrogen has engaged a qualified third party to provide the relevant installation services, and Qilu Hydrogen does not need to obtain the relevant licenses or permits for such installation.

As of the Latest Practicable Date, our Directors confirmed that Qilu Hydrogen had obtained the requisite regulatory permits and approvals for the current stage of the construction of Phase I of the Integration Project. As of the same date, Qilu Hydrogen had not initiated any procedures to obtain the licenses and permits for the operation of the Integration Project, which are expected to take place in the second half of 2024.

According our sales agreement with Qilu Hydrogen, we are primarily responsible for providing the relevant equipment for hydrogen liquefaction, storage and liquid hydrogen refueling system for Phase I of the Integration Project. According to our technology agreement with Qilu Hydrogen, the lead time for us to deliver (i) hydrogen liquefaction systems and liquid hydrogen loading vehicles; and (ii) liquid hydrogen storage systems was less than 10 months after the execution of the sales agreement with Qilu Hydrogen, respectively. According to the relevant tendering documents and sales agreement, the scheduled delivery time of our equipment for hydrogen liquefaction and the storage and transportation of liquid hydrogen was within 10 months upon the execution of our sales agreement. However, due to the impact of COVID-19, the construction of Phase I of the Integration Project was delayed. The delay was caused by prolonged processing time for requisite approvals to be obtained from the relevant government authorities for the commencement of the construction of Phase I of the Integration Project. For example, Qilu Hydrogen experienced a delay in obtaining the approval of the Shandong Development and Reform Commission on the Energy Saving Report of the Integration Project (《一體化項目節能報告》) (the "Energy Saving Report"). According to "Implementation Measures for Energy Conservation Review of Fixed Asset Investment Projects in Shandong Province" (《山東省固定資產投資項目節能審查實施辦法》) issued by the Shandong Development and Reform Commission, Qilu Hydrogen could only start the construction of the Integration Project after it has obtained the Shandong Development and Reform Commission's approval of the Energy Saving Report. Qilu Hydrogen submitted the Energy Saving Report in December 2021. However, due to the control measures implemented by the local government to prevent the spread of COVID-19, Shandong Province experienced temporary lock-down and suspension of work and other social activities in 2022. As such, the Shandong Development and Reform Commission ultimately provided its approval in August 2022, which resulted in a delay of the commencement of the construction of Phase I of the Integration Project.

In light of the above, and through discussion with Qilu Hydrogen, it was mutually agreed by both parties that the delivery of the relevant equipment for hydrogen liquefaction and the storage and transportation of liquid hydrogen to Qilu Hydrogen would be delayed. In light of the impact of COVID-19, we maintained regular communication with Qilu Hydrogen to keep track of the status of the construction of Phase I of the Integration Project in order to ensure the timely delivery of our products to Qilu Hydrogen. We delivered the relevant products to Qilu Hydrogen by batches starting from April to December 2023, and Qilu Hydrogen has confirmed its acceptance of our products.

The table below sets forth the key milestones of Phase I of the Integration Project:

- September 2021 . . . . Qilu Hydrogen commenced the tender for Phase I of the Integration Project
- November 2021 . . . . Our Company won the tender of the second tendering section of Phase I of the Integration Project(1)
- December 2021(2) . . . . Our Company entered into the sales agreement with Qilu Hydrogen
- April 2023. . . . . Our Company started to deliver our products by batches to Qilu Hydrogen
- December 2023(3) . . . . Our Company completed the delivery and installation of all products to Qilu Hydrogen
- December 2023(3) . . . . Qilu Hydrogen completed the inspection and confirmed its acceptance of all of our products
- Second half year of 2024 . . . . . Qilu Hydrogen is expected to start trial operation of Phase I of the Integration Project. Upon the completion of trial operation and the obtaining of necessary authorizations and approvals from the competent authorities for project operation, the official operation will commence

Notes:

(1) We did not participate in the tender of the other sections of the Integration Project because we did not have the capacity to manufacture the relevant equipment or possess the requisite engineering qualifications as required in other sections.

(2) The contract amount of our sales to Qilu Hydrogen was RMB119,950,000 (including the value-added tax of RMB13,800,000), of which, RMB82,266,000 was recognized as revenue generated from the sales of equipment of hydrogen liquefaction and the storage and transportation of liquid hydrogen for the year ended December 31, 2023. The difference between the contract sum (excluding the value-added tax) and the revenue recognized represented our Group's share of the revenue earned on downstream transactions and should be eliminated under the application of equity method since Qilu Hydrogen is an associate of our Group, for which our Group held 22.5% of its equity interest as of December 31, 2023. We delivered all products to Qilu Hydrogen and fulfilled all our obligations under our sales agreement with Qilu Hydrogen in 2023.

(3) Before Qilu Hydrogen confirmed its acceptance, both parties conducted an inspection of the products to confirm their quantity and appearance. In addition, after the installation of our products in Phase I of the Integration Project, the relevant construction, engineering and supervisory companies jointly signed the technical document of the completion of the construction project (工程項目交工技術文件) in relation to the second tendering section of Phase I of the Integration Project, which confirmed, among others, the acceptance and installation of our products during 2023, as an official handover procedure to Qilu Hydrogen.

Our sales agreement with Qilu Hydrogen contains key commercial terms, including sales price, payment schedule and credit period. We priced our products of equipment for hydrogen liquefaction and the storage and transportation of liquid hydrogen by considering (i) their estimated manufacturing, administrative and sales costs; (ii) sales volume; (iii) specific technical complexity; and (iv) the credibility and significance of Qilu Hydrogen. Based on the foregoing, our Directors believe that our sales transaction with Qilu Hydrogen was conducted in the ordinary and usual course of business. As we only delivered one set of equipment for hydrogen liquefaction and the storage and transportation of liquid hydrogen during the Track Record Period, the revenue and gross profit margin of this product type in 2023 reflected the revenue and gross profit margin of our sales transaction with Qilu Hydrogen, which was RMB82.8 million and 26.6%, respectively.

Potential Orders from Customers Other Than Qilu Hydrogen

We started our R&D on liquid hydrogen-related technologies in 2016, and through such efforts, we achieved the commercialization of liquid hydrogen for civilian use in 2023. According to Frost & Sullivan, civilian use in liquid hydrogen industry has a large growth potential. We have been actively searching for new customers in connection with the civilian use of liquid hydrogen in China. As of the Latest Practicable Date, we were in discussion with some potential customers of equipment for hydrogen liquefaction and the storage and transportation of liquid hydrogen and had not entered into any sales agreements with or received any orders from other customers in relation to liquid hydrogen equipment. We expect our business of hydrogen liquefaction and the storage and transportation of liquid hydrogen will continue to expand in the future. Given our current production capability and due to the complexity of the production process, we expect to require 10 to 12 months to fulfill customer orders for the equipment for hydrogen liquefaction and the storage and transportation of liquid hydrogen or other equipment for liquid hydrogen in the future. Therefore, we do not expect to generate substantial revenue from this business in 2024.

RAW MATERIALS AND SUPPLY

Raw Materials and Procurement Process

The principal raw materials for the production of our major products include carbon fiber, aluminum tubes, pipes and valves, electrical instrumentation, compressors and compressor skids, among other things. The details of our principal raw materials are set forth below.

Carbon fiber: During the Track Record Period, we purchased carbon fiber from seven suppliers who are Independent Third Parties, among which, six were Chinese domestic suppliers. We normally collaborate with multiple suppliers of a single type of raw materials to reduce our reliance on a single supplier. The procurement of such raw materials used to manufacture hydrogen storage cylinders represents a major component of our cost of sales. Historically, the global carbon fiber industry was dominated by foreign manufacturers, and Chinese manufacturers primarily relied on imports of such raw material. A significant part of carbon fiber that we used to produce our hydrogen storage cylinders were imported from overseas manufacturers prior to 2022. Due to the foreign export control on the sales of carbon fiber to China in 2021, the cost of our carbon fiber increased significantly in the same year. While we were able to source substantially all the carbon fiber we used in connection with our manufacturing from domestic suppliers in 2022, the restriction of foreign supply of such raw material nonetheless caused disruptions to the industrial supply chain and significantly increased the manufacturing cost of the products that relied on such raw material, including our hydrogen storage cylinders. Please refer to "Risk Factors — Risks Relating to Our Business and Industry — Fluctuations in the market prices for our key raw materials such as carbon fiber and aluminum tubes, may materially and adversely affect our business, financial condition and results of operations." in this prospectus for the risk associated with the reliance of carbon fiber from overseas suppliers. We typically enter into procurement agreements with our suppliers for carbon fiber which mainly set out the price and quantities of the products, quality requirement and payment and delivery methods. We normally prepay in full or pay by installment to settle with our suppliers based on our commercial arrangement and market conditions. The purchase prices for carbon fiber are normally determined based on the prevailing market prices at the time of purchase.

Aluminum tubes: During the Track Record Period, we purchased aluminum tubes primarily from Chinese domestic suppliers who are Independent Third Parties. The procurement of such raw materials used to manufacture hydrogen storage cylinders represents a major component of our cost of sales. We normally request the suppliers of aluminum tubes to provide samples for our testing and verification before we establish cooperation with them. If the product quality and the supplier's qualification pass our evaluation and verification, we typically conduct small-scale trial production by using the aluminum tubes provided by such supplier. Subsequently, we generally make bulk purchases from the suppliers after the trial production meets our standards.

Compressors and compressor skids: During the Track Record Period, we purchased compressors and compressor skids from suppliers in China and abroad who are Independent Third Parties. We normally request the suppliers of compressors and compressor skids to provide sample machines for our testing and verification before we establish cooperation relationship with them. If the product quality and the supplier's qualification pass our evaluation and verification, we generally make bulk purchases from such suppliers.

We typically enter into annual procurement agreements with our major suppliers, which set out the specifications, prices, delivery terms and payments for each service purchased by us. We have a thorough supplier management system to manage our supplier relationships and rate them based on our internal evaluation standards. We generally select suppliers based on a number of factors, including, but not limited to, their pricing, delivery time, product quality, operating history and track record and location. For potential suppliers, we conduct research on their product quality, production processes and technologies before we source any raw materials from them. We will only commence contractual negotiations with the relevant suppliers if the supplier's products meet our quality standards. We also carefully review each supplier's performance and quality before deciding whether to renew the relevant contract upon expiration. We are able to secure a stable raw materials supply and procure raw materials at competitive market prices as we believe our good trade reputation, large production scale and long-term working relationships with our suppliers make us one of their preferred business counterparties. During the Track Record Period and up to the Latest Practicable Date, we did not outsource any of our production processes.

Suppliers

Our suppliers primarily consist of the providers of carbon fiber, aluminum tubes, tube and valve fittings, bottle sets, compressors, among others. In the years ended December 31, 2021, 2022 and 2023 and the five months ended May 31, 2024, purchases from our five largest suppliers amounted to RMB151.7 million, RMB221.4 million, RMB95.6 million and RMB25.6 million, respectively, accounting for 44.1%, 55.4%, 33.6% and 39.7%, respectively of our total purchases for the same years/periods. In each year/period of the Track Record Period, purchases from our largest supplier amounted to RMB65.8 million, RMB138.9 million, RMB42.4 million and RMB13.0 million, respectively, accounting for 19.1%, 34.7%, 14.9% and 20.2%, respectively, of our total purchases for the same years/periods. During the Track Record Period, all of our five largest suppliers were Independent Third Parties, and none of our Directors, their respective close associates, or any Shareholder who, to the knowledge of our Directors, owns more than 5% of our issued capital, had any interest in these suppliers during the Track Record Period and up to the Latest Practicable Date.

The following table sets forth details of our top five suppliers in each year/period of the Track Record Period:

For the Year Ended December 31, 2021

Rank	Supplier	Principal Business	Major Products Purchased	Year of Establishing Business Relationship	Typical Credit Term	Transaction Amount	As Percentage of Our Total Purchases
						RMB' million	*%*
1.	Supplier A	Research and development, manufacturing and sales of carbon fiber raw yarn, carbon fiber, carbon fiber products; undertaking related engineering design, and providing technical consulting services	Carbon fiber	2019	Prepayment	65.8	19.1
2.	Supplier B	Mobile pressure vessels/gas cylinder filling, technical services, technology development, consulting, exchanges and transfer	Pipes and valves	2016	Prepayment	22.8	6.6
3.	Shanghai Yingpei Commerce Co., Ltd.* (上海盈沛貿易有限公司) ("Shanghai Yingpei")	Valves, hardware electromechanical, construction and decoration materials, communication equipment	Pipes and valves	2016	Prepayment	22.6	6.6
4.	Supplier D	Processing and sales of aluminum products, metal materials, general machinery and accessories, motorcycle parts and auto parts (excluding engine processing), plastic products	Aluminum tubes	2017	30 days	21.0	6.1
5.	Supplier E	Production and sales of compressor and relevant after-sales services	Compressors; pipes and valves	2016	5 days	19.5	5.7
Total						**151.7**	**44.1**

For the Year Ended December 31, 2022

Rank	Supplier	Principal Business	Major Products Purchased	Year(s) of Business Relationship	Typical Credit Term	Transaction Amount	As Percentage of Our Total Purchases
						RMB' million	*%*
1.	Supplier A	Research and development, manufacturing and sales of carbon fiber raw yarn, carbon fiber, carbon fiber products; undertaking related engineering design, and providing technical consulting services	Carbon fiber	2019	Prepayment	138.9	34.7
2.	Shanghai Yingpei	Valves, hardware electromechanical, construction and decoration materials, communication equipment	Pipes and valves	2016	Prepayment	25.6	6.4
3.	Supplier D	Processing and sales of aluminum products, metal materials, general machinery and accessories, motorcycle parts and auto parts (excluding engine processing), plastic products	Aluminum tubes	2017	30 days	23.4	5.9
4.	Supplier B	Mobile pressure vessels/gas cylinder filling, technical services, technology development, consulting, exchanges and transfer	Pipes and valves	2016	Prepayment	17.9	4.5
5.	Supplier E	Production and sales of compressor and relevant after-sales services	Compressors; pipes and valves	2016	5 days	15.6	3.9
Total						**221.4**	**55.4**

For the Year Ended December 31, 2023

Rank	Supplier	Principal Business	Major Products Purchased	Year(s) of Business Relationship	Typical Credit Term	Transaction Amount	As Percentage of Our Total Purchases
						RMB' million	*%*
1.	Supplier A	Research and development, manufacturing and sales of carbon fiber raw yarn, carbon fiber, carbon fiber products; undertaking related engineering design, and providing technical consulting services	Carbon fiber	2019	Prepayment	42.4	14.9
2.	Zhangjiagang Furui Valve Co., Ltd.* (張家港富瑞閥門有限公司) ("Zhangjiagang Furui")	Manufacturing and sales of industrial valves and pipeline control equipment; chemical equipment research and development, manufacturing; hardware processing	Pipes and valves	2017	30 days to 6 months	17.1	6.0
3.	Shanghai Yingpei	Valves, hardware electromechanical, construction and decoration materials, communication equipment	Pipes and valves	2016	Prepayment	16.1	5.7
4.	Supplier G	Mobile pressure vessel/cylinder filling; special equipment installation and renovation repair; special equipment manufacturing; special equipment inspection and testing services; special equipment design	Cylinder-like storage containers(1) (瓶式容器)	2022	30 days to 6 months	10.3	3.6
5.	Supplier H	New materials technology research and development; new materials technology promotion services; high-performance non-ferrous metals and alloy materials sales; metal products research and development	Aluminum tubes	2023	3 days	9.7	3.4
Total						**95.6**	**33.6**

Note:

(1) One of the raw materials, parts and components we purchased from third-party suppliers, which were further processed by us in connection with the production of equipment for hydrogen refueling stations. Such procurement did not constitute an outsourced production. During the Track Record Period and up to the Latest Practicable Date, we did not produce or sell any cylinder-like storage containers.

For the Five Months Ended May 31, 2024

Rank	Supplier	Principal Business	Major Products Purchased	Year(s) of Business Relationship	Typical Credit Term	Transaction Amount	As Percentage of Our Total Purchases
						RMB' million	*%*
1.	Supplier A	Research and development, manufacturing and sales of carbon fiber raw yarn, carbon fiber, carbon fiber products; undertaking related engineering design, and providing technical consulting services	Carbon fiber	2019	Pay-on-delivery	13.0	20.2
2.	Supplier H	New materials technology research and development; new materials technology promotion services; high-performance non-ferrous metals and alloy materials sales; metal products research and development	Aluminum tubes	2023	3 days	4.6	7.1
3.	Hydrogen Gas Technology CO., LTD* (西安海卓真氣體科技有限公司)	Sales and manufacture of gas and liquid separation and purification equipment; sales of station hydrogen refueling and storage facilities; sales and manufacture of new energy prime movers; sales of industrial automatic control system devices	Hydrogen purification device	2023	Prepayment	3.2	4.9
4.	Zhangjiagang Furui	Manufacture and sales of industrial valves and pipeline control equipment; chemical equipment research and development, manufacturing; hardware processing	Pipes and valves	2017	30 days to 6 months	2.4	3.8
5.	Supplier B	Mobile pressure vessels/gas cylinder filling, technical services, technology development, consulting, exchanges and transfer	Pipes and valves	2016	Prepayment	2.4	3.7
Total						**25.6**	**39.7**

OVERLAPPING OF CUSTOMERS AND SUPPLIERS

To the best knowledge and belief of our Directors, we made sales to one, nil, one and nil of our top five suppliers who were also our customers in each year/period of the Track Record Period. Our overlapping customers and suppliers were Shanghai Yingpei and Zhangjiagang Furui in 2021 and 2023, respectively. As confirmed by our Directors, (i) the negotiations of the terms of our sales to and purchases from these overlapping customers and suppliers were conducted on an individual basis and the sales and purchases were neither inter-connected with nor inter-conditional upon each other; and (ii) the major terms of transactions with these overlapping customers and suppliers were similar to those with our other customers and suppliers and were in line with normal commercial terms.

The table below sets forth the background of our sales to our two overlapping customers and suppliers and the revenue and purchases attributable to these overlapping customers and suppliers during the Track Record Period.

Name	Year(1)	Products We Sold	Source of Products We Sold	Products We Purchased	Reasons for Our Sales	Revenue	Percentage of Our Total Revenue	Purchase Amount	Percentage of Our Total Purchase
						RMB'000		*RMB'000*	
Shanghai Yingpei	2021	Unused parts and components that were intended to be used for the production activities of our equipment for hydrogen refueling stations	From Shanghai Yingpei	Pipes and valves	To obtain better selling prices instead of selling them as scrap materials	101	*	22,586	6.6%
Zhangjiagang Furui	2023	Unused parts and components that were intended to be used for the production activities of our vehicle-mounted high-pressure hydrogen supply systems	From the suppliers other than Zhangjiagang Furui	Pipes and valves	To support its R&D projects on domestic substitution of key parts and components and verification of products of Zhangjiagang Furui	573	0.1%	17,058	6.0%

Notes:

* Below 0.1%

(1) We did not have any overlapping customers and suppliers in 2022 and in the five months ended May 31, 2024.

We were under no obligation to purchase from or sell our products to any of these overlapping customers and suppliers. Our purchases from these customers during the Track Record Period were made based on the scale and periodic requirements of our business operations and were infrequent.

BUSINESS SUSTAINABILITY

Rather than seeking short-term financial returns or profitability, we aim to lay the foundation for our long-term growth in the newly developed and fast-growing hydrogen energy core equipment market by focusing on product development, technological advancement and expansion of customer base. Specifically, we are in the process of enhancing our core technologies, expanding our production capacity and increasing our sales that require us to continue to incur substantial expenditures in R&D, administration, marketing, business development and recruitment personnel to facilitate our growth and compete with industry peers. During the Track Record Period, since (i) China's hydrogen energy industry was in an early stage of commercialization, which resulted in the fluctuation of customer demand; and (ii) we were in the stage of enhancing our core technologies, expanding our production capacity and increasing our sales which involved continuous substantial investments in R&D, administration, marketing, business development and recruitment of personnel to support our growth and compete with our peers, our profitability has been affected. However, with the breakthroughs in R&D, significant growth of downstream customer demand buoyed by favorable government policies and support, and large-scale mass production capabilities, we expect to gradually achieve economies of scale in our business operations, reduce our production costs and thereby, improve our profitability.

During the Track Record Period, we have achieved business growth and expansion. Our total revenue increased from RMB329.3 million in 2021 to RMB359.5 million in 2022, and further increased to RMB522.4 million in 2023. Our total revenue increased from RMB45.2 million for the five months ended May 31, 2023 to RMB64.3 million for the five months ended May 31, 2024.

We have also recorded gross profit of RMB31.8 million, RMB39.0 million, RMB93.4 million, RMB2.6 million and RMB1.3 million in 2021, 2022, 2023 and the five months ended May 31, 2023 and 2024, respectively. We have collaborated with a number of Chinese domestic suppliers of raw materials to ensure stable supply of raw materials and reduced our dependence on foreign raw materials, thereby controlling the cost of raw materials. We also made substantial investments in R&D and sales and marketing in order to maintain our technological advantages, develop innovative products, broaden our product portfolio and cultivate and expand our customer base. Although we have realized large-scale commercialization of vehicle-mounted high-pressure hydrogen supply systems and equipment for hydrogen refueling stations, we are also expanding our presence horizontally from the refueling and use of hydrogen energy to the production, storage and transportation of hydrogen energy, where we have self-developed equipment for hydrogen liquefaction and the storage and transportation of liquid hydrogen and water electrolysis hydrogen production equipment and related products. We started to generate revenue from the sales of such products in 2023.

In addition, we have a healthy cash balance and sufficient banking facilities to support our operations and future business expansion. The balance of our cash and cash equivalent was RMB135.8 million as of May 31, 2024 and we had unutilized banking facilities of RMB704.1 million as of September 30, 2024. Such unutilized banking facilities may be utilized by us to finance the expansion of the production capacity and/or other general working capital purposes. Through several rounds of equity financing, we have further improved our fund-raising ability and received Shareholders' support. We have been actively expanding financing channels, maintaining and developing relationships with banks to obtain bank credits to supplement our working capital, which we believe would be sufficient to cover our net cash flows used in our operating activities, providing sufficient liquidity for our continuing business operations.

Although we have successfully commercialized a series of hydrogen energy core equipment, we recorded loss for the year/period of RMB75.2 million, RMB96.2 million, RMB75.0 million, RMB44.2 million and RMB96.8 million for the years ended December 31, 2021, 2022, 2023 and the five months ended May 31, 2023 and 2024, respectively, and net cash flows used in operating activities of RMB254.4 million, RMB173.9 million, RMB42.9 million and RMB41.3 million for the years ended December 31, 2021 and 2022 and the five months ended May 31, 2023 and 2024, respectively. We currently expect to continue to record net losses until we achieve greater economies of scale, obtain more purchase orders and commercialize more products, including those relating to Type-IV hydrogen storage cylinders, equipment for hydrogen liquefaction and the storage and transportation of liquid hydrogen and water electrolysis hydrogen production equipment. We recorded loss for the year/period during the Track Record Period primarily because (i) we were in the stage of enhancing our core technologies, expanding our production capacity and increasing our sales which involved continuous substantial investments in R&D, administration, marketing, business development and recruitment of personnel to facilitate our growth and compete with our peers; (ii) China's hydrogen energy core equipment industry is still in its early stage of development and our revenue has not yet reached its potential economies of scale; (iii) we expect to continue to incur expenses in connection with the Listing before the Listing Date; and (iv) our equity-settled share-based payment expenses are expected to continue to increase in 2024; and (v) the scale of our operating assets (e.g., trade receivables and inventories) needed in our business operations are expected to increase along with our revenue growth in 2024, which will require additional working capital.

Favorable Government Policies and Their Impact on Our Business

Starting in 2021, China's national and local governments have introduced a series of favorable policies. For example, China 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)》) in March 2022, which regards hydrogen energy as an important strategy for China's future development and aims to form a complete hydrogen energy industry system by 2035. This plan outlines the goals for three stages of development in China: by 2025, China aims to establish a comprehensive policy environment for the hydrogen energy industry, promoting approximately 50,000 fuel cell vehicles. By 2030, China plans to develop a robust system for technological innovation in the hydrogen energy industry sector, and a clean energy hydrogen production and supply system. By 2035, China intends to create a complete hydrogen energy industry system, and establish a diverse ecosystem for hydrogen applications encompassing transportation, energy storage, and industrial sectors.

The plan clarified the development plan of China's hydrogen energy industry up to 2035, which created a stable policy environment for the hydrogen energy industry, and reflected the positive attitude of the Chinese government towards the hydrogen energy industry. China aims to establish a policy system of "1+N", among which, one stands for this plan and N stands for multiple upcoming favorable policies to be issued by China's national and local governments. This is the high-level national plan for the development of China's hydrogen energy industry in the coming decade. Therefore, the Company expects to continue to benefit from the macro favorable policy environment for hydrogen energy environment until at least 2035.

In addition, the use of hydrogen energy is increasingly recognized nationwide as a key strategy for China to achieve its "Carbon Peaking and Carbon Neutrality ("碳達峰,碳中和")" goal, namely, reaching peak carbon emissions before 2030 and attaining carbon neutrality before 2060. To achieve this goal, Chinese government has placed significant emphasis on the development of hydrogen energy, along with related infrastructure such as hydrogen refueling stations, hydrogen storage and transportation equipment, and renewable energy-based hydrogen production. This focus is evident in several critical policies issued by the Chinese government, including the "Action Plan for Carbon Peaking before 2030" (《2030年前碳達峰行動方案》), the "Implementation Plan for Science and Technology Supporting Carbon Peaking and Carbon Neutrality (2022-2030)" (《科技支撐碳達峰碳中和實施方案(2022-2030年)》), the "Implementation Plan for Carbon Peaking in the Industrial Sector" (《工業領域碳達峰實施方案》), and the "Outline of the 14th Five-Year Plan for National Economic and Social Development and the Long-Term Goals for 2035" (《中華人民共和國國民經濟和社會發展第十四個五年規劃和2035年遠景目標綱要》). These policies not only highlight the critical role of hydrogen energy in achieving carbon peaking, but also underscore its significance in China's long-term development strategy. As China moves forward with its Carbon Peaking and Carbon Neutrality ("碳達峰,碳中和")" goal, the Chinese government is expected to maintain a sustained focus on promoting the hydrogen energy industry, and as such, favorable macro policy environment is also expected to continue in following 20 to 30 years.

Since the beginning of 2024, China's national and local governments have issued a series of policies and documents related to the continuous development of the hydrogen energy industry. For example, in February 2024, the "Guiding Opinions on Accelerating the Green Development of the Manufacturing Industry" (《關於加快推動製造業綠色化發展的指導意見》) was issued by seven national departments of China, including the MIIT. The document proposed to build a complete hydrogen energy technology and equipment system for hydrogen production, storage, transportation and application. It highlighted that the transformation of China's manufacturing industry would be heading towards green and low-carbon. Hydrogen energy equipment industry is among these green and low-carbon industries.

The "Green and Low-Carbon Transformation Industry Guidance Catalog (2024 Edition)" (《綠色低碳轉型產業指導目錄(2024年版)》) was issued by 10 national departments of China, including the NDRC and the MIIT, in February 2024, which expanded the scope of hydrogen energy infrastructure and included hydrogen production and hydrogen production equipment. This catalog provided high-level comprehensive guidance for the promotion of hydrogen production and required the relevant government authorities and banking institutions to provide policy and financing support for qualified companies.

In addition, in May 2024, the NDRC issued a public notice seeking opinions on the "Catalog of Encouraged Industries in Western Regions (Revised Draft for Solicitation of Comments)" (《西部地區鼓勵類產業目錄(修訂徵求意見稿)》). Among the newly added encouraged industries, 16 are in the hydrogen energy sector, including high-efficiency water electrolysis hydrogen production equipment, large-capacity high-pressure hydrogen storage equipment and vehicle-mounted hydrogen storage cylinders. The policy encompasses 12 western provincial administrative regions in China and companies operating in encouraged industries in these provincial administrative regions would enjoy a reduced corporate income tax rate of 15%. This policy is expected to promote the expansion of hydrogen energy companies in the western region of China and to drive the development of the hydrogen energy industry in these areas.

Hydrogen energy holds a strategic position as an important part of the future national energy development for China and the market demand for hydrogen energy equipment is growing. The favorable policies in relation to hydrogen fuel cell vehicles, hydrogen liquefaction, the storage and transportation of hydrogen energy and hydrogen production from renewable energy are highly relevant our businesses. To respond to China's national strategy and capture the growing market opportunities, our product offering covers the entire industrial value chain of hydrogen energy, which consists of its production, storage, transportation, refueling and use.

Government Policies in Relation to Vehicle-mounted High-pressure Hydrogen Supply Systems and Equipment For Hydrogen Refueling Stations — Five Demonstration City Clusters and Other Regions across China

From August 2021 to December 2021, the PRC government successively approved the proposal of five major city clusters for demonstration application of fuel cell vehicles, namely, Beijing, Shanghai, Guangdong, Henan and Hebei, to promote the commercialization of the core technology of hydrogen fuel cell vehicles. Subsequently, each of the five demonstration city clusters has introduced detailed policies to support the development of hydrogen fuel cell vehicles and hydrogen refueling station since 2021. Such policies include but are not limited to "Shanghai Implementation Plan for Accelerating the Development of New Energy Vehicle Industry (2021-2025)" (《上海市加快新能源汽車產業發展實施計劃(2021-2025年)》), "Shanghai's Medium- and Long-Term Development Plan for the Hydrogen Energy Industry (2022-2035)", (《上海市氫能產業發展中長期規劃(2022-2035年)》), "Implementation Plan for the Beijing-Tianjin-Hebei Fuel Cell Vehicle Demonstration City Cluster (Simplified Version)" (《京津冀燃料電池汽車示範城市群實施方案(簡本)》),

"Guangdong Province's Action Plan to Accelerate the Construction of Fuel Cell Vehicle Demonstration City Clusters (2022-2025)" (《廣東省加快建設燃料電池汽車示範城市群行動計劃(2022-2025年)》), "Henan Province Hydrogen Fuel Cell Vehicles Industry Development Action Plan" (《河南省氫燃料電池汽車產業發展行動方案》), "14th Five-Year Plan for the Development of the Hydrogen Energy Industry in Hebei Province" (《河北省氫能產業發展"十四五"規劃》).

According to their respective implementation plans and other supporting policies as described above, the goal to promote hydrogen fuel cell vehicles and construct hydrogen refueling stations in each of the respective demonstration city cluster as of August 31, 2023, being approximately two years after the implementation of first batch of demonstration city clusters, are summarized below:

- *Shanghai city cluster*: to promote 10,000 hydrogen fuel cell vehicles and build 70 hydrogen refueling stations by 2025. As of August 31, 2023, it had successfully promoted over 4,000 hydrogen fuel cell vehicles and built 26 hydrogen refueling stations, representing over a progress of 40% and 37%, respectively.

- *Beijing city cluster*: to promote 5,300 hydrogen fuel cell vehicles and build 49 hydrogen refueling stations by 2025. As of August 31, 2023, it had successfully promoted over 2,500 hydrogen fuel cell vehicles and built 30 hydrogen refueling stations, representing a progress of over 47% and 61%, respectively.

- *Guangdong city cluster*: to promote 10,000 hydrogen fuel cell vehicles and build 200 hydrogen refueling stations by 2025. As of August 31, 2023, it had successfully promoted over over 3,200 hydrogen fuel cell vehicles and built 56 hydrogen refueling stations, representing a progress of over 32% and 28%, respectively.

- *Henan city cluster*: to promote 5,000 hydrogen fuel cell vehicles and build 80 hydrogen refueling stations by 2025. As of August 31, 2023, it had successfully promoted over over 1,200 hydrogen fuel cell vehicles and built 28 hydrogen refueling stations, representing a progress of 24% and 35%, respectively.

- *Hebei city cluster*: to promote 7,710 hydrogen fuel cell vehicles and build 100 hydrogen refueling stations by 2025. As of August 31, 2023, it had successfully promoted over over 1,100 hydrogen fuel cell vehicles and built 18 hydrogen refueling stations, representing a progress of over 14% and 18%, respectively.

Based on the target timeline, the progress of five demonstration city clusters shall have reached at approximately 50% of the target as of August 31, 2023, and Shanghai and Beijing are generally on track. However, the progress of the Henan city cluster and the Hebei city cluster is slower as compared to other city clusters, primarily because they were the second batch of demonstration city clusters permitted by China's national government to implement the relevant supporting policies. The remaining portion of the goals of each demonstration city cluster shows great potential in the upcoming years.

Based on Frost & Sullivan's research, which involved in-depth communication with various stakeholders across the hydrogen energy industry, it was observed that while the progress of the five demonstration city clusters has varied, each cluster is currently making concerted and proactive efforts, such as constructing and expanding relevant hydrogen energy infrastructure, accelerating technological innovation, and fostering cooperations to meet its specific goals by 2025 as scheduled. Therefore, Frost & Sullivan believes that these goals of five demonstration city clusters are relatively feasible.

The number of new hydrogen fuel cell vehicles and newly-built hydrogen refueling stations are expected to further increase, where our opportunities to capture additional market share lies, which will help further increase the penetration rate of the relevant products in these areas. We expect that the customer demand in these city clusters for vehicle-mounted high-pressure hydrogen supply systems and equipment for hydrogen refueling stations will increase and given our current market share and leading positions, our revenue generated from these city clusters is expected to grow accordingly.

We believe our sales of vehicle-mounted high-pressure hydrogen supply systems and equipment for hydrogen refueling stations can benefit from these local policies and are expected to increase, mainly because our major customers include hydrogen fuel cell vehicle manufacturers, fuel cell system integration providers and energy companies. These companies are entitled to enjoy incentives set out in the policies of demonstration city clusters for their sales of hydrogen fuel cell vehicles or related parts and components, or their construction of hydrogen refueling stations. Following the announcements and implementations of these favorable local policies in 2021 and 2022, our revenue from the five demonstration city clusters grew by 66.9% from RMB238.2 million in 2022 to RMB397.5 million in 2023. For details of our revenue breakdown by the location of end-user customers, please see "Financial Information — Description of Major Components of Our Consolidated Statements of Profit or Loss and Comprehensive Income — Revenue" in this prospectus.

In addition, since 2024, four provinces in China, including Shandong, Shaanxi, Jilin and Sichuan, along with Ordos City in Inner Mongolia, have introduced policies to exempt highway tolls for hydrogen fuel cell vehicles, which are expected to further contribute to the promotion of hydrogen fuel cell vehicles by reducing the operating costs. For example, "Notice on the Temporary Exemption of Toll Fees for Hydrogen Vehicles on High-speed Highways" (《關於對氫能車輛暫免收取高速公路通行費的通知》) was issued by the department of transportation and other related official authorities of Shandong Province in February 2024. The policy allows hydrogen fuel cell vehicles equipped with ETC equipment in Shandong Province to be exempted from highway tolls. The policy was implemented on March 1, 2024 with a trial period of two years. In May 2024, the Inner Mongolia Autonomous Region introduced its first full reimbursement policy for highway tolls for hydrogen vehicles. Starting from June 1, 2024, hydrogen vehicles passing through toll stations within Ordos City will have their tolls fully refunded after a review process in the following month.

As more regions are implementing similar policies and actively constructing cross-regional hydrogen energy highway demonstration routes in China, the operating costs of hydrogen fuel cell vehicles are expected to further decrease. This reduction in costs will drive market demand for hydrogen vehicles and subsequently increase the demand for vehicle-mounted high-pressure hydrogen supply systems and related supporting infrastructure, such as hydrogen refueling stations.

Government Policies in Relation to Equipment for Hydrogen Liquefaction and the Storage and Transportation of Liquid Hydrogen — Shandong and Inner Mongolia

During the Track Record Period, we delivered our first set of equipment for hydrogen liquefaction and the storage and transportation of liquid hydrogen to Qilu Hydrogen. Our first sales of liquid hydrogen equipment had benefited from the favorable policies of Shandong Province and Zibo City. Specifically, the General Office of the People's Government of Shandong Province (山東省人民政府辦公廳) issued the "Medium- and Long-Term Development Plan for the Hydrogen Energy Industry in Shandong (2020-2030)" (《山東省氫能產業中長期發展規劃(2020-2030)》) in June 2020. This policy promotes the breakthroughs in liquid hydrogen core technologies and the adoption of relevant technologies, such as the liquid hydrogen storage technology and the high-efficiency liquid hydrogen preparation, storage and transportation technology. Meanwhile, the policy proposed to carry out liquid hydrogen transportation demonstrations to improve hydrogen transportation efficiency. The Office of the People's Government of Zibo City (淄博市人民政府辦公室) issued the "The Medium- and Long-Term Plan for the Development of the Hydrogen Energy Industry in Zibo City (2022-2030)" (《淄博市氫能產業發展中長期規劃(2022–2030年)》) in August 2022. This policy focuses on the breakthroughs in large-scale hydrogen liquefaction technology, promotes the development of hydrogen liquefaction equipment, explores the promotion and application of liquid hydrogen, and aims to realize the commercialization of liquid hydrogen storage and transportation.

Benefiting from the foregoing favorable policies, we recognized revenue of RMB82.8 million from the sales of our equipment for hydrogen liquefaction and the storage and transportation of liquid hydrogen to Qilu Hydrogen in 2023 in respect of the Integration Project, which was one of the major new energy projects designated by the government of Zibo in 2022. We believe this transaction with Qilu Hydrogen will further enhance our market recognition in Shandong Province and enable us to secure more orders.

Moreover, we expect to benefit from the favorable policies of Inner Mongolia in relation to equipment for hydrogen liquefaction and the storage and transportation of liquid hydrogen in the future. Inner Mongolia has issued a number of favorable policies relating to liquid hydrogen, including the "The Issuance of Several Measures to Support the Development of the Hydrogen Energy Industry of Ordos" (《鄂爾多斯市支持氫能產業發展若干措施》) issued by the Office of the People's Government of Ordos in August 2023, which supports the development of local hydrogen production, storage and transportation industry. Ordos government provides an award of up to RMB5.0 million for equipment manufacturing enterprises after they completed relevant eligible hydrogen energy projects. As of the Latest Practicable Date, we were in discussions with potential customers in Inner Mongolia for the sales of our equipment for hydrogen liquefaction.

Government Policies in Relation to Water Electrolysis Hydrogen Production Equipment — The Yangtze River Delta, Xinjiang and Inner Mongolia

During the Track Record Period, a majority of our orders of water electrolysis hydrogen production equipment were from customers in the Yangtze River Delta and we benefited from favorable policies in this region. Such favorable policies in connection with water electrolysis hydrogen production equipment of each major province in the Yangtze River Delta are summarized below:

- *Zhejiang Province:* The "Development Plan for Hydrogen Refuelling Stations in Zhejiang Province" (《浙江省加氫站發展規劃》) issued by the Development and Reform Commission of Zhejiang Province in November 2023. Zhejiang Province aims to form a hydrogen supply system that is mainly sourced from industrial by-products, supplemented by hydrogen produced from renewable energy by 2030.

- *Jiangsu Province:* The Development and Reform Commission of Jiangsu Province issued the "Medium- and Long-term Plan for the Development of Hydrogen Energy Industry in Jiangsu Province (2024-2035)" (《江蘇省氫能產業發展中長期規劃(2024-2035年)》) in May 2024. This plan encourages the development of hydrogen produced from renewable energy, promotes the construction of wind power and photovoltaic water electrolysis hydrogen production demonstration projects. In addition, this policy aims that the hydrogen produced from renewable energy will become the main source of hydrogen supply in Jiangsu Province by 2030.

- *Shanghai municipality:* The relevant competent authorities of Shanghai issued the "Medium- and Long-term Plan for the Development of the Hydrogen Energy Industry in Shanghai (2022-2035)" (《上海市氫能產業發展中長期規劃(2022-2035年)》) in June 2022. This plan proposes to establish a green hydrogen supply system with breakthroughs in key materials, and to improve the technology of water electrolysis hydrogen production, such as PEM and SOEC.

In 2023, our revenue from water electrolysis hydrogen production equipment was mainly generated in the Yangtze River Delta market, namely, Shanghai, Jiangsu and Zhejiang by leveraging our brand recognition and convenient location in this region.

In addition to the Yangtze River Delta market, we plan to actively expand our sales of water electrolysis hydrogen production equipment to other regions in China, such as Xinjiang and Inner Mongolia. We had signed sales framework agreements in Urumqi, Xinjiang, and Ordos, Inner Mongolia, for supplying water electrolysis hydrogen production equipment as of the Latest Practicable Date.

Such favorable policies in connection with water electrolysis hydrogen production equipment of in Xinjiang and Inner Mongolia are summarized below:

- *Xinjiang:* The Development and Reform Commission of Xinjiang Uyghur Autonomous Region released "Three-Year Action Plan for the Development of the Autonomous Region's Hydrogen Energy Industry (2023-2025)" (《自治區氫能產業發展三年行動方案(2023-2025年)》) in August 2023. This policy encourages the development of water electrolysis hydrogen production equipment, and the introduction of ALK and PEM water electrolysis hydrogen production equipment enterprises to be set up in Xinjiang by promoting the localization of core equipment production.

- *Inner Mongolia*: The "Notice on Accelerating the Development of the Hydrogen Energy Industry" (《關於加快推進氫能產業發展的通知》) issued in February 2024 and the "Notice of the Office of the People's Government of Ordos on the Issuance of Several Measures to Support the Development of the Hydrogen Energy Industry" (《鄂爾多斯市人民政府辦公室關於印發支持氫能產業發展若干措施的通知》) issued in August 2023 encourage the development of water electrolysis hydrogen production equipment and promote the localization of core equipment production in relation to water electrolysis and provided subsidies/awards for eligible projects.

We expect that these favorable policies, such as the policies mentioned above and in the paragraph headed "Industry Overview — Overview of Hydrogen Energy Industry — Favorable Policies and Documents in China — Favorable Policies and Documents Relating to the Water Electrolysis Hydrogen Production Equipment Industry" in this prospectus may further stimulate customer demand for green hydrogen, subject to the concurrent increase in availability of renewable energy and related infrastructure in the future. Our water electrolysis hydrogen production equipment, which is essential for the production of green hydrogen, may benefit from such policies supporting green hydrogen production.

Our Measures to Capitalize On Favorable Government Policies

- *Vehicle-mounted high-pressure hydrogen supply system business and the equipment for hydrogen refueling stations business*

We expect that the growth of our vehicle-mounted high-pressure hydrogen supply system business and the equipment for hydrogen refueling stations business will continue to benefit from the government favorable policies. As the progress of the five demonstration city clusters in promoting hydrogen fuel cell vehicles and hydrogen refueling stations remains below the halfway mark as of August 31, 2023, there is still great growth potential for the development of vehicle-mounted high-pressure hydrogen supply systems and equipment for hydrogen refueling stations in China. To capitalize on the opportunities in these regions, we have been and will continue to implement the following specialized marketing strategies:

(i) assign designated staff to identify and summarize newly-published incentive policies of each demonstration city cluster, prepare policy update reports to keep track of the updates in government policies on a regular basis, and submit the reports to the head of our sales and marketing department for the formulation and refinement of marketing plans and corresponding marketing strategies;

For instance, when our designated staff identify newly-published incentive policies on the websites of the local governments, press releases or information platforms specific to the hydrogen energy industry, they would provide summarized reports of such policies and submit them to the head of our sales and marketing department. The head subsequently would review and evaluate the potential business opportunities arising from such policies and would contact corresponding regional heads to discuss refined marketing plans. Regional heads are responsible for (a) consulting with the local governments on the eligibility requirements for hydrogen energy projects in relation to the policies in question; and (b) communicating with potential local customers to match their business plans with our product offerings and to evaluate the feasibility of the cooperation to obtain government incentives. If the feasibility of such cooperation is high, we would start to conduct business negotiations with these potential customers.

(ii) establish annual sales targets at the beginning of each year and specify targeted sales income from the five demonstration city clusters, and enact refined sales plans according to the business plans of our potential customers;

(iii) update the summary of orders at hand and the list of companies that have carbon reduction needs from the five demonstration city clusters on a monthly basis, as these companies represent a significant group of our potential customers; and

(iv) assign a team consisting of sales managers and pre-sale engineers to each of these demonstration city clusters to offer both commercial and technical expertise to our customers.

In addition to the policy research and specialized marketing strategies, we also plan to implement the following measures to comprehensively capture the business opportunities from the growing demand for our equipment:

(i) increase our production capacity to accommodate the expected increase in demand for our vehicle-mounted high-pressure hydrogen supply systems and the equipment for hydrogen refueling stations. For details, please see "— Our Facilities and Production — Production Expansion Plan" in this section;

(ii) continue to invest in our R&D to expand the types of the products and improve product quality. For example, we currently provide vehicle-mounted high-pressure hydrogen storage cylinders with the volume ranged from 61 litres to 410 litres, which can cater to diversified customer preference. We plan to continue to develop vehicle-mounted high-pressure hydrogen supply systems with larger hydrogen storage capacity to address increasing customer demand; and

(iii) cross sell our other products. Along with our business growth in hydrogen liquefaction and the storage and transportation of liquid hydrogen, we plan to develop and sell equipment for liquid hydrogen refueling stations and vehicle-mounted high-pressure liquid hydrogen supply systems to further supplement our product offering and strengthen our cross-sale strategy.

- *Equipment for hydrogen liquefaction and the storage and transportation of liquid hydrogen business*

According to Frost & Sullivan, China's liquid hydrogen industry is still in the early stage of development. Currently, total hydrogen liquefaction capacity and domestic demand for equipment for storage and transportation of liquid hydrogen in China are relatively small. Therefore, industry information cannot provide much guidance when we develop our sales strategies. We need to consider the conditions of the entire value chain from upstream to downstream, covering hydrogen liquefaction and the storage, transportation and use of liquid hydrogen. To capitalize on the opportunities of liquid hydrogen, we have been and will continue to implement the following measures:

(i) *Participation in the construction of hydrogen liquefaction projects:* Similar to its participation in the Integration Project of Qilu Hydrogen, we plan to search and identify suitable hydrogen liquefaction projects in the provinces with relevant government support, such as Shandong and Inner Mongolia. By using green hydrogen at low price for large-scale hydrogen liquefaction to reduce the cost of liquid hydrogen, we expect that there will be more liquid hydrogen resources for civilian use in China, thereby contributing to the increase in the demand for the storage and transportation of liquid hydrogen;

(ii) *Cross-sale of its other core hydrogen energy equipment:* We plan to participate in (a) the construction of liquid hydrogen refueling stations and (b) the production and type selection of liquid hydrogen fuel cell vehicles by offering equipment for liquid hydrogen refueling stations and high-pressure liquid hydrogen supply systems for vehicles. We plan to sell liquid hydrogen storage cylinders, which will be equipped with vehicle-mounted liquid hydrogen supply systems. For the provinces that aim to (i) establish a complete hydrogen energy system covering production, storage, transportation and use, and (ii) highlight the importance of liquid hydrogen, such as Shandong, our product offering can match their needs in hydrogen energy core equipment when these provinces develop relevant hydrogen energy projects.

Taking the Integration Project of Qilu Hydrogen as an example, we actively sought suitable application scenarios centered around Qilu Hydrogen's liquid hydrogen plant. This allows the production of liquid hydrogen equipment can conveniently serve the market demand in Shandong Province and surrounding areas. For instance, Henan Province is close to Shandong Province where the Company has received orders for equipment for liquid hydrogen refueling stations in Zhengzhou;

(iii) *Leveraging favorable policies to reduce the transportation cost of liquid hydrogen:* The transportation cost of liquid hydrogen is currently lower than other types of energy in certain regions in China. For example, Shandong Province exempted highway tolls for hydrogen energy vehicles and three more provinces and one city have implemented similar policies. The exemption of highway tolls for hydrogen fuel cell vehicles not only further contributes to the promotion of hydrogen fuel cell vehicles by reducing the operating costs but also implicates that the long-distance transportation of liquid hydrogen would be a more economically viable approach in the future compared to that of gaseous hydrogen in the future. Therefore, customer demand for equipment related to liquid hydrogen is expected to increase; and

(iv) *Flexible forms of sales:* In terms of the storage and transportation of liquid hydrogen, we offer liquid hydrogen storage tanks and liquid hydrogen containers for sale or lease. Flexible forms of sales will enable us to acquire more market shares by providing affordable solutions for customers at the preliminary development stage of liquid hydrogen in China.

- *Water electrolysis hydrogen production equipment business*

To capitalize on the opportunities of water electrolysis hydrogen production equipment, we have been and will continue to:

(i) *Set-up and expansion of marketing team*: We established a dedicated marketing department consisting of six personnel in 2024 to focus on selling this type of product. Meanwhile, we have set up a Beijing office to conduct business communications with large electric power enterprises that normally have headquarters in Beijing, and explore cooperation opportunities;

(ii) *Establishment of three business models:*

- for energy companies that hold public tendering activities, we will not only reach out to the project companies locally for technical exchanges and sales communications, but will also communicate with the headquarters of the project companies in Beijing through our newly established Beijing office, in order to be better prepared to participate in the public tender;

- for our customers in the process of applying for government subsidies for new energy, our marketing team, in collaboration with our other departments (e.g., Hydrogen Cloud Research Institutes and its finance department), will provide comprehensive support to them in relation to technology selection and configuration, economic calculation and application scenarios, among others; and

- for our customers of equipment for hydrogen refueling stations, our marketing team will rely on the existing sales network of hydrogen refueling stations and customer base to strengthen the cross-selling of water electrolysis hydrogen production equipment.

We believe that our specialized sales team and comprehensive sales strategies will enable us to capitalize on the growing market opportunities for water electrolysis hydrogen production equipment.

Our Core Competencies of the Four Types of Products Manufactured by Us

We believe we have the following core competencies of the four types of products we manufacture and sell:

Vehicle-mounted High-pressure Hydrogen Supply Systems and Related Products

- *Continuous R&D investment and product innovation*

We have successfully developed and manufactured 70MPa Type-IV hydrogen storage cylinders, which were previously dominated by foreign companies. These hydrogen storage cylinders are mainly used in vehicle-mounted high-pressure hydrogen supply systems on passenger vehicles. In some foreign markets, such as Japan, South Korea and Norway, 70MPa Type-IV hydrogen storage cylinders have been widely used in commercialized applications. However, due to the preliminary stage of the relevant laws, regulations and standards on 70MPa Type-IV hydrogen storage cylinders, and the technical complexity of plastic liner carbon fiber winding, China has not yet realized a large-scale commercialization of 70MPa Type-IV hydrogen storage cylinders as of the Latest Practicable Date.

By developing highly reliable plastic liner, reducing manufacturing costs and improving winding and connecting technologies, we have established a production line of 70MPa Type-IV hydrogen storage cylinders in Qingpu District, Shanghai and aimed to further expand its production capacity. According to Frost & Sullivan, we are one of the first companies in China to manufacture 70MPa Type-IV hydrogen storage cylinders.

To cater to the diverse needs of our customers, we have continually innovated and developed new products. For instance, to meet the demand for extended range and increased capacity in hydrogen fuel cell vehicles, we have developed large-size hydrogen storage cylinders and used improved low-weight design. Our 410L hydrogen storage cylinder stands out as the cylinder with the largest storage capacity currently available in China's vehicle-mounted high-pressure hydrogen storage cylinder industry. Furthermore, through our ongoing R&D efforts, we have successfully reduced the weight of individual hydrogen cylinders while maintaining cost efficiency. For instance, according to Frost & Sullivan, the weight of our 210L vehicle-mounted high-pressure hydrogen storage cylinder is the lowest in China as of May 31, 2024 compared to the cylinders of the same storage volume manufactured by our major peers. This achievement has been realized through process enhancements and domestic substitution of raw materials, thereby enhancing the lightweight design and cost-effectiveness of domestically manufactured vehicle-mounted high-pressure hydrogen supply systems. Leveraging the foregoing advantages, we are able to offer competitive prices of vehicle-mounted high-pressure hydrogen supply systems to our customers compared to our peers in China.

- *Strong production capacity*

In order to meet the increasing customer demand as well as capture the potential growth opportunities in the hydrogen energy industry both domestically and internationally, we plan to further expand our production capacity of vehicle-mounted high-pressure hydrogen storage cylinders. We also constructed production lines with automation, digitization and intelligent technologies to improve the stability of our products and production efficiency. We also expect to reduce our production costs per unit through achieving economies of scale. For details, please refer to "— Business Sustainability — Business Expansion and Revenue Growth — Strengthen Manufacturing Capabilities and Increase Production Capacity" in this section.

- *Excellent supply chain management capability*

During the Track Record Period, the cost of carbon fiber constituted a large portion of our total cost of raw materials. Since 2019, we started to purchase carbon fiber from several domestic suppliers to control such costs. We have achieved full domestic substitution of carbon fiber in 2023. To strengthen our management on supply chain, we have cultivated strategic R&D collaborations with leading domestic carbon fiber suppliers, which ensure a stable supply of raw materials while maintaining control over quality and reducing our costs. For details, please refer to "— Business Sustainability — Business Expansion and Revenue Growth — Strengthen Manufacturing Capabilities and Increase Production Capacity" in this section.

- *Abundant customer resources*

We maintained cooperation with a number of leading companies in China's hydrogen fuel cell vehicles industry, including hydrogen fuel cell vehicles manufacturers and hydrogen fuel cell system providers. For example, all of the top five hydrogen fuel cell system providers in terms of shipment volume and four out of five hydrogen fuel cell vehicle manufacturers in China in terms of sales volume in 2023 were our customers.

Equipment For Hydrogen Refueling Stations and Related Products

- *Advanced technological capability*

We have developed innovative solutions with our proprietary technologies, such as energy-efficient hydrogen refueling and hybrid pressurized multi-stage filling. For example, our invention patent, "A containerized skid-mounted compression hydrogenation device" (一種集裝箱撬裝式壓縮加氫裝置), addressed the disadvantages of 35MPa stationary hydrogen refueling station, such as complex structures, long construction period, large space requirements, long installation and commissioning period, low refueling efficiency, and improved the construction and operation efficiency of hydrogen refueling stations. In addition, we were one of the few companies in China that were capable of providing equipment for hydrogen refueling stations with maximum hydrogen refueling capacity of 6,000kg per day as of May 31, 2024, according to Frost & Sullivan.

- *Strong customization capability*

We leverage mathematical models to precisely tailor the high-pressure storage setup of hydrogen refueling stations for providing customized services for our customers. Our customized services align with the operational needs of our customers' vehicles, ensuring efficient and cost-effective hydrogen supply during refueling peak hours. Additionally, we offer tailored services for compressors and hydrogen dispensers, which are core parts and components to the equipment of hydrogen refueling stations. These services can be adjusted to accommodate varying high-pressure hydrogen refueling capacity and different dispenser configurations for various types of hydrogen refueling vehicles. In addition to the equipment of traditional high-pressure hydrogen refueling stations, our equipment can also be used in hydrogen refueling stations in various application scenarios, including, among other things, integrated hydrogen production and refueling stations, as well as hydrogen refueling stations with piped gas.

- *Extensive project experience*

Leveraging our technology and customization capabilities, we are able to offer competitive bidding prices for equipment for hydrogen refueling stations to our customers compared to our major peers in China, which contributed to our ability to acquire new orders, according to Frost & Sullivan. We possess extensive experience in providing equipment to the construction of hydrogen refueling station projects. We ranked first in terms of the number of hydrogen refueling stations built in China in 2023 where the equipment we provided was used in the construction of such hydrogen refueling stations, with a market share of 25.7%.

Equipment for Hydrogen Liquefaction and the Storage and Transportation of Liquid Hydrogen

- *Large-scale production capacity of liquid hydrogen*

According to Frost & Sullivan, liquid hydrogen is still in the preliminary stage in China. Companies with large-scale hydrogen liquefaction capacity have a first-mover advantage. The existing hydrogen liquefaction equipment in China is mainly used for aerospace and military industries with a production capacity of less than two tons per day. According to Frost & Sullivan, our hydrogen liquefaction equipment with a production capacity of 10 tons per day is the first 10-ton level hydrogen liquefaction equipment in China and also the equipment with the largest production capacity in 2023 in China, the sales of which had been completed and the relevant products had been delivered, while the other hydrogen liquefaction equipment project for civilian use that was in operation as of the Latest Practicable Date only had a production capacity of 1.5 ton per day.

- *Participation in the development of industry standards*

With our forward-looking layout in the liquid hydrogen field, we are able to participate in the formulation of industry standards, to further consolidate our competitive advantages and grasp the development opportunities in the industry. We participated in the formulation of industry standards and promoted the process of technical standardization and application standardization in the field of liquid hydrogen in China. Such standards include "GB/T 40045-2021 Fuel Specification for Hydrogen Powered Vehicles - Liquid Hydrogen (LH_2)" (《GB/T40045-2021氫能汽車用燃料液氫》), "GB/T 40061-2021 Technical Specification for Liquid Hydrogen Production System" (《GB/T40061-2021液氫生產系統技術規範》) and "GB/T40060-2021 Technical Requirements for Storage and Transportation of Liquid Hydrogen" (《GB/T40060-2021液氫貯存和運輸安全技術要求》). All of these national standards for liquid hydrogen have been released in 2021.

Water Electrolysis Hydrogen Production Equipment and Related Products

- *Comprehensive technology layout*

As of the Latest Practicable Date, there were only a few leading companies in China that simultaneously possess the ALK and PEM technologies for water electrolysis hydrogen production equipment. We are one of such few companies that are capable of dynamically choosing between ALK and PEM technologies to penetrate both the ALK water electrolysis market and the PEM water electrolysis market, and cater to customers' differentiating demands. Leveraging our technology and manufacturing capabilities, our PEM water electrolysis hydrogen production equipment is competitive in terms of power consumption, and we are able to offer competitive price of water electrolysis hydrogen production equipment to customers compared to our major peers in China, according to Frost & Sullivan.

- *Active market expansion*

We are actively expanding our presence in the overseas markets. As of the Latest Practicable Date, we were one of the few companies in China that have the capability to supply water electrolysis hydrogen production equipment to the overseas markets. As of the same date, we had delivered orders of water electrolysis hydrogen production equipment to our customers in Abu Dhabi.

Considering that China's hydrogen energy industry is still in its early developing stage, and is gradually shifting from the policy-driven to market-driven, according to Frost & Sullivan, we believe it is more important for us to focus on building and developing our R&D and production capacity, rather than seeking short-term financial returns or profitability, so as to lay a solid foundation for future growth as the hydrogen industry continues to mature. In the medium- and long-term, we aim to maintain sustainability and achieve profitability through the following measures: (i) business expansion and revenue growth; (ii) ability to manage cost of sales and operating expenses; and (iii) improving cash flow and our ability to raise capital. We expect our cash flow position to improve concurrently with improved profitability.

Business Expansion and Revenue Growth

We operate in an industry with strong government support. According to Frost & Sullivan, governments globally are actively pursuing the objective of "carbon neutrality" and have implemented a series of policies to promote the development of clean energy. By the end of 2023, more than 40 countries and regions around the world have announced hydrogen energy strategies, and the countries that have released national hydrogen energy strategies cover major economies with more than 80% of the world's GDP. Investment in the global hydrogen energy industry has grown rapidly in the past few years. For more details of the favorable industry policy, please refer to the section headed "Industry Overview — Overview of Hydrogen Energy Industry — Favorable Policies and Documents in China" in this prospectus.

Further, according to Frost & Sullivan, driven by global promotion of decarbonization and sustainable energy solutions, the demand for hydrogen energy increased significantly. The global and China hydrogen consumption volume increased from 45.6 million tons and 22.5 million tons in 2019 to approximately 67.8 million tons and 36.6 million tons in 2023 at CAGRs of 10.4% and 12.9%, respectively, and is expected to reach approximately 87.3 million tons and 47.8 million tons in 2028, respectively. Among them, since August 2021, the PRC government approved the proposal of five major city clusters for demonstration application of fuel cell vehicles, namely Beijing, Shanghai, Guangdong, Henan and Hebei, to promote the commercialization of the core technology of hydrogen fuel cell vehicles. Customer demand for the vehicle-mounted high-pressure hydrogen supply system, as the core component of hydrogen fuel cell vehicles, will continue to rise with the increase in the volume of hydrogen fuel cell vehicles. In addition, in order to match the increase in hydrogen fuel cell vehicles, the demand for relevant supporting infrastructure will also continue to rise. For example, the demand for new hydrogen refueling stations will further stimulate the demands for equipment for hydrogen refueling stations and related products.

As a leading hydrogen energy storage and transport equipment manufacturer in China, we believe that we have the ability to create sustainable revenue growth in the future. It is expected that the following factors will drive our revenue growth:

Strengthen Manufacturing Capabilities and Increase Production Capacity

Considering that the development of the global hydrogen energy industry is still in the initial stage of commercialization, we believe that manufacturers with sufficient production capacity and stable supply of raw materials will have strong competitive advantages in fulfilling increasing customer demand. In recent years, we have been committed to expanding our production capacity. As of the Latest Practicable Date, we planned to further expand the relevant production capacity of Type-III cylinders, Type-IV cylinders and water electrolysis hydrogen production equipment. For details, please refer to "— Our Facilities and Production — Production Expansion Plan" in this section. In addition, we have developed forward-looking strategic plans for the deployment of production capacity in key regions in China in stages. For example, according to Frost & Sullivan, hydrogen production equipment is still a relatively new segment in the industry in China and is in the early stage of market layout. We will continue to develop and expand market resources for hydrogen production, and plan to cooperate with business partners in regions that are rich in renewable energy sources, such as wind energy, photovoltaic and water resources, to undertake hydrogen production projects. In addition, we plan to actively invest in hydrogen production sector in overseas markets through the joint establishment of local companies with overseas business partners for the deployment of hydrogen production projects, such as hydrogen refueling stations. In terms of equipment for hydrogen liquefaction and the storage and transportation of liquid hydrogen, we plan to tailor our product offerings for specific liquefaction application scenarios based on customers' needs who have the demand for hydrogen production, thereby establishing a comprehensive chain of hydrogen liquefaction, liquid hydrogen transportation, liquid hydrogen filling and liquid hydrogen heavy-duty trucks.

During the Track Record Period, we did not have any large-scale production expansion. Therefore, our fixed costs (i.e., depreciation of manufacturing expenses) remained relatively stable. As we continue to increase our sales volume and production volume, we expect that the unit fixed costs would continue to decrease. For instance, upon the full operation of our Zhangjiagang Factory Phase III as described in "— Our Facilities and Production — Production Expansion Plan" in this section, we expect that the unit fixed costs of vehicle-mounted high-pressure hydrogen supply systems would decrease by over 40% compared to that of 2023. Similarly, we expect that the unit fixed cost of water electrolysis hydrogen production equipment would decrease by over 50% compared to that of 2023. Considering (i) the expansion of China's hydrogen energy industry and the increasing market demand for our products; (ii) our large-scale production of the relevant equipment, which will enable us to achieve economies of scale; and (iii) our improving bargaining power with our customers leveraging the competitiveness of our products, we expect to improve our profitability.

Further Upgrade Products and Expand Application Scenarios

To maintain our technological advantages in hydrogen energy core equipment, improve our customer satisfaction and brand recognition, we will continue to conduct our R&D activities to cover the entire hydrogen energy industrial value chain to further upgrade our products.

For vehicle-mounted hydrogen supply systems, we are currently capable of manufacturing 10 types of 35MPa Type-III cylinders and two types of 70MPa Type-III cylinders. We also offer customized cylinders based on customers' specific requirements. We are also actively exploring the opportunities of large-scale commercialization of vehicle-mounted high-pressure hydrogen supply systems equipped with Type-IV cylinders. We will accelerate the promotion of the application of Type-III cylinders and Type-IV cylinders in the future, further improve the performance and application of raw materials, and optimize the production process.

For equipment for hydrogen refueling stations, we are a leading enterprise specializing in developing and manufacturing the equipment for hydrogen refueling stations in the PRC. As of December 31, 2023, among 428 hydrogen refueling stations constructed in China, our equipment for hydrogen refueling stations was used in the construction of 110 of them. In the future, we will accelerate the layout and promotion of supporting equipment for hydrogen refueling stations with large refueling capacity. We will continue to focus on breakthroughs in the technical processes of liquid hydrogen refueling stations and liquid hydrogen filling machines. In addition, we will continue to optimize the integration process of hydrogen refueling stations to improve the efficiency of temperature and flow control and strengthen their adaptability and reliability.

For liquid hydrogen and its storage and transportation, we are the first manufacturer in China that adopted the hydrogen expansion Claude method for liquefaction of hydrogen for civilian use. In addition, we successfully delivered China's first $200m^3$ liquid hydrogen container used in a large-scale civilian use liquid hydrogen plant. In the future, we will focus on the development of the relevant technologies for liquid hydrogen, so that we can adapt to the industry trend of production capacity enhancement and large-scale commercialization of liquid hydrogen application.

For water electrolysis hydrogen production business, we are capable of conducting large-scale production of a complete range of large- and medium-sized ALK electrolyzer products. Meanwhile, we provide customized service for our customers to meet their demands. In addition, we have manufactured our first set of 20kw PEM water electrolysis equipment in 2023. Through continuous R&D investments, we plan to promote the industrial production of water electrolysis hydrogen production equipment with low energy consumption and high reliability, so we can meet the growing market demand for hydrogen production using renewable energy sources.

We intend to further upgrade our products and expand our product portfolio in order to diversify our revenue sources in the future. At the same time, we will leverage our existing technologies in hydrogen liquefaction, we intend to improve the flexibility and cost of the hydrogen energy transportation in order to realize cross-regional resource allocation of high-quality green hydrogen. We will utilize the synergies of our business lines to expand the application scenarios of our products. For more details on the synergies of our business, please see "— Our Business Strategies — Generate synergy of our existing business lines and build an ecosystem for the development of the hydrogen energy industry" in this section.

Enhance Market Leadership and Continuously Strengthen Product Pricing Capabilities

During the Track Record Period, relying on our core technologies and brand recognition involving vehicle-mounted high-pressure hydrogen supply systems and equipment for hydrogen refueling stations, we became a leading enterprise in the industry of hydrogen energy core equipment. In line with the trend of increasing demand for hydrogen storage capacity and mileage of vehicle-mounted high-pressure hydrogen supply systems by hydrogen fuel cell system integrators and vehicle manufacturers in the downstream of the hydrogen energy industry, the proportion of sales of our large-capacity vehicle-mounted high-pressure hydrogen supply systems have increased. In terms of our equipment for hydrogen refueling stations, we newly developed liquid-driven integrated hydrogen refueling stations in 2024, which are expected to enhance our competitive position in liquid-driven compressors field for this product type. In terms of equipment for hydrogen liquefaction, we have relatively strong bargaining power since we offer comprehensive solutions covering hydrogen liquefaction, storage, transportation and refueling of liquid hydrogen. In terms of water electrolysis hydrogen production equipment, we may adjust our pricing policy dynamically to reflect the market trend in a timely manner. In the future, we will continue to expand our product offerings by introducing new products and optimizing the functionality and structure of our existing products, which we believe will enable us to have stronger pricing power.

Expedite Global Market Expansion

We are optimistic about the global development of the hydrogen energy industry. We will actively implement a globalization strategy to realize the expansion of our international presence. Our global expansion tactics include: (i) penetrating the overseas markets through direct product sales and strategic cooperation, such as project cooperation and provision of equipment for the construction activities of hydrogen energy infrastructures; (ii) making investments in local companies and collaborating with foreign business partners to construct production facilities to manufacture hydrogen energy core equipment; and (iii) facilitating the strategic cooperation via technology exchanges and supply chain complementarity.

We have strategically selected certain overseas markets to expand our presence that we believe have abundant renewable resources, well-established energy infrastructure and manufacturing processes. and favorable government policies. These overseas markets include, among others, Singapore, Germany and UAE. We believe our presence in these overseas markets has enhanced our brand recognition and helped us obtain overseas orders.

Expand Customer Base by Market Development and Channel Construction

Through a successful execution of our growth strategy, we have established and maintained a growing customer base. The number of our customers increased from 103 in 2021 to 128 in 2022, and further to 142 in 2023. The number of our customers slightly decreased from 59 in the five months ended May 31, 2023 to 52 in the five months ended May 31, 2024. We believe that, based on the continuous development of hydrogen energy infrastructure and liquid hydrogen for civilian use technology in China, there will be more end customers and market participants for vehicle-mounted high-pressure hydrogen supply systems, hydrogen refueling stations, equipment for storage and transportation of liquid hydrogen for civilian use and water electrolysis hydrogen production equipment in China in the future. Specifically, we will focus on exploring and serving customers in fuel cell vehicle demonstration city clusters, and we plan to further expand our business relationships with vehicle manufacturers, energy companies, and fuel cell system integrators operating in major fuel cell vehicle demonstration city clusters. We aim to continue to provide the relevant equipment used in the construction of hydrogen refueling stations by providing relevant equipment, which will enable us to participate in the planning and supply of hydrogen fuel cell vehicles within the service coverage area of hydrogen refueling stations, thereby achieving targeted expansion of our end customer base and promoting the growth of our vehicle-mounted high-pressure hydrogen supply systems business. As we have achieved the commercialization of liquid hydrogen and water electrolysis business in 2023, we plan to conduct the market promotion of liquid hydrogen refueling stations based on the existing market size and customer base of high-pressure gaseous hydrogen refueling stations by utilizing the synergetic advantages of liquid hydrogen technology and hydrogen refueling stations, and we will facilitate the promotion of the construction of integrated hydrogen production and refueling stations by utilizing the water electrolysis hydrogen production method. At the same time, we will continue to monitor the changes in the demands of key downstream customers and the development trend of representative products in the industry, and attract new customers in key target markets.

Ability to Manage Cost of Sales and Operating Expenses

Cost of Sales

During the Track Record Period, to support our business expansion, we incurred significant cost of sales, including raw material costs, direct labor costs and manufacturing expenses. For the years ended December 31, 2021, 2022 and 2023 and the five months ended May 31, 2023 and 2024, our cost of sales was RMB297.5 million, RMB320.5 million, RMB429.1 million, RMB42.5 million and RMB63.0 million, respectively. We intend to take measures to reduce the cost of sales by increasing the scale of production and sales in the future as the industry further develops and achieves cost savings in production. In particular, to further manage costs and enhance cost efficiency, we plan to promote the localization of raw materials and strategic cooperation, and further optimize production costs. During the Track

Record Period, the largest portion of our total cost of sales was raw material costs, in particular the cost of related materials such as carbon fiber, pipes and valves. We plan to adopt the following measures to manage our cost of sales.

- *Expansion of Supplier Channels and Centralized Procurement*

During the Track Record Period, we normally collaborated with multiple suppliers for one type of raw materials to reduce our reliance on a single supplier. We entered into strategic cooperation agreements with numerous major suppliers to ensure a stable supply of raw materials. We generally selected the suppliers we collaborate with by comparing the quotations submitted by them, which enables us to reduce the procurement cost. For example, for the valves used in our production of vehicle-mounted high-pressure hydrogen supply systems, we evaluated the price quotations provided by reputable valve suppliers and purchased a majority of the valves from several selected suppliers which provided competitive prices during the Track Record Period, which we considered to be our major suppliers. Through such price comparison and centralized procurement, our unit procurement costs of valves from our major suppliers have decreased by more than 10% per year from 2021 to 2023.

In the future, we will use tendering process more frequently to allow multiple potential suppliers to compete for quotations, so as to obtain more competitive prices and preferential terms. At the same time, we aim to obtain a more favorable negotiating position due to larger purchasing volumes from some of our suppliers and lower prices through economies of scale. We believe that these measures can help us reduce raw material procurement costs and improve the stability and reliability of our supply chain.

- *Technical Improvement and Localization Substitution*

In order to reduce the cost of raw materials and ensure a stable supply of raw materials, we have facilitated R&D cooperation with upstream domestic suppliers and have significantly accelerated the use of carbon fiber, valves and other localized core raw materials used to manufacture our products. We have realized localization substitution of valves used in the manufacturing of vehicle-mounted high-pressure hydrogen supply systems. For example, we started to purchase carbon fiber from several domestic suppliers to control costs in 2019 and achieved full localization substitution in 2023. In each year from 2021 to 2022, the selling prices of Chinese domestic carbon fiber that we purchased were lower than the selling prices of foreign carbon fiber by approximately 10% to 50%. In addition, through increasing the proportion of Chinese domestic valves used in the production of our vehicle-mounted high-pressure hydrogen supply systems, we experienced a decrease in the cost of sales of, for example, (i) a vehicle-mounted high-pressure hydrogen supply system of eight 210L hydrogen storage cylinders by more than 15% in 2022, compared to a system with the same storage capacity produced with foreign valves in the same year; and (ii) a vehicle-mounted high-pressure hydrogen supply system of six 140L hydrogen storage cylinders by more than 17% in 2023, compared to a system with the same storage capacity with foreign valves produced in the same year.

In the future, we will continue to promote the localization of raw materials and further strengthen strategic cooperation with our suppliers to ensure a stable supply of raw materials and favorable supply prices, which we believe can further optimize the manufacturing cost of our major products.

Smart Production

Moreover, we focus on improving our capabilities of smart production to enhance our production efficiency and promote our digital transformation. Through the transformation of automation, digitization and informatization, we have constructed an intelligent workstation of vehicle-mounted high-pressure hydrogen supply systems utilizing production process optimization, intelligent upgrade of production line equipment, and integrated design of multiple management systems, thereby achieving automation of production operations, networking of production management, digitalization of enterprise operations and intelligent decision management, reduction of manufacturing costs and labor costs and improved production efficiency and product quality.

Upon the commencement of official operation of our Zhangjiagang Factory Phase III, we plan to introduce customized production machinery and equipment that we believe will optimize our production process. We expect to reduce the amount of labor required to produce hydrogen storage cylinders by approximately 7%. Based on our experience in optimizing production process as described below and introducing automatic production machinery, we also expect to increase the winding speed of our carbon fiber winding machines by approximately 25%, which we believe will reduce the overall time required to produce a single hydrogen storage cylinder by approximately 40%.

Production Process Optimization

Through design improvement, we optimized and will continue to optimize our production process. For example, we optimized the carbon fiber winding process through iterations of design, and reduced the amount of carbon fiber used in the production of hydrogen storage cylinders. We also successfully reduced the weight of hydrogen storage cylinders. Such weight reduction of different storage capacity of hydrogen storage cylinders ranged approximately 4% to 12%. Our production process optimization enabled us to reduce the material used per unit produced and the unit cost of our products.

We expect to continue to increase our expenses in R&D, achieve economies of scale and improve the efficiency of our production process through technological iteration, and further reduce the production costs of our various products, to explore the better balance between cost and efficiency. For example, we plan to optimize the carbon fiber winding process, improve equipment and streamline the process in the future to further reduce costs.

Other Major Operating Expenses

Selling Expenses

For the years ended December 31, 2021, 2022, 2023 and the five months ended May 31, 2023 and 2024, our selling expenses amounted to RMB20.5 million, RMB22.2 million, RMB43.5 million, RMB9.5 million and RMB16.5 million, respectively. Such increase was generally in line with our business expansion during the Track Record Period. We believe our sales and marketing efforts will continue to contribute to increase our revenue and expand our customer base. Going forward, we plan to expand our marketing and after-sales teams to meet the needs of our customers and geographic expansion.

While we did not proactively control the rise in our selling expenses during the Track Record Period, going forward, we plan to implement the followings measures to control such expenses: (i) to further improve the performance appraisal system for our sales and marketing personnel with a focus on their sales results. For staff who fail to meet our performance requirements, we may cancel the relevant bonus rewards; (ii) to strengthen the management of travel reimbursements for our sales and marketing personnel. We plan to improve the planning of business trips to effectively manage the personnel costs; and (iii) to upgrade the employee vacation and attendance system for our sales and marketing staff. We plan to refine the application and payroll method of overtime work, and control the costs incurred thereof.

Administrative Expenses

For the years ended December 31, 2021, 2022 and 2023 and the five months ended May 31, 2023 and 2024, our administrative expenses amounted to RMB47.2 million, RMB88.4 million, RMB90.9 million, RMB32.4 million and RMB49.4 million, respectively. During the Track Record Period, we experienced rapid expansion in our business scale, which was primarily reflected in the increase in employee salaries and benefits, resulting in an increase in total administrative expenses. We aim to reduce our administrative expenses by setting a cost reduction and efficiency improvement target, reducing annual departmental administrative outlay, and implementing a strict operating expenses approval system.

While we did not proactively control the growth in administrative expenses during the Track Record Period, going forward, we plan to (i) enhance the management of travel reimbursement for our administrative staff. We plan to establish centralized procurement of travel service providers in order to obtain preferential quotes; (ii) implement monthly office procurement to avoid overstock of office supplies to effectively control office expenses; and (iii) upgrade the employee vacation and attendance system for our administrative staff. We plan to refine the application and payroll method of overtime work, and control the costs incurred thereof.

We will continue to strive to improve the efficiency of our sales and other activities, optimize our organizational structure, and at the same time managing the growth in operating expenses. While it is anticipated that our operating expenses will continue to increase in order to expand our business, we expect our revenue growth rate to exceed the growth rate of our operating expenses as our business scale expands, which will cause the percentage of our selling and administrative expenses to our total revenue to decrease in the future and allow us to realize greater economies of scale.

Improving Cash Flow and Ability to Raise Funds

To mitigate the risks associated with operating net cash outflows, we plan to improve our cash flow positions by improving working capital efficiency. Through the following measures, we believe our operating cash flow will improve in the future and we will be able to raise capital when necessary:

Increasing Revenue and Improve Operating Leverage

We believe that by improving product performance to effectively compete with industry peers and expanding our product portfolio to cater diversified customer demand, our revenue can be increased. We plan to take measures to improve our operating leverage, such as managing cost of sales. After taking into consideration of our cost of sales and operating expenses, we will strategically select and enter into sales agreements with customers for orders that we expect to have higher anticipated profit margins to optimize the costs and effectiveness of our production. We expect these measures to improve our net operating cash flow position. In addition, we will make full use of external investments to establish friendly cooperative relationship with business partners, leverage local favorable policies, cultivate customers' demand and receive more orders. In the meantime, we expect our revenue from vehicle-mounted hydrogen supply system and related products as well as hydrogen refueling station equipment and related products to continue to increase in the future. We also plan to continue to promote our hydrogen liquefaction and storage and transportation equipment of liquid hydrogen as well as our water electrolysis hydrogen production equipment, and explore overseas development opportunities, which will lead to further development of our business, increase in our revenue and improvement in our gross profit.

Strengthening Collection Efforts

Our average trade receivables turnover days has decreased from 321 days in 2022 to 285 days in 2023 as a result of our active collection of trade receivables with our customers and improved internal control regarding the management of our trade receivables. We will collect trade receivables and bills receivables in a more efficient manner, implement sales and collection policies, adopt specific measures to collect payments from customers in a timely manner, and strengthen the prompting of existing receivables and supervision of the progress of payment collection so as to replenish our working capital. We have taken steps to improve and enhance our receivable collection process in the following manner:

- Our finance department is responsible for conducting regular communications with our marketing department to update sales performance and the collection status of trade receivables;

- Our marketing department is responsible for following up the payment collection conditions and progress of the relevant sales contracts from time to time;

- Based on the balance and maturity dates of each corresponding customer receivables, we focus on urging and collecting sales receivables;

- If the credit period for certain customers significantly exceeds the agreed time frame as agreed in the contract, or if there have been changes to the credit policy, we will issue special payment reminders or take legal measures to ensure timely payments; and

- We adopt a more rigorous credit policy in the determination of the payment terms associated with orders, and sales orders with higher gross profit and better payment terms are selected for implementation.

To narrow the gap in the turnover days of trade receivables and trade payables, we have implemented a sales and collection policy, which details our cash flow and liquidity management measures to timely collect payments from customers. To ensure timely collection of trade receivables from our customers, (i) our sales team assesses customer's credit quality at the early stage of sales contract negotiation, collects basic information of the background of customers; (ii) our finance team regularly monitors our Group's bank accounts and compiles trade receivables data monthly, while our sales team maintains close communications with our customers in respect of any outstanding payments through written notices and letters, when necessary; and (iii) in the meantime, we plan to negotiate new payment terms with our customers that are more favorable to us. For instance, for our major debtors, we track the settlement status with them on a regular basis to manage outstanding trade receivables. For our major debtors who have overdue records, we proactively confirm with them their payment plans for a specified due amount each month, and follow up with them on the settlement status on a monthly basis. For our debtors who do not have clear settlement plans with us or who fail to implement their settlement plans effectively, we normally consider collecting the outstanding amounts through legal actions after conducting our comprehensive evaluation of such customers' expected payment ability and future business cooperation opportunities.

To further shorten our trade receivables turnover days, we have sent payment reminder letters and certain instances, lawyer's letters, to urge certain of our customers with overdue trade receivables to settle with us as soon as possible. For details, please refer to "Financial Information – Description of Certain Key Items from Our Consolidated Statement of Financial Positions – Trade and Other Receivables – Recoverability of Trade Receivables" in this prospectus.

In addition, we made efforts to obtain more favorable settlement policies from our suppliers. For example, during the Track Record Period, we experienced a change of settlement policy from certain of our suppliers pursuant to which we were allowed to settle with them or pay by installment after using their products and services rather than making prepayments for these products and services.

Since we are in the stage of business expansion, which entails the growth of the scale of our operating assets, including trade receivables, we anticipate that the gap in the turnover days of our trade receivables and trade payables will likely remain in near future.

For details of the management measures for our trade receivables, please refer to "Financial Information — Description of Certain Key Items from Our Consolidated Statement of Financial Positions — Trade and Other Receivables" in the prospectus.

Evaluating Customer Credit

To improve and optimize our working capital management, we will continue to leverage our leading position to negotiate more attractive terms with our customers and suppliers and implement more rigorous credit period review and approval procedures. In the future, we plan to establish relationships with more reputable customers. Specifically, in terms of customer selection, we will work with customers who have a good reputation. We will continue to conduct credit evaluations on new and existing customers. Before entering into any sales contracts with potential customers, we will assess the credit risk based on their business operations and past financial performance.

Strengthening Supply Chain Management

We expect that with the continuous expansion of our business scale and maintenance of our market share and competitive advantages, in terms of trade payables, we will benefit from the improvement of our bargaining power, which we believe will enable us to obtain preferential treatment from our suppliers, such as obtaining a more relaxed credit policy and more flexible payment methods, to reduce the cash expenditures in our daily operations. Moreover, we will conduct price comparisons involving various suppliers, and select suppliers who provide us with more favorable purchase prices and payment credit policies.

Conducting Effective Inventory Management

We believe that maintaining appropriate inventory levels helps us better plan for the procurement of raw materials and timely delivery of products to meet customer demand, without adding pressure on our working capital. Our current inventory levels and policies can meet our production capacity and sales plan. We will continue to monitor our inventory levels and optimize our inventory control policies to improve our production schedule and inventory turnover days.

Ensuring Available Financial Resources

We established a series of sales and collection policies and financial budget procedures. We maintain reasonable cash balances and unutilized banking facilities to support our operations and future business expansion. Our balance of cash and cash equivalents was RMB135.8 million as of May 31, 2024, and our unutilized banking facilities as of September 30, 2024 were RMB704.1 million. We currently have sufficient working capital primarily due to (i) our active expansion of financing channels, including multiple rounds of equity financing; and (ii) our active maintenance and expansion of the relationships with banks to obtain operation-related credit. We believe that our current financial resources are sufficient to cover the net cash flows used in our operating activities to provide sufficient liquidity for our continuing business operations. If necessary, we may raise further funds through equity and debt financing.

Based on the foregoing, we believe that we will be able to achieve revenue growth, gradually narrow our net losses and improve our operating cash flows, and thereby gradually achieve break-even in the near future.

EMPLOYEES

As of May 31, 2024, we had a total of 514 employees in China. The table below sets forth a breakdown of our employees by function as of the same date.

Function	Number of Employees	% of Total
Production and procurement	200	39.1
R&D[(1)]	76	14.7
Quality and after-sale	75	14.5
Technology[(2)]	48	9.3
Management	58	11.2
Sales	40	7.7
Others[(3)]	17	3.5
	514	100.0

Notes:

(1) R&D primarily refers to our staff whose major responsibility is to undertake underlying the R&D of our existing and new products.

(2) Technology primarily refers to specialized technicians relating to the production process.

(3) Others primarily include drivers, building cleaners, cafeteria staff, clerks and other support staff.

We believe that our success depends in part on our ability to attract, recruit and retain quality employees. We aim to establish a collaborative work environment that encourages them to develop their career with us. In addition, we have an effective training system, including orientation and continuous on-the-job training, to accelerate the learning progress and improve the knowledge and skill levels of our workforce. Our orientation process covers subjects such as corporate culture and policies, work ethics and occupational safety. Our periodic on-the-job training covers environmental, health and safety management systems and mandatory training required by applicable laws and regulations.

To sustain our growth, we regularly review our capabilities and adjust our workforce to ensure we have the right mix of expertise to meet the demand for our products. We offer employees competitive salaries, and performance-based cash bonuses. We believe that our reputation, work environment, training system, remuneration package and employee share incentive plan are advantageous that attract qualified candidates. Since the beginning of the Track Record Period, we adopted internet recruitment, social recruitment, campus recruitment and internal referral by existing employees, among other recruitment approaches. When considering and selecting qualified employment candidates, we take into consideration their education background, work experience, relevant expertise and specific skills, as well as the demand for and the objectives of the vacant positions.

As required by the Chinese laws and regulations, we participate in various employee social security plans for our employees that are administered by local governments, including housing, pension, medical insurance, maternity insurance and unemployment insurance. We also purchase commercial health insurance for some of our Directors and key personnel, purchase accidental insurance for some of our production staff and purchased comprehensive travel insurance for our staff during overseas business travel. Bonuses are generally discretionary and based in part on employee performance and in part on the overall performance of our business. We have granted and plan to continue to grant restricted share awards to our employees in the future to incentivize their contributions to our growth and development.

We believe we maintain a cordial and fruitful working relationship with our employees, and we have not experienced any material labor disputes during the Track Record Period.

INVENTORIES

During the Track Record Period, our inventories included raw materials, work-in-progress and finished products. Raw materials primarily include carbon fiber, pipes and valves, electrical instrumentation, aluminum tubes, compressors and compressor skids. Work-in-progress and finish products primarily involve work-in process hydrogen storage cylinders and hydrogen refueling stations. As of the Latest Practicable Date, we stored our majority of inventories in our self-owned warehouses in Zhangjiagang and we also have self-operated warehouse leased from Independent Third Parties that are located in Foshan, Guangdong Province. We strive to maintain optimal inventory levels to meet our production capacity and sales plans. As of December 31, 2021, 2022 and 2023 and May 31, 2024, our inventories amounted to RMB167.6 million, RMB290.3 million, RMB178.4 million and RMB197.2 million, respectively. For the years ended December 31, 2021, 2022 and 2023, our inventory turnover days were 161 days, 261 days and 199 days, respectively.

We monitor our inventory levels and written down inventories as our cost of sales in accordance with our accounting policy. Our production department and finance department also perform inventory counts on a monthly basis. Please refer to the section headed "Financial Information — Description of Certain Key Items From Our Consolidated Statement of Financial Positions — Inventories" in this prospectus for details regarding the analyses of our inventory balances and inventory turnover days during the Track Record Period.

QUALITY CONTROL

We have historically focused on and been committed to ensuring the quality of our products. To achieve this objective, we have established and maintained sophisticated quality control systems to ensure the quality of our products and have implemented quality control measures at key stages of our operations from selection of suppliers, supplier management, inspection of raw materials, supervision and control of production processes and finished product testing. Our quality control measures can be described as follows:

Selection and Management of Suppliers: We have established qualified suppliers management system to select our raw material and service suppliers based on their production capacity, location, track record, transport capacity and reputation, and generally evaluate them every 12 months based on factors such as their operating history, the quality and stability of the raw materials supplied by them and our prior experience dealing with them.

Inspection of Raw Materials: We inspect the specifications of all raw materials and test the chemical composition of certain raw materials, such as steel plates and aluminum tubes, when they arrive at our production facilities. We conduct sample checks for normal components and parts, such as tube fittings and fasteners and conduct individual checks on core raw materials, such as stainless steel sheets and aluminum tubes when they arrives at our production sites. We only confirm the receipt after we confirm the quality of raw materials meets our requirement.

During the Track Record Period, we have not identified any substantial defects in any raw materials supplied by our suppliers, there have been no material delays in delivering our raw materials and we have not suffered any financial loss as a result of defective raw materials.

Production Process: Throughout our production processes, we conduct inspection and reporting systematically to ensure product quality. Each business unit of our Company undertakes the manufacture of one category of our products. After the completion of product manufacturing, inspection staff in the business unit reports to our quality assurance department for final inspection.

Finished Products: We have established testing guidelines setting out the testing procedures and requirements for our finished products to ensure their specifications are in compliance with our quality standards and our customers' requirements before these products are dispatched to customers. We review and update testing guidelines from time to time.

To facilitate close monitoring of our operations and ensure consistency of quality, we hold monthly quality review meetings where, under the overall supervision of our quality assurance department, various business units are required to prepare detailed reports on relevant issues and concerns discovered during their regular quality checks.

Warehousing: Our finished products are first packaged and stored at our warehouses before being transported and delivered. Additionally, we take safety measures to minimize physical and chemical explosion and other similar risks to our products.

Delivery: We normally engage third-party packaging companies to package the products that we offer to our customers and engage third-party logistics services companies to deliver them to destinations designated by our customers. Our packaging and logistics services partners are responsible to ensure the integrity of our finished products during packaging and transportation. Delivery time varies depending on customer requirements and destination.

All of our products that are offered to our customers are in compliance with ISO9001:2015 in respect of quality management system. In addition, we received an IATF 16949 certificate for our on-board hydrogen supply systems, and special equipment manufacturing licenses for pressure vessel. For the products that are exported to certain overseas markets, such as Europe and United States, we also provide ASME certificates to ensure our products are in compliance with local requirements of quality management. During the Track Record Period, we did not receive any material claims from our customers in respect of the quality of our products.

INTELLECTUAL PROPERTY

Intellectual property rights are important to our business. Our future commercial success depends, in part, on our ability to obtain and maintain patents and other intellectual property and proprietary protections for commercially important technologies, inventions and know-how related to our business, defend and enforce our patents, preserve the confidentiality of our trade secrets, and operate without infringing, misappropriating or otherwise violating the valid, enforceable intellectual property rights of third parties.

As of May 31, 2024, we had (i) 303 trademarks; (ii) 277 issued patents (including six patents jointly held with Independent Third Parties) with a tenure generally ranging from 10 to 20 years, comprising 81 invention patents, eight exterior design patents and 188 utility model patents; (iii) 37 software copyrights; and (iv) three domain names. See the section headed "Appendix VII — Statutory and General Information — B. Further Information about Our Business — 2. Intellectual Property Rights" in this prospectus for more information of our intellectual properties that are material to our business. As of the same date, we self-owned most of our patents, and had a few co-owned or co-shared arrangements of our patents with Independent Third Parties.

We rely, in some circumstances, on trade secrets and/or confidential information to protect certain aspects of the technologies we utilize. We seek to protect our proprietary technologies and processes, in part, by entering into confidentiality arrangements with senior management and key R&D staff. We have entered into confidentiality and non-compete agreements with our key full-time employees and full-time R&D personnel, pursuant to which the intellectual property conceived and developed during their employment with our Group belongs to us and they waive all relevant rights or claims to such intellectual property. We also have established an internal policy governing the confidentiality of all company information. Despite the measures we have taken to protect our intellectual property, our proprietary information may be obtained by unauthorized parties.

During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any intellectual property infringement claims which had any material adverse impact on our Group. Please see the section headed "Risk Factors — Risks Relating to Our Business and Industry — We may not be able to protect our intellectual property rights from unauthorized use or we may be subject to claims of alleged infringement on the intellectual properties of others, either of which could reduce the value of our products and harm our business and competitive position." in this prospectus.

PROPERTIES

As of the Latest Practicable Date, we owned the land use rights for five parcels of land in China with a total GSA of 211,727.48 sq.m., and owned four buildings in China with a total GFA of 178,147.37 sq.m. We also had one construction-in-progress in China as of the same date, which is located in Qingpu District, Shanghai. We have obtained the relevant construction land planning permit (建設用地規劃許可證) for this property. In addition, as of the same date, we leased (i) six buildings in China with a total GFA of 2,576.48 sq.m.; (ii) one property in Singapore with a GFA of 144.0 sq.m.; and (iii) one property in Germany with a GFA of 56.0 sq.m., all from Independent Third Parties. The properties we owned or leased are primarily used for production, warehouse or office purposes.

Since our property interests are for non-property activities and the carrying amount of a single property is above 15% of our total assets, we include a property valuation report on such property interests in this prospectus pursuant to Rule 5.01B(2) of the Listing Rules. See Appendix IV to this prospectus for details. The total market value of our property interests included in the property valuation report prepared by AVISTA Valuation Advisory Limited was approximately RMB338.7 million as of August 31, 2024. Except for the property interest described in the property valuation, our Group has no other owned property interest that forms part of our non-property activities that has a carrying amount of 15% or more of total assets pursuant to Rule 5.01(2)(b) of the Listing Rules.

Owned Properties

Land

Our production facilities are situated in Zhangjiagang, Jiangsu Province, and Shanghai in the PRC. We hold valid land use rights for these facilities. As of the Latest Practicable Date, we obtained land use rights certificates for five parcels of land with an aggregate site area of approximately 211,727.48 sq.m. in the PRC. These parcels of land are generally used for industrial purposes. Our PRC Legal Advisors have confirmed that the use of these parcels of land does not contravene the use specified in the land use rights certificates.

Buildings

As of the Latest Practicable Date, we obtained building ownership certificates for four buildings or units with an aggregate GFA of approximately 178,147.37 sq.m. in the PRC. These buildings are located in Zhangjiagang and Shanghai, and are primarily used for industrial and manufacturing purposes. Our PRC Legal Advisors have confirmed that our use of the buildings and structures does not contravene the use specified in the building ownership certificates with respect to the buildings and structures we occupied.

Construction-in-Progress

As of the Latest Practicable Date, we had one construction-in-progress, which is located in Qingpu District, Shanghai. This construction-in-progress is for our new production line for Type-IV vehicle-mounted high-pressure hydrogen storage cylinders. We have obtained the relevant construction land planning permit for this property, and have commenced the construction of the new production line.

Leased Properties

As of the Latest Practicable Date, we leased six buildings in China with a total GFA of approximately 2,576.48 sq.m. The lease agreements for these properties generally have a term of one year or less. These leased properties are primarily used as warehouses and staff quarters. In addition, as of the same date, we leased one property in Singapore with a GFA of 144.0 sq.m. and one property in Germany with a GFA of 56.0 sq.m. The lease agreements for the two properties have a term of two years and one year, respectively. These properties are mainly used as offices.

AWARDS AND RECOGNITIONS

During the Track Record Period, we have received recognition for the quality and popularity of our products and services. Some of the significant awards and recognition we have received are set forth below.

Award Year	Award/Recognition	Awarding Institution/Authority	Entity/Product
2024	Highly Recognized Trademark in Jiangsu Province (江蘇省高知名商標認定)	Jiangsu Trademark Association (江蘇省商標協會)	Our Company

Award Year	Award/Recognition	Awarding Institution/Authority	Entity/Product
2024	Contribution to Private Science and Technology Development Award (民營科技發展貢獻獎)	China Private Technology Promotion Association (中國民營科技促進會)	Our Company
2023 to 2024	Enterprise Included in the Unicorn Incubation Program of Suzhou of 2022 and 2023 (2022年及2023年度蘇州市"獨角獸"培育企業)	People's Government of Suzhou (蘇州市人民政府)	Our Company
2023	Potential Unicorn Enterprise in Jiangsu Province (江蘇省潛在獨角獸企業)	Jiangsu Productivity Promotion Center (江蘇省生產力促進中心)	Our Company
2023	Gazelle Enterprise in Jiangsu High-tech Industrial Development Zone (江蘇省高新技術產業開發區瞪羚企業)	Jiangsu Productivity Promotion Center	Our Company
2023	Second Prize of Shanghai Science and Technology Award (上海市科學技術獎二等獎)	Shanghai City People's Government	Our Company
2023	Excellent Enterprise in Jiangsu Province (江蘇省優秀企業)	Jiangsu Provincial Committee of the Communist Party of China, Jiangsu Provincial People's Government	Our Company
2020 to 2023	Quasi Chain Anchor Enterprise in the Hydrogen Energy Industry Chain of New Energy Cluster in Jiangsu Province (江蘇省新能源集群氫能產業鏈中準鏈主企業)	Zhangjiagang Science and Technology Bureau	Our Company

Award Year	Award/Recognition	Awarding Institution/Authority	Entity/Product
2021 and 2023	Recommendation for the First and Second Year Recognition of Specialized and Innovative "Little Giant" Enterprise (建議支持的國家級專精特新"小巨人"企業第一年與第二年認定)	Small and Medium Bureau of the MIIT	Our Company
2021	Gazelle Enterprise in Jiangsu High-tech Industrial Development Zone (江蘇省高新技術產業開發區瞪羚企業)	Jiangsu Productivity Promotion Center	Our Company
2020	National-level Specialized and Innovative "Little Giant" Enterprise (國家級專精特新"小巨人"企業)	MIIT	Our Company

COMPETITION

According to Frost & Sullivan, China's hydrogen energy market has experienced fast growth in recent years, which has led to the rapid development of the hydrogen energy core equipment industry.

Vehicle-mounted High-pressure Hydrogen Supply Systems and Related Products

The industry of vehicle-mounted high-pressure hydrogen supply systems in China is highly concentrated, with the top five companies accounting for a market share of approximately 71.4% in terms of sales amount in 2023. In 2023, our sales amount of vehicle-mounted high-pressure hydrogen supply systems had a market share of 23.6%, ranking first in the industry in China. Additionally, as a sub-market of vehicle-mounted high-pressure hydrogen supply systems, the market of vehicle-mounted high-pressure hydrogen storage cylinders is also highly concentrated with the top five companies accounting for a market share of approximately 86.2% in terms of sales amount in 2023. Our sales amount of vehicle-mounted high-pressure hydrogen storage cylinders had a market share of 26.2%, ranking first in the industry in China.

Equipment for Hydrogen Refueling Stations and Related Products

As of December 31, 2023, the number of hydrogen refueling stations built in China reached 428 units, of which 110 of them were equipped with our equipment, accounting for 25.7% of the total number of hydrogen refueling stations built. We ranked first among all providers of equipment for hydrogen refueling stations and related products in China in 2023.

Equipment for Hydrogen Liquefaction and the Storage and Transportation of Liquid Hydrogen

Before 2023, China's total liquid hydrogen production capacity of China remained relatively low at approximately five to eight tons per day. Liquid hydrogen was primarily utilized in the PRC aerospace sector. Since 2023, multiple types of companies, including state-owned enterprises, private companies, and international companies have been conducting R&D, testing and construction of production lines of hydrogen liquefaction equipment in China. In 2023, we successfully delivered China's first industrial-scale hydrogen liquefaction equipment with the production capacity of 10 tons per day.

Water Electrolysis Hydrogen Production Equipment and Related Products

The water electrolysis hydrogen production equipment is primarily categorized into ALK, PEM, SOEC and AEM. Currently, ALK and PEM are relatively mature and are used in the production and the competitive landscapes of two water electrolysis hydrogen production methods are different. Please refer to "Industry Overview — Overview of Water Electrolysis Hydrogen Production Equipment Industry — Competitive Landscape of Water Electrolysis Hydrogen Production Equipment Industry" in this prospectus for details.

SEASONALITY

We experience seasonal fluctuations in the demand primarily for our vehicle-mounted high-pressure hydrogen supply systems and related products. Due to the nature of our business, vehicle manufacturers are one of our major types of customers, whose businesses are subject to the seasonality of China's hydrogen fuel cell vehicle industry. As advised by Frost & Sullivan, China's hydrogen fuel cell vehicle industry is subject to seasonality mainly because awards policies for hydrogen fuel cell vehicles were generally announced or updated during the first half of each year by the relevant local governments, therefore hydrogen fuel cell vehicle manufacturers generally place their orders to their suppliers of hydrogen energy equipment accordingly after policy updates in the second half of each year.

INSURANCE

We maintained marine, air and third-party logistics and obtained property insurance for our production facilities. 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. We are also required by PRC social insurance laws and regulations to make contributions for social insurance funds for our employees. In line with general market practice, we do not maintain any business interruption insurance or product liability insurance, which are not mandatory under PRC laws.

We believe that our insurance coverage is in line with industry practice in the PRC, 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 refer to "Risk Factors — Risks Relating to Our Business and Industry — We may not have adequate insurance coverage for losses and liabilities arising from various operational risks and hazards that we are subject to." in this prospectus.

LICENSES, CERTIFICATES AND PERMITS

As advised by our PRC Legal Advisors, during the Track Record Period and up to the Latest Practicable Date, we had obtained all requisite licenses, certificates and permits from the relevant authorities that are material to our operations in China. We are required to renew such licenses, permits, approvals and certificates from time to time. As advised by our PRC Legal Advisors, we do not expect any material legal obstacles in such renewal once the relevant documents are submitted as required by the relevant government authorities.

LEGAL PROCEEDINGS AND COMPLIANCE

Overview

From time to time, we may be subject to legal proceedings, investigations and claims incidental to the conduct of our business. During the Track Record Period and up to the Latest Practicable Date, we had not been, and were not, a party to any material legal, arbitral or administrative proceedings, and we were not aware of any pending or threatened legal, arbitral or administrative proceedings against us or any of our Directors, which, in the opinion of our Directors, could have a material adverse effect on our business operations or financial condition. Our Directors also confirmed that our Group is not engaged in any material litigation, arbitration or administrative proceeding currently.

In the opinion of our Directors, the non-compliance incidents described below, individually or taken as a whole, are not likely to have a material adverse effect on our business, financial condition or results of operations. During the Track Record Period, we also did not experience any non-compliance of the laws or regulations, which individually or in the aggregate, in the opinion of our Directors, reflects negatively on the ability or tendency of our Company, our Directors or our senior management, to operate our business in a compliant manner. According to our PRC Legal Advisors, we have complied with applicable PRC laws and regulations in all material respects during the Track Record Period and up to the Latest Practicable Date.

Legal Compliance

Below sets forth the details of certain historical immaterial and non-systemic non-compliance incidents of our Group during the Track Record Period and up to the Latest Practicable Date.

Lease Registration and Filing

Background and Reasons for Non-compliance

As of Latest Practicable Date, we leased six buildings with a total GFA of approximately 2,576.48 sq.m from Independent Third Parties in China. All of them did not complete the lease registration and filing. According to the Administrative Measures for Commodity House Leasing (《商品房屋租賃管理辦法》), the lessor and lessee shall enter into a written lease contract and conduct lease registration and filing with the competent local real estate administration department within 30 days from the date of the leasing contract.

Our failure to complete the lease registration and filing was mainly due to our lessors being unwilling to provide cooperation for us to complete the lease registration and filing.

Legal Consequences and Potential Maximum Penalties

Our PRC Legal Advisors have advised us that if we fail to comply with the relevant laws and regulations in respect of the lease registration and filing, we may be ordered by the competent Chinese government authority to rectify such non-compliance within a prescribed time limit. If we fail to do so within such period, we may be subject to a fine of not less than RMB1,000 but not more than RMB10,000 for the non-registered leases.

Remedies and Rectification Measures Taken to Prevent Future Breach and Ensure On-going Compliance

As of the Latest Practicable Date, we had not received any registration request or become subject to any such fine from the relevant government authorities. We will take all practicable and reasonable steps to ensure that such leases are registered and continue to communicate with the lessors to seek their cooperation to complete the registration process. As advised by our PRC Legal Advisors, we have the right to occupy and use the aforementioned properties in accordance with the relevant lease contracts, and there is no material legal impediment arising from such non-compliance in connection with the Listing and the Global Offering. To mitigate any future recurrence of such non-compliance, we will enhance our internal supervision of compliance with the applicable laws and regulations by appointing relevant personnel to supervise and monitor our administrative staff with respect to such matters.

Social Insurance Plan and Housing Provident Fund

Background and Reasons for Non-compliance

During the Track Record Period and up to the Latest Practicable Date, we did not pay social insurance and housing provident fund in full for certain full-time employees based on their actual wages in accordance with the applicable PRC laws and regulations. The shortfall of social insurance and housing provident fund contributions amounted to RMB4.2 million, RMB5.2 million, RMB8.7 million and RMB2.3 million in 2021, 2022 and 2023 and the five months ended May 31, 2024, respectively. This non-compliance incident was primarily caused by (i) absence of professional advice for our staff at important times; (ii) the lack of correct understanding of the relevant PRC laws and regulations by certain of our administrative personnel who handled the social security insurance and housing provident fund contributions; and (iii) requests by some of our full-time employees to make contributions to social insurance and housing provident funds for them based on a lower standard instead of their actual salaries, as they did not want to bear the full amount of their portion of the relevant contributions.

According to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) and Regulation on the Administration of Housing Provident Fund (《住房公積金管理條例》), social insurance and housing provident fund are divided into the employer's contributions and the employee's contributions. When full payment of social insurance and housing provident fund is made, both the employer and employee are required to make their respective contributions. Such contributions from employee's part are directly deductible from the employee's salary on a monthly basis, which will lead to a reduction in the amount of the salary received by the employee. Therefore, some of our employees were unwilling to make full contributions to social insurance and housing provident fund based on their actual salaries.

Legal Consequences and Potential Maximum Penalties

Our PRC Legal Advisors advised us that:

(i) if we fail to pay social insurance in accordance with PRC laws and regulations, we may be ordered by the competent PRC government authority to pay the outstanding balance within a prescribed period of time and an overdue fine of 0.05% of the total outstanding balance per day from the date of such failure of payment. If we fail to do so within the prescribed period, we may be subject to an administrative penalty ranging from one to three times of the total outstanding balance; and

(ii) if we fail to pay the housing provident fund in accordance with the Chinese laws and regulations, the housing provident fund management center may order us to make the outstanding payment within a prescribed time limit. If the payment is not made within such time limit, an application may be made to the PRC courts for compulsory enforcement.

Based on the foregoing, the potential overdue fines that we may be subject to would be approximately RMB5.0 million as of May 31, 2024. If we are required to pay the full amount of social insurance and such payment is not made within a stipulated period, we may be subject to administrative penalties as mentioned above. In such case, the aggregate maximum administrative penalties would be approximately RMB55.8 million. Our management has considered, taking into account the relevant facts and circumstances and advice from our PRC Legal Advisors, that the risk that we are ordered by the relevant authorities to pay such outstanding amounts of social insurance contributions and that we are subject to any relevant material penalties is remote. Therefore, we did not make any provision during the Track Record Period.

During the Track Record Period and up to the Latest Practicable Date, no administrative action or penalty had been imposed by the relevant regulatory authorities with respect to our social insurance and housing provident fund contributions or registration, nor had we received any order to settle any outstanding amount due. As of the Latest Practicable Date, we had not received any such notification from the relevant government authorities, which required us to make contributions for the outstanding amounts for all of our employees in full. Moreover, as of the same date, we were not aware of any complaint filed by our full-time employees regarding our social security insurance and housing provident fund policy. As advised by our PRC Legal Advisors, based on the interviews with the relevant competent local governmental authorities, the details of remedies and rectification measures described below, and in accordance with the existing applicable laws, regulations and policies, the likelihood that we would be subject to administrative penalties in the future is remote.

Remedies and Rectification Measures Taken to Prevent Future Breach and Ensure On-going Compliance

We have enhanced our internal control measures in this regard, in particular:

- we have implemented a policy on social insurance and housing provident fund contribution and registration in compliance with the relevant PRC laws and regulations;

- we have designated our human resources department to review and monitor the reporting and contributions of social insurance and housing provident fund on a monthly basis;

- we currently provide and will continue to provide regular trainings to our employees in relation to social insurance fund and housing provident fund contributions compliance requirements and the relevant laws and regulations;

- the calculation of the social insurance fund and housing provident fund would be prepared by human resources department on a monthly basis in order to mitigate the risk of material non-compliances with relevant laws and regulations;

- we will consult with our PRC legal counsel on regularly for advice on applicable PRC laws and regulations to keep us abreast of any relevant regulatory development; and

- we will proactively liaise with the relevant authorities to ensure that we have the most up-to-date information about the relevant laws and regulations concerning social insurance and housing provident fund.

As of the Latest Practicable Date, we failed to make full contributions to employees' social insurance and housing provident fund based on their actual salaries, mainly due to some of our employees' unwillingness to cooperate. We intend to adjust the payment base to comply with the applicable laws and regulations and make full contributions for all our employees when such rectification is permitted or practicable to be made. According to the relevant PRC laws and regulations, an employer is normally allowed to declare the adjusted contribution base once a year, which is usually in July, based on the average salary of its employees in the previous year. We are in the process of educating and trying to persuade those employees who are unwilling to make full contributions and actively communicating with the relevant local government authorities. We expect that we will make full contributions to social insurance and housing provident fund for all of our employees, and the rectification will be completed by July 2025.

Views of the Directors

Our Directors believe that such non-compliance would not have a material adverse effect on our business and results of operations, considering that (i) as advised by our PRC Legal Advisors, the relevant competent authorities, including Zhangjiagang and Shanghai local authorities, confirmed through interviews that they would not actively require companies under their administration to pay the shortfall for social insurance and housing provident fund contributions collectively; (ii) 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 promulgated on September 21, 2018, it is prohibited for administrative enforcement authorities to organize a centralized collection of enterprises' historical social insurance arrears; (iii) as of the Latest Practicable Date, we had not received any notification from the relevant PRC authorities requiring us to pay for any amount in addition to what we have paid to the social insurance and housing provident fund, and during the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material administrative penalties; and (iv) we were neither aware of any employee complaints filed against us nor involved in any labor disputes with our employees with respect to the payment of social insurance or housing provident fund during the Track Record Period and up to the Latest Practicable Date. Based on the relevant regulatory policies, the confirmations and facts as stated above, our PRC Legal Advisors are of the view that the likelihood that we will be subject to centralized collection of historical arrears and any material penalties due to our failure to provide social insurance premiums and housing provident fund contributions in full for all of our full-time employees is remote. Our Directors undertake to use their best endeavors to ensure the compliance with the applicable laws and regulations concerning social insurance and labor rights and housing provident funds going forward.

BUSINESS ACTIVITIES WITH A SUPPLIER IN A COUNTRY SUBJECT TO INTERNATIONAL SANCTIONS

During the Track Record Period, we had engaged a non-sanctioned company in the Russia (excluding Crimea) to procure testing services for certain liquid hydrogen equipment we developed in-house. Our costs of procuring such testing services were approximately RMB400,000, RMB500, nil and nil, for the years/periods ended December 31, 2021, 2022 and 2023 and the five months ended May 31, 2024, respectively. As advised by our International Sanctions Legal Advisors after performing the procedures they consider necessary, during the Track Record Period, our procurement of testing services from the Russia (excluding Crimea) involving our non-sanctioned supplier based in the Khanty-Mansi Autonomous Okrug region of Russia did not implicate International Sanctions.

U.S.

As advised by our International Sanctions Legal Advisors, U.S. primary sanctions are applicable to activities involving a U.S. nexus such as funds transfers in U.S. currency that clear through the U.S. financial system or are processed by U.S. payment processors.

Procurement of Testing Services. During the Track Record Period, our procurement of testing services from the Russia (excluding Crimea) denominated in USD did not involve any Sanctioned Targets other than the receiving bank engaged by our non-sanctioned supplier involved in such procurement. As advised by our International Sanctions Legal Advisors, our indirect transactions with the sanctioned receiving bank did not implicate limited restrictions applicable to such entity as an entity designated on Sectoral Sanctions Identifications List because (i) the transactions did not fall into the scope of such OFAC sectoral sanctions program as none of their transactions is made by a U.S. person or made within the United States; (ii) the limited activities involving USD payments were not restricted by the sectoral sanctions relating to new debt or equity; and (iii) the transactions were prior to its designation as a SDN. Given such procurement of the testing services (i) was with our non-sanctioned supplier based in the Khanty-Mansi Autonomous Okrug region of Russia; (ii) the Khanty-Mansi Autonomous Okrug region of Russia is not a Comprehensively Sanctioned Country; and (iii) our indirect transactions with the sanctioned receiving bank did not implicate the limited restrictions applicable to such entity, our International Sanctions Legal Advisors are of the view that our procurement of the testing services from Russia (excluding Crimea) did not represent a violation of the U.S. sanctions. As of the Latest Practicable Date, our procurement from such supplier in Russia (excluding Crimea) had been completed and we have no current intention to continue our business relationship with such supplier.

UN, EU, U.K., U.K. Overseas Territories and Australia

As further advised by our International Sanctions Legal Advisors, our business dealings in the Countries subject to International Sanctions do not appear to implicate restrictive measures adopted by the UN, the EU, the U.K., the U.K. overseas territories and Australia. For a summary of the sanctions regimes imposed by these countries, please refer to "Regulatory Overview — Sanctions Laws and Regulations" in this prospectus.

Conclusion

Based on our current understanding and as advised by our International Sanctions Legal Advisors, we believe that we are not subject to sanctions risk that could have a material adverse effect on our historical procurement of testing services involving the Russia (excluding Crimea) during the Track Record Period. Please also see "Risk Factors — Risks Relating to Our Business and Industry — We could be adversely affected as a result of any sales we make to certain countries that are, or become subject to, sanctions administered by the United States, the EU, the U.K., the UN, Australia and other relevant sanctions authorities." in this prospectus.

We have undertaken to the Stock Exchange that we will not use the net proceeds from the Global Offering, as well as any other funds raised through the Stock Exchange, to finance or facilitate, directly or indirectly, activities or business with, or for the benefit of, any Comprehensively Sanctioned Countries or any other government, individual or entity sanctioned by the U.S., the UE, the UN, the U.K., the U.K. overseas territories or Australia, including, without limitation, any government, individual or entity that is specifically identified on the SDN List maintained by OFAC or other restricted parties lists maintained by the U.S., the EU, the UN, the U.K., the U.K. overseas territories or Australia. Further, we have undertaken not to use the proceeds from the Global Offering to pay any damages for terminating or transferring any contract that violates International Sanctions. In addition, we have undertaken not to enter into any future business that would cause us, the Stock Exchange, HKSCC, HKSCC Nominees or our Shareholders and investors to violate or become a target of international sanctions laws by the U.S., the EU, the UN, the U.K., the U.K. overseas territories or Australia. We will also disclose on the respective websites of the Stock Exchange and our Group if we believe that the transactions our Group entered into in Countries subject to International Sanctions or with Sanctioned Persons would put our Group or our Shareholders and investors to risks of being sanctioned, and in our annual reports or interim reports (i) details of any new activities in Countries subject to International Sanctions or with Sanctioned Persons; (ii) our efforts on monitoring our business exposure to sanctions risks; and (iii) the status of, and the anticipated plans for any new activities in Countries subject to International Sanctions and with Sanctioned Persons. If we were in breach of such undertakings to the Stock Exchange, we would be subject to the risk of possible delisting of our H Shares on the Stock Exchange.

HEALTH, SAFETY AND ENVIRONMENTAL MATTERS

We seek to be a responsible corporate in fulfilling environmental, social and governance responsibilities by advancing the use of clean energy, promoting "Carbon Peaking and Carbon Neutrality" goal, supporting social causes and exploring ways to protect the environment.

Governance Regarding Environmental, Social and Climate-related Risks

To strengthen our advantageous position in the production of hydrogen energy equipment, based on the characteristics involved in the manufacturing activities of our products, we normally engage third-party organizations to assess and propose relevant measures and programs for the environment, safety, and occupational health, and implement concurrently during the construction of the production lines to ensure our compliance with the relevant policies and regulatory requirements.

Our Board is responsible for overseeing, evaluating and managing material ESG issues. Our Company has established a three-tier sustainable development system with the Board as the highest management and decision-making body, accountable for our sustainability. Beneath the Board, an ESG working group has been established, consisting of senior management and staff, that handles day-to-day sustainability matters and reports to the Board on a regular basis. Each relevant department is responsible for the collection of sustainability indicators, implementing our ESG targets, and regularly reporting to the ESG working group on their progress. We have an environmental team responsible for ensuring that all of our operations are in compliance with applicable environmental protection laws and regulations. We are constantly seeking opportunities to improve our ESG measures by evaluating our business operations and financials, identifying ESG related risks in our business and taking mitigating measures.

We may be exposed to possible financial losses and non-financial detriments arising from environmental and climate-related risks. These risks include: (i) transition risks, being the risks arising from compliance with the applicable environmental laws and regulations and the stringent environmental protection standards; and (ii) physical damages, being the damages arising from acute weather-related events and longer-term chronic shifts in climate patterns.

Our production facilities in China are required to comply with the environmental protection and safety laws and regulations promulgated by the relevant PRC government. See the section headed "Regulatory Overview — Regulations Relating to Environmental Protection" in this prospectus for further information. If we fail to comply with any of the applicable environmental protection laws and regulations and standards, we may be subject to fine or penalty. The laws and regulations on environmental protection may be subject to updates and any update may increase our cost of compliance and place burden on our operations. See the section headed "Risk Factors — Risks Relating to Our Business and Industry — Any failure to comply with environmental, health and safety regulations applicable to us could harm our business." in this prospectus for further information. Such regulatory developments, together with the existing laws, regulations and expectations, may have significant impacts on the production activities of our Group and thus present transitional risks to us, which may adversely affect our production. Furthermore, if our Group is in breach of any environmental law and regulations, or faces any accusation of negligence in environmental protection, it will adversely affect our reputation and our creditability. It may also affect our business performances and reduce the competitiveness of our Group to new investors. Our business opportunities may also be negatively impacted as our Group may be disadvantaged by the reputational damage and loss of creditability, as our customers may be less willing to source from an unsustainable suppliers.

On the other hand, we acknowledge the potential impact of the climate change may have on our business operations, such as global warming, high sea level and chaotic weather pattern, our business operations could be susceptible to the "physical damages" as a result of droughts, floods, inclement weather and El Nino phenomenon. These physical damages could affect our business, financial conditions, results of operation and prospects. We have backed up our information and data by storing them in a server-based storage system, which in turn minimizes the potential impact of disruptive climate events and their potential impact on our business. We plan to implement various measures to mitigate and manage the risks from environmental, social and climate-related issues. Our safety and environmental department tracks meteorological information to timely identify potential hazards, such as production shutdowns, asset damage, and personnel injuries that may arise from climate change or extreme weather conditions. We have formulated an emergency response plan in accordance with relevant laws and regulations, and established an emergency response team, among others. We also regularly conduct emergency drills and training sessions to enhance our employees' awareness and abilities to mitigate risks. Additionally, to mitigate the impact of extreme weather on the supply chain, we have strengthened our research efforts in the raw materials market, assessed market trends, established appropriate and scientific safety stock levels, and ensured the smooth operation of our company's production and operations.

Our Directors confirm that each of our subsidiaries in China has not been alleged to have materially violated any environmental or safety laws, nor was any material penalty imposed on our Group for material violation of the PRC environmental or safety laws during the Track Record Period and up to the Latest Practicable Date, which would have a material adverse impact on our business operations and financial performance. Our Directors further confirm that no major accident resulting in deaths or serious injuries of our full-time employees occurred during the Track Record Period and up to the Latest Practicable Date.

Environmental Protection and Monitoring

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 develop and produce hydrogen energy core equipment with a goal to serve global and China's hydrogen energy industry and contribute to the development of green hydrogen which are considered as an important way to reduce carbon emissions.

Our production process mainly involves the discharge of wastewater, waste gas, solid waste and noise, as well as the use of different types of chemical materials. To minimize the impact of emission on the environment, we have implemented a series of emissions management system and policies in accordance with national laws and regulations and national and local environmental standards in terms of air pollutant emission, discharges into water and land, disposal of solid waste and noise control, where applicable.

In addition, we have received a ISO45001:2018 certificate in respect of our occupational health and safety management system as well as a GB/T 24001-2016/ISO14001:2015 certificate in respect of our environmental management system.

As of the Latest Practicable Date, we have obtained the relevant permits and completed requisite registration in respect of the environmental protection and safety production, including explosion-proof certificate of conformity (防爆合格證), radiation safety license (輻射安全許可證), proof of filing for purchase of Class II and Class III excisable chemicals (第二類、第三類易製毒化學品購買備案證明), license to discharge urban sewage into the drainage network (城鎮污水排入排水管網許可證), special design and production license (特種設計生產許可證) and level-II safety standardization certification (二級安全標準化認證).

Our Environmental Protection Measures

We are committed to exploring ways to protect the environment as we continue to grow our revenue and expand our production capacity. We strive to minimize our environmental impact through developing and integrating environmentally sustainable practices into our operations. We have set up a regular inspection system and stringent environmental management measures which involve controlling of emission, waste treatment, third-party testing and monitoring, spare energy utilization, reducing the energy consumption and increasing staff awareness to mitigate environmental impact from our operation in the near, medium and long term. We strictly follow the requirements of national laws and regulations to reduce and manage the waste generated. We encourage employees to use resources responsibly, and we have established waste sorting stations that require employees to engage in waste classification. In addition, to monitor the wastewater, exhaust gas, noise and toxic and high risk and hazardous positions involved in our daily operation, we conduct annual inspection and review. In addition, we use solar panels to generate electricity, prioritize the use of clean energy and promote the save of water and electricity in our production facilities and offices. Set out below are some of the key procedures which have been adopted by our Group during the Track Record Period:

- *Regular Inspections.* We have set up a regular inspection system and stringent environmental management measures. Specifically, we control the emission by way of reduction management of waste water and gas through process optimization to reduce the cleaning time, winding time and curing time, thus reducing the generation of waste water and waste gas generation. In terms of waste treatment, Our hazardous wastes are disposed of by selecting appropriate disposal methods based on their physical characteristics to reduce the pollution of the environment from exhaust gases. In addition, we also engage qualified third parties to monitor the toxicity and harmfulness of certain of our production positions, waste water, noise, exhaust gas and radiation.

- *Resource Consumption.* We have improved the layout of workshop equipment and reduced the number of heat-generating equipment to reduce the air conditioning load and in turn reduce energy consumption. In addition, we have placed the production equipment with special requirements for temperature and humidity separately to cancel the original heating and dehumidification requirements of the entire workshop, which in turn reduce the energy consumption of air conditioners. Going forward, we plan to continuously explore frontier technologies for energy storage and energy efficiency. We have set up internal measurable metrics and targets to closely monitor our resources consumption volume.

- *Handling of Hydrogen and Other Chemicals.* Our safety management department is responsible for the comprehensive management and to ensure safety precautions and supervision are in place in the storage and handling of hydrogen and other chemicals. Personnel engaged in work related to the storage and use of hydrogen and chemicals must receive regular training in safety knowledge, professional skills, occupational safety and health protection and emergency rescue knowledge. For the handling of hydrogen and chemicals, our internal policy puts in place strict management protocols including providing appropriate safety equipment, implementing isolation measures, conducting regular inspections of storage facilities, and requiring safety precautions when handling and disposing waste in designated containers.

- *Waste Management.* We have completed online filing to discharge waste water. We have obtained necessary approvals of the pollution discharge from competent authorities. We have set up an air emission process system in our plants and implement relevant internal protocols to ensure proper operations. For other hazardous wastes, we collect them and send to qualified units for specialized treatment. While wastewater is processed by the wastewater treatment station operated by us to reach national safety standards for disposal, other wastes are collected and disposed by qualified industrial waste processing and environmental protection entities. We also contract with qualified environmental impact assessment agency to conduct regular inspections regarding our compliance with the emission of wastewater, waste gas and noise standard according to various environmental protection laws and regulations. During the Track Record Period, we monitored and maintained proper management of hazardous waste water, industrial solid waste and carbon emission.

- *Assessment of Environmental Impact*. We established procedures to ensure that environmental impact assessment will be carried out before commencing the manufacturing activities as required by the Environmental Impact Assessment Law of the PRC (《中華人民共和國環境影響評價法》). Additionally, we performed assessment of environment-related risks associated with our production process regarding environmental impact assessment that targets to manage the environmental impact of our business operation. For instance, for our facility construction and expansion projects, we have implemented measures to ensure compliance with laws and regulations in relation to environment protection. Before the commencement of the projects, we will engage third parties to assess the feasibility of the precautionary measures for environment protection and submit these third-party reports for relevant responsible departments for review and approval. Upon completion of the projects, we will invite third-party assessment agencies to attend on-site acceptance review to ensure the relevant requirements for environment are satisfied.

Furthermore, we place importance on protecting health and safety of our employees as well as their well-being in order to minimize the risks of work injury. We are committed to maintaining a safe working environment and promoting the awareness of occupational health and safety. For job positions that pose significant occupational disease hazards, we prominently display warning signs and provide relevant instructions. Furthermore, we not only provide employees with labor protection equipment that complies with national regulations, such as respiratory masks and earplugs, but also provide special protection for positions that may have contact with hazardous substances. Additionally, we conduct regular inspections and checks in various safety aspects to ensure real-time monitoring of safety measures at various production stages. We also engage qualified third-party parties to evaluate the effectiveness of occupational disease hazard control measures and carry out continuous improvement efforts based on the assessment every year. Such measures aim to minimize the chance of occupational injuries, illnesses or diseases at work. In case of any emergency situation, we are well-prepared to respond swiftly to protect the employees.

Our expenses incurred in connection with environmental protection for the years ended December 31, 2021, 2022 and 2023 and the five months ended May 31, 2024 was approximately RMB0.3 million, RMB0.2 million, RMB0.2 million and RMB36,000, respectively.

Our Environmental Protection Performance

To actively respond to the goals of "Carbon Peaking and Carbon Neutrality", we continue to pay attention to environmental protection and the development of ecological culture. We are committed to integrating sustainable development into our business operation and decision-making. We have set environmental protection targets to quantify our efforts to protect the environment and actively monitor our impact on the environment. The table below sets forth an analysis of the environmental protection performance of our Company, Hydrogen Cloud Research Institute, Shanghai Qingmai and Shanghai Qingping in each year/period of the Track Record Period:

	For the years ended December 31,			For the five months ended May 31,
	2021	2022	2023	2024
Waste gas[1]:				
– Nitrogen oxide *(ton)*	0.0489	0.0557	0.0593	0.0087
– Sulfur oxides *(ton)*	0.0004	0.0005	0.0006	0.0002
– Particulate matter *(ton)*	0.0009	0.0011	0.0013	0.0005
Total greenhouse gas (GHG) emissions and intensity[2]:				
– Scope 1: Direct emission *(ton)*	528	602	622	283
– Scope 2: Indirect energy emissions *(ton)*	1,591	2,517	2,690	1,193
– Scope 3: Other indirect emissions *(ton)*	18	26	32	31
– Total GHG emissions[3] *(ton)*	2,137	3,145	3,345	1,507
– Intensity of total GHG emissions *(ton*/total revenue *in RMB million)*	6.44	8.71	6.43	26.93
Waste:				
– Hazardous waste[4] *(ton)*	81	64	61	5
– Density of hazardous waste (*ton/total revenue in RMB million)*	0.25	0.18	0.12	0.09
– Non-hazardous waste[5] *(ton)*	81	92	121	56
– Indensity of non-hazardous waste *(ton/total revenue in RMB million*	0.24	0.25	0.23	0.99
Energy consumption:				
Direct energy consumption[6]				
– Gasoline *(L)*	16,730	19,300	23,700	11,770
– Natural gas *(kg)*	189,493	215,823	219,166	7,559

	For the years ended December 31,			For the five months ended May 31,
	2021	2022	2023	2024
Indirect energy consumption[7]				
– Electricity purchase (*thousand kWh)*	2,423	3,916	4,197	1,861
Total energy consumption *(thousand kWh)*[8]	4,567	6,361	6,719	3,007
Intensity of total energy consumption *(thousand kWh/revenue in RMB million)*	13.76	17.62	12.92	53.70
Water consumption:				
– Total water consumption *(ton)*	22,591	32,857	55,800	17,566
– Intensity of total water consumption *(ton/revenue in RMB million)*	68.05	91.02	107.31	313.68

Notes:

(1) Our emissions are mainly from gas fuel consumption and vehicle emissions. The emission factors for gas fuel refer to the Clean Air Charter — A Business Guidebook published by the Hong Kong General Chamber of Commerce and the Hong Kong Business Coalition on the Environment, as well as the Towngas's Sustainable Development Report 2018. The emission factors for vehicles refer to the Vehicle Emission Calculation Model of the Hong Kong Environmental Protection Department.

(2) To comprehensively present our GHG emissions, we divided them into three scopes according to Appendix C2 of the Main Board Listing Rules:

- Scope 1 — covers GHG emissions directly generated by our owned or controlled operations
- Scope 2 — covers electricity consumed (purchased or acquired) internally by us
- Scope 3 — covers all other indirect GHG emissions occurring outside our Group, such as wastepaper disposed of in landfills by us and our employees traveling by airplane for business purposes

(3) GHG emission data are presented in terms of carbon dioxide equivalents and refer to:

- Intergovernmental Panel on Climate Change (IPCC) Fifth Assessment Report (AR5) (2014)
- Environmental Protection Department's Guidelines on Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong
- Ecological Environment Bureau of the People's Republic of China (2019)

(4) Our hazardous waste mainly includes cut off scraps, waste acetone solvents, welding slag, waste lubricating oil, and waste activated carbon.

(5) Our non-hazardous waste can be categorized into office and general household waste, kitchen waste, construction waste, and other non-hazardous waste. Other non-hazardous waste primarily includes waste boxes and scrap metal.

(6) Our direct energy consumption includes gasoline and natural gas.

(7) The main form of indirect energy consumed by us is purchased electricity from external suppliers.

(8) Energy consumption is calculated based on the direct and indirect energy consumption and units and conversion equivalents specified in Annex 3 of the International Energy Agency's Energy Statistic Manual.

Our Emissions Targets

We currently do not have any statutory targets in place regarding emissions. We have voluntarily set up an emission reduction target by using the emissions of air pollutants and greenhouse gases in 2023 in terms of emissions to revenue ratios. We plan to reduce our emission intensity of air pollutants and greenhouse gases by 10% by 2024.

Occupational Health and Work Safety

In China, we are subject to the PRC laws and regulations on labor, safety and work-related incidents. In order to minimize the risk of accidents and enhance our employees' awareness of health and safety issues, we have (i) assigned responsible specialists for handling production safety accidents and record keeping; (ii) established guidelines and manuals relating to operational safety and handling of accidents; (iii) conducted various types of training, including onboarding and on-the-job training and encouraged our employees to be vigilant and responsible for their safety and health whilst performing their work obligations; (iv) installed fire safety equipment and combustible gas alarm in accordance with the relevant PRC laws and regulation, such as the Work Safety Law of the PRC (《中華人民共和國安全生產法》); and (v) require each department of our manufacture facilities to keep records of regular safety inspection, safety protection equipment spot check, safety knowledge training sign-in, hydrogen piping point inspection and equipment maintenance records.

Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, we did not encounter any material incidents, accidents or complaints that would materially and adversely affect our business operations. During the Track Record Period and up to the Latest Practicable Date, our Group did not incur any material administrative penalties for violations of occupational health and work safety.

Corporate Social Responsibility

We are committed to leveraging our business and technology to create value for society. We highly value our corporate role in building social value and in leading public awareness of civic responsibility. In response to the initiative of the Charity Federation of Zhangjiagang, we make donations to "City of Love (愛滿港城)" Charity Fund each year during the Track Record Period.

Employee Care

We adhere to the principles of diversity and inclusion, and we are committed to the development of an equal and diverse employment environment while continuously optimising our staffing structure to maintain our internal and external competitiveness. The table below sets forth the composition of our total workforce in terms of gender, age and expertise as of May 31, 2024.

Type	As of May 31, 2024	
Gender	Male	431
	Female	83
Age	>45	68
	30 < ≤45	334
	≤30	112
Expertise	Senior management	6
	Mid-level management	85
	Staff	423

Green Hydrogen

Green hydrogen is produced through water electrolysis powered by renewable energy sources like solar, wind and hydro power. It has the following key characteristics: (i) minimal greenhouse gas emissions; (ii) no substantial transformation to existing equipment; (iii) relatively low cost of transportation of equipment replaced by hydrogen; and (iv) significantly reduced cost of hydrogen refueling and increase the economy of fuel cell vehicles. It is expected that the proportion of green hydrogen in China will increase to approximately 20% of the total hydrogen production volume by 2030.

Governments globally are actively pursuing the “carbon neutral” goal and have implemented policies to promote clean energy development. Green hydrogen has become a pivotal strategy in achieving carbon neutrality, facilitating the transition to cleaner energy sources, enhancing energy security, and modernizing traditional industries.

Due to our business nature and our position as a leading hydrogen energy storage and transport equipment manufacturer in China, we aim to offer more equipment relating to the application of green hydrogen and bring positive impact on the global climate, subject to the concurrent increase in availability of renewable energy and related infrastructure.

IMPACT OF COVID-19 PANDEMIC ON OUR GROUP

Since December 2019, there was an outbreak of the novel coronavirus, COVID-19, across the world. In response to the spread of the COVID-19 virus, including variants and mutant strains, such as Delta and Omicron variants, the PRC government implemented numerous measures, including travel bans and restrictions, quarantines, stay-at-home orders and shutdowns. While our manufacturing facilities maintained normal operations since the outbreak of the COVID-19 pandemic, such outbreak had the following impact on our business, results of operations, and financial condition during the Track Record Period: (i) certain of our domestic raw material suppliers had suspended their operations temporarily as they were located in areas significantly affected by COVID-19; (ii) we experienced logistics delays as a result of the pandemic; and (iii) certain of our construction in progress was delayed. However, the restrictive measures implemented by the local government authorities to combat these outbreaks and control the spread of the disease did not significantly our financial performance during the Track Record Period. For example, for the years ended December 31, 2021, 2022 and 2023, we incurred approximately RMB10,000, RMB119,000 and RMB23,000, respectively, of expenses in connection with the COVID-19 prevention materials and services, which mainly included masks, disinfectant alcohol and nucleic acid testing services. As confirmed by our Directors, such expenses were not significant as compared to our total operating expenses incurred during the Track Record Period.

In December 2022, the PRC government eased the restrictions previously imposed to control the COVID-19 pandemic. Given the elimination of the strict pandemic control measures, we do not expect any further material adverse effects on our overall long-term business and financial performance.

INTERNAL CONTROL AND RISK MANAGEMENT

Internal Control

We have engaged an internal control consultant, or the Internal Control Consultant, to perform certain agreed-upon procedures in connection with the internal control of our Company and our major subsidiaries and to report factual findings on our Group's entity-level controls and internal controls of various processes, including environment of control, risk assessment, information and communication, internal control, financial reporting and disclosure controls, sales, accounts receivable and collection, procurement, accounts payable and payment, inventory, logistics and cost management, management of fixed assets and intangible assets, human resources and payroll management, cash and treasury management, taxation management, project management, general controls of IT system (including protection of data and privacy), R&D management, insurance management, production management, health, safety and environment protection and contract management. The Internal Control Consultant performed procedures in December 2023 and follow-up procedures in February 2024 on our Company's system of internal control. Upon its review, the Internal Control Consultant did not identify any further deficiencies in the design aspect of our Company's internal control system.

We have adopted various measures and procedures regarding each aspect of our operations, such as protection of intellectual property, environmental protection and occupational health and safety. 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 internal control personnel for each stage of the production process. Our Directors (who are responsible for overseeing our corporate governance) with assistance from our legal advisors, will periodically review our compliance status with all relevant laws and regulations after the Listing.

Below is a summary of the internal control policies, measures and procedures we have implemented or plan to implement:

- We have established the Audit Committee which shall (i) make recommendations to our Directors on the appointment and removal of external auditors; (ii) review our financial statements and oversee our financial reporting and internal audit; and (iii) oversee our risk management and internal control procedures. For more details, see the section headed "Directors, Supervisors and Senior Management — Board Committees — Audit Committee" in this prospectus.

- We have engaged Soochow Securities International Capital Limited as our compliance advisor to provide advice to us until the end of the first fiscal year after the Listing regarding matters relating to the Listing Rules. Our compliance advisor is expected to ensure our use of funding complies with the section headed "Future Plans and Use of Proceeds" in this prospectus after the Listing, as well as to provide support and advice regarding requirements of relevant regulatory authorities in a timely fashion.

- We plan to engage a PRC law firm to advise us on and keep us abreast with the PRC laws and regulations after the Listing. We will continue to arrange various trainings to be provided by external legal advisors from time to time when necessary and/or any appropriate accredited institution to update our Directors, Supervisors, senior management, and relevant employees on the latest PRC laws and regulations.

Risk Management

We recognize that risk management is critical to the success of our business operation. Key operational risks faced by us include changes in the general market conditions and the regulatory environment of hydrogen energy core equipment industry, our ability to offer quality services, our ability to manage our anticipated growth and to execute on our growth strategies, and our ability to compete with our competitors. See the section headed "Risk Factors" in this prospectus for a discussion of various risks and uncertainties we face. We also face various market risks. In particular, we are exposed to market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. See "Financial Information — Quantitative and Qualitative Disclosures about Market Risk" for a discussion of these market risks.

In order to meet these challenges, our Audit Committee, which consists of three Directors, namely Ms. Tong Sze Wan, Mr. Gu Yanjun and Dr. Zou Jiasheng and is chaired by Ms. Tong Sze Wan, is responsible for reviewing and supervising our financial reporting process, risk management and internal control system.

We maintain a set of accounting policies in connection with our financial reporting risk management, such as Financial Management Internal Control Policy, which consists of financial reporting management, financial statements preparation management, finance department and staff management and budget management policies. We have various procedures and IT systems to implement our accounting policies, and our finance department reviews our management accounts accordingly. We also provide regular training to our finance department employees to ensure that they understand our financial management and accounting policies and strictly enforce them in our daily operations.

We also have set a number of standard operation procedures for human resource management in China, including the employee management system, recruiting management system, training manuals and remuneration management system. These measures aim to mitigate our risks in insufficient recruitment, staff attrition, non-compliance with labor regulations, employee information management and others.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Our Board is responsible and has general powers for the management and operation of our business. Our Board currently consists of nine Directors, including three executive Directors, three non-executive Directors and three independent non-executive Directors. The following table sets forth information regarding members of our Board:

Name	Age	Position	Date of joining our Group	Date of appointment as Directors	Roles and Responsibilities	Relationship with other Directors, Supervisors and senior management
Wu Pinfang (鄔品芳)	69	Chairman of the Board and executive Director	March 1, 2020	March 23, 2020	Presiding over our overall strategic planning and operation arrangement	Mr. Wu is the spouse of Mr. Wang's mother-in-law's younger sister
Wang Kai (王凱)	49	General manager and executive Director	February 18, 2017	October 13, 2017	Presiding over our daily operation and management	Mr. Wang is the son-in-law of Mr. Wu's spouse's elder sister
Shi Jian (施劍)	35	Secretary of the Board and executive Director	January 1, 2019	April 10, 2021	Presiding over our legal affairs and corporate governance matters	None
Gu Yanjun (顧彥君)	33	Non-executive Director	October 13, 2017	October 13, 2017	Participating in the formulation of business and strategic plans of our Group	None
Zhou Lin (周林)	41	Non-executive Director	September 18, 2019	September 18, 2019	Participating in the formulation of business and strategic plans of our Group	None
Liu Yilin (劉伊琳)	42	Non-executive Director	January 2, 2024	January 2, 2024	Participating in the formulation of business and strategic plans of our Group	None
Tong Sze Wan (唐詩韻)	51	Independent non-executive Director	February 18, 2024	February 18, 2024	Providing independent opinion and judgment to the Board	None

Name	Age	Position	Date of joining our Group	Date of appointment as Directors	Roles and Responsibilities	Relationship with other Directors, Supervisors and senior management
Zhang Yongjun (張擁軍)	56	Independent non-executive Director	August 20, 2021	August 20, 2021	Providing independent opinion and judgment to the Board	None
Zou Jiasheng (鄒家生)	59	Independent non-executive Director	August 20, 2021	August 20, 2021	Providing independent opinion and judgment to the Board	None

BOARD OF DIRECTORS

Executive Directors

Mr. Wu Pinfang (鄔品芳), aged 69, was appointed as the chairman of the Board and a Director of our Company in March 2020 and was re-designated as an executive Director on March 8, 2024. Mr. Wu currently serves as the executive director and general manager of Shanghai Qingping, Shanghai Guofu, Shanghai Qingmai, the chairman of Hydrogen Cloud Research Institute and Inner Mongolia Guofu and a director of Guofuhee Singapore. Mr. Wu is responsible for presiding over our overall strategic planning and operation arrangement.

Mr. Wu has more than 44 years of experience in chemical machinery industry and corporate management. From 1980 to 2004, Mr. Wu has served as plant manager, chairman and/or general manager of several chemical machinery factories and companies, responsible for the overall management, daily operation and strategic planning. From January 2005 to June 2019, Mr. Wu served as the chairman of the board of Zhangjiagang City Furui Boiler Container Manufacturing Co., Ltd.* (張家港市富瑞鍋爐容器製造有限公司, now known as Furui Special Equipment.* (張家港富瑞特種裝備股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300228)), mainly responsible for the overall management and strategic planning. Furui Special Equipment mainly engaged in natural gas liquefaction, LNG storage, transportation, terminal application, operation and maintenance services and heavy equipment manufacturing. Due to the relatively small shareholding percentage held by Mr. Wu in Furui Special Equipment at the time, his lack of intention to continue participating in the management and decision making in Furui Special Equipment, and the availability of a suitable candidate for chairman succession, Mr. Wu resigned from his position as the chairman of the board of directors of Furui Special Equipment in June 2019. From June 2016 to December 2018, Mr. Wu served as a Director, the chairman of the Board and the general manager of our Company. Following the completion of the disposal of equity interests in our Company by Furui Special Equipment in December 2018, our Company ceased to be a subsidiary of Furui Special Equipment. As a result, Mr. Wu, who was designated by Furui Special Equipment as a Director at the relevant time, resigned from his positions in our Company due to the work rearrangement by Furui Special Equipment. In 2020, we were at a critical phase of rapid development and encountered challenges in business expansion due to, among others, COVID-19. In light of such circumstances, Mr. Wu returned to our Company to hold directorship to support our Company's growth, leveraging his extensive experience, industry knowledge and influence. Mr. Wu did not hold any directorship in any listed companies during the last three years.

Mr. Wu completed the specialized course in enterprise management at the Suzhou Enterprise Management Association Training Center (蘇州市企業管理協會培訓中心) in Suzhou City, Jiangsu Province, the PRC in January 1984. Mr. Wu obtained the professional qualification of senior economist from Jiangsu Human Resources and Social Security Bureau (江蘇省人力資源和社會保障局) in October 2012. Since April 2017, Mr. Wu has been serving as the vice president of Shanghai Partnership of FCV* (上海燃料電池汽車商業化促進中心).

Mr. Wu was a supervisor of Beijing Saihongxin Petrochemical Equipment Technology Co., Ltd* (北京賽弘信石化設備技術有限公司) ("Beijing Saihongxin"), a limited company incorporated in the PRC, whose business scope included the technology development, consultation and transfer of petroleum, chemical equipment, electronic computers, instruments and meter. Beijing Saihongxin was dissolved by way of revocation of business licence on February 13, 2007. Mr. Wu was also the person in charge of Beijing Huafu Engineering Co., Ltd. Shanghai Branch* (北京華福工程有限公司上海分公司) ("Beijing Huafu Shanghai Branch"), a branch established in the PRC, whose business scope included petrochemical engineering design, supervision and consulting, sales of petrochemical equipment, electronic and electrical equipment. Beijing Huafu Shanghai Branch was dissolved by way of revocation of business licence on June 16, 2009. To the best knowledge, information and belief of Mr. Wu, he confirmed that (i) there was no wrongful act on his part leading to the revocation of the above companies; (ii) he is not aware that the above companies were involved in any material litigation between the period of its incorporation and its dissolution/revocation; (iii) the above companies were solvent immediately prior to revocation; and (iv) the deregistration or the revocation of business license of the above companies had not resulted in any liability or obligation imposed against him.

Mr. Wang Kai (王凱), aged 49, was appointed as a Director of our Company in October 2017, as the general manager of our Company in December 2018 and was re-designated as an executive Director on March 8, 2024. Mr. Wang is responsible for presiding over our daily operation and management.

Mr. Wang has more than 23 years of experience in chemical machinery industry and corporate management.

Time period	Company name	Main business	Position	Role and responsibility
August 1998 to May 2001	Port Supervision and Administration of Zhangjiagang City* (張家港市港航監督管理處, a subordinate public institution of Zhangjiagang Transport Bureau* 張家港市交通運輸局)	administrative department in charge of transportation	port supervisor	port scheduling
May 2001 to February 2017	Zhangjiagang Shenghui Chemical Machinery Co., Ltd.* (張家港市聖匯化工機械有限公司, which underwent name changes to Zhangjiagang Shenghui Gas Chemical Equipment Co., Ltd.* 張家港聖匯氣體化工裝備有限公司 and China Ship Shenghui Equipment Co., Ltd.* 中船聖匯裝備有限公司, and now known as Suzhou Shenghui Equipment Co., Ltd.* 蘇州聖匯裝備有限公司)	manufacturing, installation and commissioning of pressure vessels and associated equipment, tank special vehicles and industrial furnaces	deputy general manager	production, sales and day-to-day management of the business unit

Mr. Wang joined our Group as standing vice general manager in February 2017. From December 2018 to March 2020, Mr. Wang served as the chairman of the Board. From December 2022 to March 2024, Mr. Wang was appointed by Energy Research Association of Jiangsu Province* (江蘇省能源研究會) to serve as a director. Mr. Wang did not hold any directorship in any listed companies during the last three years.

Mr. Wang graduated from Nanjing Institute of Transportation Higher Vocational Education (南京交通高等專科學校) in Nanjing City, Jiangsu Province, the PRC with a college degree in port and waterway engineering in July 1997. Mr. Wang was awarded with the second prize of Science and Technology Progress Award by the China Machinery Industry Federation (中國機械工业聯合會) and the Chinese Mechanical Engineering Society (中國機械工程學會) in November 2020. Mr. Wang was appointed as the deputy chairperson of the Pressure Vessel Branch of the Jiangsu Mechanical Engineering Society (江蘇省機械工程學會) in August 2023.

Mr. Wang was the person in charge of Zhangjiagang Shengdayin Chemical Machinery Co., Ltd. Bonded Area Branch* (張家港市聖達因化工機械有限公司保稅區分公司), a branch established in the PRC, whose business scope included the development and sales of natural gas, petroleum, chemical, pharmaceutical, metallurgical and power station equipment. However, such company did not carry out any business and was dissolved by way of revocation of business licence on April 1, 2004. To the best knowledge, information and belief of Mr. Wang, he confirmed that (i) there was no wrongful act on his part leading to the revocation of such company; (ii) he is not aware that the above company was involved in any material litigation between the period of its incorporation and its revocation; (iii) such company was solvent immediately prior to revocation; and (iv) the deregistration or the revocation of business license of such company had not resulted in any liability or obligation imposed against him.

Mr. Shi Jian (施劍), aged 35, was appointed as the secretary of the Board in January 2019 and a Director of our Company in April 2021 and was re-designated as an executive Director on March 8, 2024. Mr. Shi currently serves as the supervisor of Shanghai Qingping, Shanghai Guofu, Shanghai Qingmai and a director of Hydrogen Cloud Research Institute. Mr. Shi is responsible for presiding over our legal affairs and corporate governance matters.

Mr. Shi has more than 10 years of experience in corporate management, marketing and investment. From June 2014 to December 2018, Mr. Shi served as the investment manager of Furui Special Equipment, mainly responsible for external investments. Mr. Shi joined our Group as the secretary of the Board in January 2019. Mr. Shi did not hold any directorship in any listed companies during the last three years.

Mr. Shi graduated from Nanjing Normal University (南京師範大學) in Nanjing City, Jiangsu Province, the PRC with a master's degree in translation in June 2012. Mr. Shi has passed the evaluation tests required by the Securities Association of China (中國證券業協會) for the securities practicing qualification certificate* (證券從業資格證書) in December 2019 and obtained the board secretary qualification certificate from the SSE STAR MARKET in January 2022.

Non-executive Directors

Mr. Gu Yanjun (顧彥君), aged 33, was appointed as a Director of our Company in October 2017 and was re-designated as a non-executive Director on March 8, 2024. Mr. Gu is responsible for participating in the formulation of business and strategic plans of our Group.

Mr. Gu has more than 9 years of experience in project investments.

Time period	Company name	Main business	Position	Role and responsibility
August 2015 to September 2020	Yongjin Industry (Group) Co., Ltd.* (涌金實業(集團)有限公司)	tourism resources development, domestic trade, industrial investment consulting	investment manager	project investments
September 2020 to December 2023	Shanghai Nano Venture Capital Co., Ltd.* (上海納米創業投資有限公司)	Industrial investment, asset management, science and technology project development and relevant consulting	investment manager	project investments
December 2023 to present	Shanghai Yonghua Investment Management Co., Ltd. (上海涌鏵投資管理有限公司)	investment management, equity investment and asset management, and investment consulting	deputy general manager	project investments

Mr. Gu did not hold any directorship in any listed companies during the last three years.

Mr. Gu graduated from Fisher College of Business of the Ohio State University in the United States with a master's degree in Specialized Master of Business in May 2014. Mr. Gu graduated from Shanghai University of Finance and Economics (上海財經大學) in Shanghai City, the PRC with a bachelor's degree in business English and a bachelor's degree in finance as his second major in June 2013. Mr. Gu obtained the China fund practitioner qualification certificate* (中國證券投資基金業從業證書) from the Asset Management Association of China (中國證券投資基金業協會) in May 2017.

Mr. Zhou Lin (周林), aged 41, was appointed as a Director of our Company in September 2019 and was re-designated as a non-executive Director on March 8, 2024. Mr. Zhou is responsible for participating in the formulation of business and strategic plans of our Group.

Mr. Zhou has more than 13 years of experience in investment and corporate management.

Time period	Company name	Main business	Position	Role and responsibility
November 2011 to February 2022	Zhongxin Rongchuang Capital Management Co., Ltd.* (中新融創資本管理有限公司)	project investment, investment management, economic information and financial consulting	president	overall management and strategic planning
October 2013 to February 2016	Kaiser (China) Culture Co., Ltd. (凱撒(中國)文化股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002425)	organizing and planning events for cultural exchange, designing and producing multimedia cultural products	director	setting strategic direction, overseeing management, making key decisions and ensuring board governance
June 2016 to February 2019	Suzhou Thvow Technology Co., Ltd. (蘇州天沃科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002564)	design and manufacturing of high-pressure low-pressure and medium-pressure vessels, purchase and sale of mechanical components	director	setting strategic direction, overseeing management, making key decisions and ensuring board governance
February 2017 to August 2023	Grand Flight Investment Management Co., Ltd. (遠翼投資管理有限公司)	investment management, financial consulting and enterprise management consulting	director	setting strategic direction, overseeing management, making key decisions and ensuring board governance

Time period	Company name	Main business	Position	Role and responsibility
October 2017 to September 2019	PCI Technology Group Co., Ltd. (佳都科技集團股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600728)	technology development and technical services related to artificial intelligence algorithm software, the Internet of Things, and computer hardware	director	setting strategic direction, overseeing management, making key decisions and ensuring board governance
August 2021 to present	Jiangsu SaraMike Technology New Material Co., Ltd.* (江蘇賽瑞邁科新材料有限公司)	research, development and promotion of new materials technology	director	setting strategic direction, overseeing management, making key decisions and ensuring board governance
January 2022 to present	Beijing Guoqian Investment Consulting Co., Ltd.* (北京國謙投資諮詢有限公司, now known as Beijing Guoqian Private Fund Management Co., Ltd.* 北京國謙私募基金管理有限公司)	private equity investment fund management, venture capital fund management services	founding partner	managing investments companies, securing funding or resources and developing business strategies
February 2024 to present	Houxin Jiantou (Beijing) Private Equity Fund Management Co., Ltd.* (厚新健投(北京)私募基金管理有限公司)	private equity investment fund management services	manager	managing daily operation
July 2024 to present	Manfred Intelligent Manufacturing (Jiangsu) Co., Ltd.* (曼弗萊德智能製造(江蘇)有限公司)	Research and development, assembly, processing, sales of industrial robots and industrial automation equipment	director	setting strategic direction, overseeing management, making key decisions and ensuring board governance

Mr. Zhou did not hold any directorship in any listed companies during the last three years.

Mr. Zhou graduated from the PBC School of Finance of Tsinghua University (清華大學五道口金融學院) in Beijing City, the PRC with a master's degree in EMBA in June 2023. Mr. Zhou graduated from Tsinghua University (清華大學) in Beijing City, the PRC with a bachelor's degree in mechanical engineering and automation in July 2007.

Ms. Liu Yilin (劉伊琳), aged 42, was appointed as a Director of our Company in January 2024 and was re-designated as a non-executive Director on March 8, 2024. Ms. Liu is responsible for participating in the formulation of business and strategic plans of our Group.

Ms. Liu has more than 11 years of experience in corporate management. Since November 2013, Ms. Liu has been serving as the executive director of Sanya Shangcheng Industrial Development Co., Ltd.* (三亞尚誠實業發展有限公司), mainly responsible for formulating the operational plans, finalizing proposals, and developing annual financial budget plans and final accounts plans. Sanya Shangcheng Industrial Development Co., Ltd. is mainly engaged in interior and exterior decoration, large-scale cultural event exhibition, planning and design consulting. Since September 2020, Ms. Liu has been serving as the executive director of Shanghai Jinglin Industrial Co., Ltd.* (上海靜琳實業有限公司), mainly responsible for formulating the operational plans, finalizing proposals, and developing annual financial budget plans and final accounts plans. Shanghai Jinglin Industrial Co., Ltd. is mainly engaged in engineering construction activities. From February 2024 to August 2024, Ms. Liu served as the board secretary of Mengfa Group, mainly responsible for preparing board and shareholders' meetings, ensuring standardized company operations, managing information disclosure, handling investor relations, overseeing equity affairs, and dealing with equity investments and other related matters. Ms. Liu did not hold any directorship in any listed companies during the last three years.

Ms. Liu graduated from Panamericana University in Costa Rica with a bachelor's degree in business administration through long distance learning courses in June 2014.

Independent Non-executive Directors

Ms. Tong Sze Wan (唐詩韻), aged 51, was appointed as an independent non-executive Director of our Company in February 2024 and is responsible for providing independent opinion and judgment to our Board.

Ms. Tong has more than 26 years of experience in auditing and accounting.

Time period	Company name	Main business	Position	Role and responsibility
September 1998 to April 2000	Dong-Jun Holdings Limited (東峻集團有限公司, now known as Shandong Hi-Speed Holdings Group Limited 山高控股集團有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 412)	industrial investment, investment business and licensed financial services	successively served as assistant accounting manager and internal audit manager	financing securing, financial reporting and accounting oversight
November 2002 to March 2014	Jiangsu Nandasoft Technology Company Limited, a H-share company listed on the Growth Enterprise Market ("**GEM**") of the Stock Exchange (stock code: 8045)	trading of computer hardware and software products, provision of system integration services	company secretary	legal and regulatory compliance, board support and risk management
November 2006 to May 2018	DAO LAB Limited (立道研究所有限公司)	software development	director of finance and administration department	overall financial and administrative management
December 2014 to January 2017	Yat Sing Holdings Limited (日成控股有限公司, now known as China Supply Chain Holdings Limited 中國供應鏈產業集團有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 3708)	building maintenance, refurbishment and renovation service	independent non-executive director	providing independent judgement and opinion
May 2018 to present	Gurung & Shum Business Solutions Limited (日盛商務方案有限公司)	accountants and business advisors	consultant	finance and secretarial services to Hong Kong listed companies

Ms. Tong did not hold any directorship in any listed companies during the last three years.

Ms. Tong graduated from Hong Kong Baptist University in Hong Kong with a bachelor's degree in accounting and law (Honours) in June 1995. She is also an associate of The Association of Chartered Certified Accountants since November 1998 and The Hong Kong Institute of Certified Public Accountants since February 2001.

Ms. Tong was a director of Anson Consulting Company Limited (安譽顧問有限公司) (a company primarily engaged in provision of secretarial services), a company incorporated in Hong Kong, prior to its dissolution on 31 July 2009. This company was dissolved by way of striking off under section 291 of the Predecessor Companies Ordinance because it has not commenced any business or operation.

Mr. Zhang Yongjun (張擁軍), aged 56, was appointed as an independent non-executive Director of our Company in August 2021 and is responsible for providing independent opinion and judgment to our Board.

Mr. Zhang has extensive legal practise experience as set out below:

Time period	Company name	Main business	Position	Role and responsibility
February 2016 to January 2018	Guohao (Suzhou) Law Firm* (國浩(蘇州)律師事務所)	legal services and counsel across various practice areas	partner	overseeing client relationships and providing strategic direction
January 2018 to present	Beijing Longan (Suzhou) Law Firm* (北京市隆安(蘇州)律師事務所)	legal services and counsel across various practice areas	senior partner	overseeing client relationships and providing strategic direction

Mr. Zhang did not hold any directorship in any listed companies during the last three years.

Mr. Zhang graduated from the Soochow University (蘇州大學) in Suzhou City, Jiangsu Province, the PRC with a bachelor's degree in law in June 1997. Mr. Zhang obtained the PRC lawyer qualification certificate from the Ministry of Justice of the PRC (中華人民共和國司法部) in August 1996.

Dr. Zou Jiasheng (鄒家生), aged 59, was appointed as an independent non-executive Director of our Company in August 2021 and is responsible for providing independent opinion and judgment to our Board.

Dr. Zou has more than 37 years of experience in material science and manufacturing. Since July 1986, Dr. Zou has been serving as a teacher in the School of Materials Science and Engineering of Jiangsu University of Science and Technology (江蘇科技大學), mainly responsible for teaching and research. Since April 2011, Dr. Zou has been serving as the general manager and the chairman of the board of Jiangsu Yangming Shipbuilding Equipment Manufacturing Technology Co., Ltd.* (江蘇陽明船舶裝備製造技術有限公司), mainly responsible for strategic decision-making and daily operation. Jiangsu Yangming Shipbuilding Equipment Manufacturing Technology Co., Ltd. is mainly engaged in the manufacturing of shipbuilding equipments. Dr. Zou did not hold any directorship in any listed companies during the last three years.

Dr. Zou completed a postdoctoral research in the field of mechanical engineering at Nanjing University of Aeronautics and Astronautics (南京航空航天大學) in Nanjing City, Jiangsu Province, the PRC from September 2006 to January 2010, and obtained a postdoctoral certificate from the National Postdoctoral Management Committee* (全國博士後管理委員會) in January 2010. Dr. Zou graduated from Nanjing University of Science and Technology (南京理工大學) in Nanjing City, Jiangsu Province, the PRC with a doctor's degree in material science in July 2006. Dr. Zou obtained a master's degree in welding from Shanghai Jiao Tong University (上海交通大學) in Shanghai City, the PRC in March 1993 and a bachelor's degree in metal materials and heat treatment from Northwestern Polytechnical University (西北工業大學) in the PRC in July 1986. Dr. Zou was granted as a professor by the Jiangsu Provincial Personnel Department (江蘇省人事廳, now known as Department of Human Resources and Social Security of Jiangsu Province 江蘇省人力資源和社會保障廳) in July 2005.

SUPERVISORY COMMITTEE

The Supervisory Committee consists of three members, and is responsible for the supervision of our Board, senior management and the business operations of our Company. The following table sets forth general information regarding our Supervisors:

Name	Age	Position	Date of joining our Group	Date of appointment as Supervisors	Roles and Responsibilities	Relationship with other Directors, Supervisors and senior management
He Guangliang (何光亮)	38	Chairman of the Supervisory Committee	August 26, 2019	August 12, 2020	Leading and chairing the Supervisory Committee	None
Zhao Jing (趙靜)	36	Supervisor	October 9, 2020	February 21, 2023	Supervising the performance of duties by our Directors and members of the senior management	None

Name	Age	Position	Date of joining our Group	Date of appointment as Supervisors	Roles and Responsibilities	Relationship with other Directors, Supervisors and senior management
Kuang Kaifeng (況開鋒)	36	Employee representative Supervisor	June 13, 2016	September 8, 2023	Exercising Supervisor's rights and fulfilling obligations on behalf of employees	None

The following table sets forth the biographies of our Supervisors:

Mr. He Guangliang (何光亮), aged 38, has been the chairman of the Supervisory Committee of our Company since August 2020, and is responsible for leading and chairing the Supervisory Committee.

Mr. He's major work experience is set out below:

Time period	Company name	Main business	Position	Role and responsibility
December 2010 to February 2012	Jiangsu Xinjie New Energy Co., Ltd.* (江蘇新捷新能源有限公司)	natural gas sales, automobile refueling, new energy technology research and development	manager of market development department	sales and marketing
March 2012 to March 2014	Jiangsu Zhongjie Logistics Co., Ltd.* (江蘇眾捷物流股份有限公司)	general cargo freight and special transportation, international freight forwarding business	leader of the oil-to-gas conversion project	overall management of oil-to-gas conversion projects
April 2014 to November 2015	Jiangsu Southern New Energy Co., Ltd.* (江蘇南方新能源有限公司)	gas, auction and liquor business	business manager	business development and business department management

Time period	Company name	Main business	Position	Role and responsibility
January 2016 to August 2019	Yunding Technology (Jiangsu) Co., Ltd.* (雲頂科技(江蘇)有限公司)	data processing and storage, transaction processing and application and software development	director of marketing department	marketing developing, promotion and management

Since February 2019, Mr. He has been serving as a sales manager of our Company. Mr. He did not hold any directorship in any listed companies during the last three years.

Mr. He graduated from Nanjing University of Science and Technology (南京理工大學) in Nanjing City, Jiangsu Province, the PRC in international economics and trade in July 2021 through correspondence courses. Mr. He obtained the professional qualification of logistician from China Federation of Logistics and Purchasing (中國物流與採購聯合會) and the National Logistics Standardization Technical Committee (全國物流標準化技術委員會) in July 2007.

Ms. Zhao Jing (趙靜), aged 36, has been a Supervisor of our Company since February 2023. Ms. Zhao currently serves as the supervisor of Beijing Guofu and Sichuan Guofu, and a director of Hydrogen Cloud Research Institute. Ms. Zhao is responsible for supervising the performance of duties by our Directors and members of the senior management.

Ms. Zhao's major work experience is set out below:

Time period	Company name	Main business	Position	Role and responsibility
February 2012 to March 2018	Zhangjiagang Xinxin High Fiber Co., Ltd.* (張家港欣欣高纖股份有限公司)	production, processing, and sales of chemical fiber products, exporting products and technology and importing machinery	securities affair representative and assistant to the chairman	assisting the board secretary in preparing for listing, managing the operations of three committees, ensuring information disclosure compliance

Time period	Company name	Main business	Position	Role and responsibility
April 2018 to September 2020	Jiangsu Newamstar Packaging Machinery Co., Ltd. (江蘇新美星包裝機械股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300509)	manufacturing and sales of liquid packaging machinery and water treatment equipment, importing and exporting of commodities and technologies	secretary to the chairman	assisting the chairman of the board in the management of the operations and other functional departments

Since October 2020, Ms. Zhao has been serving as the securities affairs representative and director's office manager of our Company mainly responsible for assisting the secretary of the Board, securities affairs, administrative management. Ms. Zhao obtained the board secretary qualification certificate from the SSE STAR MARKET in January 2022. Ms. Zhao did not hold any directorship in any listed companies during the last three years.

Ms. Zhao graduated from the College of Humanities and Sciences of Northeast Normal University (東北師範大學人文學院) in Changchun City, Jilin Province, the PRC with a bachelor's degree in economics in June 2011.

Mr. Kuang Kaifeng (況開鋒), aged 36, has been the employee representative Supervisor of our Company since September 2023 and is responsible for exercising Supervisor's rights and fulfilling obligations on behalf of employees.

From July 2011 to March 2016, Mr. Kuang served as a designer of Zhangjiagang CIMC Sanctum Cryogenic Equipment Co., Ltd.* (張家港中集聖達因低溫裝備有限公司), mainly responsible for the design of LNG refueling stations. From June 2016 to December 2023, Mr. Kuang successively served as the manager of the technology department, the general manager of skid-mounted liquefaction division of our Company. Since January 2024, Mr. Kuang serves as the chief engineer of our Company and is mainly responsible for overseeing product quality, certification, system construction, internal and external quality assessments. Mr. Kuang did not hold any directorship in any listed companies during the last three years.

Mr. Kuang graduated from Anhui University of Science & Technology (安徽理工大學) in Huainan City, Anhui Province, the PRC with a bachelor's degree in process equipment and control engineering in July 2011. Mr. Kuang obtained the professional qualification of Senior Engineer from Department of Human Resources and Social Security of Jiangsu Province* (江蘇省人力資源和社會保障廳) in October 2022.

SENIOR MANAGEMENT

Our executive directors all act as our senior management. In addition, our senior management also includes Mr. Cai Xubin. Our senior management is responsible for the day-to-day management of our business. The following table sets forth general information regarding our senior management:

Name	Age	Position	Date of joining our Group	Appointment date	Roles and Responsibilities	Relationship with other Directors and the senior management
Cai Xubin (蔡徐斌)	42	Chief financial officer	July 1, 2016	July 7, 2017	overall finance management	None

Mr. Cai Xubin (蔡徐斌), aged 42, was appointed as chief financial officer of our Company in July 2017. Mr. Cai currently serves as the general manager of Inner Mongolia Guofu and the supervisor of Xinjiang Guofu. Mr. Cai is responsible for overall finance management to our Company.

Mr. Cai has more than 14 years of experience in financial management. From June 2010 to June 2016, Mr. Cai served as the financial manager of Furui Special Equipment and mainly responsible for finance related work. Since June 2016, Mr. Cai has been serving as chief financial officer of our Company. Mr. Cai did not hold any directorship in any listed companies during the last three years.

Mr. Cai graduated from Huaiyin Normal University (淮陰師範學院) in Huaian City, Jiangsu Province, the PRC with a bachelor's degree in economics in June 2006.

JOINT COMPANY SECRETARIES

Mr. Shi Jian (施劍), aged 35, was appointed as our joint Company Secretary with effect from February 28, 2024. For biography of Mr. Shi Jian, please refer to "— Board of Directors — Executive Directors" above.

Ms. Wong Hoi Ting (黃凱婷), aged 37, was appointed as our joint Company Secretary with effect from February 28, 2024. She has over 9 years of experience in corporate secretarial field and is currently responsible for providing corporate secretarial and compliance services to listed companies. Ms. Wong is currently an assistant manager of the Listing Services Department of TMF Hong Kong Limited (a global corporate services provider). Ms. Wong graduated with a bachelor's degree in social sciences from Lingnan University in Hong Kong in October 2009 and a master's degree of science in professional accounting and corporate governance from City University of Hong Kong in Hong Kong in July 2014. Ms. Wong has been accredited as an associate of The Chartered Governance Institute and The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) since December 2016.

BOARD COMMITTEES

Audit Committee

We established an Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3.3 of the Corporate Governance Code as set out in part 2 of Appendix C1 to the Listing Rules. The primary duties of the Audit Committee are mainly to make recommendation to our Board on the appointment and removal of external auditor, and to assist our Board in fulfilling its oversight responsibilities in relation to our Group's financial reporting, internal control structure, risk management processes and external audit functions, and corporate governance responsibilities. The Audit Committee of our Company consists of three members, being Ms. Tong Sze Wan, Mr. Gu Yanjun and Dr. Zou Jiasheng, and Ms. Tong Sze Wan is the chairlady of our Audit Committee.

Remuneration and Review Committee

We established a Remuneration and Review Committee with written terms of reference in compliance with paragraph E.1.2 of the Corporate Governance Code as set out in part 2 of Appendix C1 to the Listing Rules. The primary duties of the Remuneration and Review Committee to evaluate and make recommendation to our Board on the overall remuneration policy and structure relating to all Directors and senior management of our Group, review performance based remuneration and ensure none of our Directors determine their own remuneration. The Remuneration and Review Committee consists of three members, being Dr. Zou Jiasheng, Mr. Wu and Ms. Tong Sze Wan, and Dr. Zou Jiasheng is the chairman of our Remuneration and review Committee.

Nomination Committee

We established a Nomination Committee with written terms of reference in compliance with paragraph B.3.1 of the Corporate Governance Code as set out in part 2 of Appendix C1 to the Listing Rules. The primary functions of the Nomination Committee are to make recommendations to our Board regarding candidates to fill vacancies on the Board. The Nomination Committee consists of three members, comprising Mr. Zhang Yongjun, Mr. Shi Jian and Dr. Zou Jiasheng, and Mr. Zhang Yongjun is the chairman of our Nomination Committee.

Strategy Committee

We have established a Strategy Committee whose primary functions are to devise and advise on the long-term strategy and material investment decisions of our Company. The Strategy Committee consists of three members, comprising Mr. Wu, Ms. Tong Sze Wan and Mr. Zhang Yongjun, and Mr. Wu is the chairman of our Strategy Committee.

CONFIRMATION FROM OUR DIRECTORS

Rule 8.10 of the Listing Rules

Each of our Directors confirms that as of the Latest Practicable Date, he or she did not have any interest in a business which competes or is likely to compete, either directly or indirectly, with our Company's business which would require disclosure under Rule 8.10 of the Listing Rules.

Rule 3.09D of the Listing Rules

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on March 12, 2024, and (ii) understands his or her obligations as a director of a listed issuer under the Listing Rules.

Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors has confirmed (i) his/her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) he/she has no past or present financial or other interest in the business of our Company or its subsidiaries or any connection with any core connected person of our Company under the Listing Rules as of the Latest Practicable Date, and (iii) that there are no other factors that may affect his/her independence at the time of his/her appointments.

REMUNERATION POLICY

We value our employees and recognise the importance of a good relationship with our employees. The remuneration to our employees includes salaries, bonuses, benefits and share-based payments.

Our Group offers competitive remuneration packages to our Directors and Supervisors, the aggregate amounts of emoluments (including salaries and other benefits, discretionary bonuses, share-based payments and retirement benefit scheme contribution) paid to our Directors and Supervisors for the three years ended December 31, 2021, 2022 and 2023 and the five months ended May 31, 2024 were RMB3,394,000, RMB3,825,000, RMB5,386,000 and RMB8,581,000, respectively. For the three years ended December 31, 2021, 2022 and 2023 and the five months ended May 31, 2024, the aggregate amounts of emoluments (including salaries and other benefits, discretionary bonuses, retirement benefit scheme contribution and share-based payments) paid to the five highest paid individuals, other than our Directors and Supervisors, were RMB1,349,000, RMB2,293,000, RMB2,818,000 and RMB5,101,000, respectively.

We have not paid any remuneration to our Directors or the five highest paid individuals as an inducement to join or upon joining us or as a compensation for loss of office during the Track Record Period. Furthermore, none of our Directors had waived any remuneration during the Track Record Period. The primary goal of the remuneration policy with regard to the remuneration packages of our Directors is to enable us to retain and motivate executive Directors by linking their compensation with performance as measured against corporate objectives achieved. The principal elements of our Group's directorship remuneration packages include salaries and other benefits.

Under the arrangements currently in force, we estimate that the aggregate amounts of remuneration (i.e. salaries and other benefits) payable to our Directors for acting as Directors for the financial year ending December 31, 2024 will be approximately RMB2.22 million.

We have not experienced any significant problems with our employees or disruption to our operations due to labour disputes, nor have we experienced any difficulties in the recruitment and retention of experienced staff.

For additional information on Directors' and Supervisors' remuneration during the Track Record Period as well as information on the highest paid individuals, please refer to Notes 13(a) and 13(b) of the Accountant's Report as Appendix I to this prospectus.

BOARD DIVERSITY POLICY

We have adopted a board diversity policy which sets out the approach to achieve and maintain an appropriate balance of diversity perspectives of our Board that are relevant to our business growth. Pursuant to our board diversity policy, selection of Board candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to our Board.

Our Directors have a balanced mix of knowledge and skills, including overall management and strategic development, business operation and accounting and financial management. We have three independent non-executive Directors who have different industry backgrounds, representing one-third of our Board 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 our Directors in various aspects and fields can enable our Company to maintain high standard of operation.

Our nomination committee is responsible for ensuring the diversity of our Board. After the Listing, our nomination committee will review our board diversity policy from time to time to ensure its continued effectiveness and we will disclose the implementation of our board diversity policy in our corporate governance report on an annual basis.

CORPORATE GOVERNANCE CODE

Our Group is committed to achieving high standards of corporate governance with a view to safeguarding the interests of our shareholders. To accomplish this, our Group adopts the code provisions of the Corporate Governance Code as our code on corporate governance. Our Directors will review and monitor the practices of our Company from time to time with an aim to maintain and improve the standard of our corporate governance practices. We intend to comply with the code provisions of the Corporate Governance Code upon Listing.

COMPLIANCE ADVISOR

Our Company has appointed Soochow Securities International Capital Limited as our compliance advisor pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance advisor will advise our Company on the following matters:

(1) before the publication of any regulatory announcement, circular or financial report;

(2) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share buy-backs;

(3) where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate, or other information in this prospectus; and

(4) where the Stock Exchange makes an inquiry of us regarding unusual movements in the price or trading volume of our Shares.

Pursuant to Rules 3A.24 of the Listing Rules, the compliance advisor will, on a timely basis, inform us of any amendment or supplement to the Listing Rules that are announced by the Stock Exchange. The compliance advisor will also inform us of any new or amended laws, rules, codes and guidelines applicable to us, and advise us on the continuing requirements under the Listing Rules and applicable laws and regulations.

The term of the appointment shall commence on the Listing Date and end on the date on which we distribute our annual report in respect of our financial results for the first full financial year commencing after the Listing Date and such appointment may be subject to extension by mutual agreement.

To the best of the knowledge of our Directors, the following persons will, immediately after the completion of the Global Offering, have an interest or short position in our Shares or underlying Shares which are required to be disclosed to our Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at the general meetings of our Company:

			As of the Latest Practicable Date		Immediately after the Global Offering	
Shareholder	**Capacity/ Nature of interest**	**Class of Shares**	**Number of Shares**	**Approximate percentage of shareholding in the total issued share capital**	**Number of Shares**	**Approximate percentage of shareholding in the total issued share capital**
New Cloud Technology[(1)]	Beneficial owner	Domestic Unlisted Shares	18,827,916	19.07%	–	–
		H Shares	–	–	18,827,916	17.98%
Mr. Wu[(1)]	Interest in a controlled corporation	Domestic Unlisted Shares	23,112,797	23.41%	2,142,440	2.05%
		H Shares	–	–	20,970,357	20.03%
	Beneficial owner	Domestic Unlisted Shares	3,425,987	3.47%	1,712,993	1.64%
		H Shares	–	–	1,712,994	1.64%
Mr. Wang[(1)]	Interest in a controlled corporation	Domestic Unlisted Shares	18,827,916	19.07%	–	–
		H Shares	–	–	18,827,916	17.98%
	Interest held jointly with another person	Domestic Unlisted Shares	7,710,868	7.81%	3,855,433	4.85%
		H Shares	–	–	3,855,435	4.85%
CM Venture Capital[(2)]	Beneficial owner	Domestic Unlisted Shares	6,684,517	6.77%	–	–
		H Shares	–	–	6,684,517	6.38%
CM Venture Capital Management[(2)]	Interest in a controlled corporation	Domestic Unlisted Shares	6,684,517	6.77%	–	–
		H Shares	–	–	6,684,517	6.38%
Zhou Min (周敏)[(2)]	Interest in a controlled corporation	Domestic Unlisted Shares	6,684,517	6.77%	–	–
		H Shares	–	–	6,684,517	6.38%

Notes:

(1) New Cloud Technology, Mr. Wu, Mr. Wang, Qingjie New Energy, Hydrogen Ying New Energy and Hydrogen Win New Energy are the Single Largest Group of Shareholders. Among them, upon completion of the Global Offering and filing procedure with the CSRC on the conversion of our Domestic Unlisted Shares into H Shares, New Cloud Technology will directly hold 18,827,916 H Shares. New Cloud Technology has two general partners, namely Mr. Wu and Mr. Wang. In addition, upon completion of the Global Offering and filing procedure with the CSRC on the conversion of our Domestic Unlisted Shares into H Shares, Mr. Wu will be (i) the beneficial owner of 1,712,993 Domestic Unlisted Shares and 1,712,994 H Shares in our Company; (ii) deemed to be interested in the 933,335 H Shares and 933,334 Domestic Unlisted Shares held by Hydrogen Ying New Energy and 459,106 H Shares and 459,106 Domestic Unlisted Shares held by Hydrogen Win New Energy in our Company due to his role as a general partner in Hydrogen Ying New Energy and Hydrogen Win New Energy, respectively; and (iii) deemed to be interested in the 750,000 H Shares and 750,000 Domestic Unlisted Shares held by Qingjie New Energy in our Company, whose voting rights have been entrusted to him pursuant to the relevant voting rights proxy agreement. Pursuant to an acting in concert agreement entered into between Mr. Wu and Mr. Wang on March 23, 2020, for a period starting from the signing date of the acting in concert agreement until 36 months after the date of initial public offering and listing of our Company, Mr. Wu and Mr. Wang shall act in concert in exercising, among other things, the voting rights as shareholders and directors of our Company (including through New Cloud Technology, Qingjie New Energy, Hydrogen Ying New Energy and Hydrogen Win New Energy), as the case may be, provided that if there is any disagreement between them, Mr. Wu's decision shall be final. Therefore, each of Mr. Wu and Mr. Wang is deemed to be interested in the Shares held by New Cloud Technology, Qingjie New Energy, Hydrogen Ying New Energy and Hydrogen Win New Energy in our Company due to their respective role as a general partner and/or the acting in concert agreement between them, as the case may be, under the SFO.

(2) Upon completion of the Global Offering and filing procedure with the CSRC on the conversion of our Domestic Unlisted Shares into H Shares, CM Venture Capital means Shanghai CM B Venture Capital Investment Partnership (Limited Partnership)*上海遨問乙期創業投資合夥企業(有限合夥). CM Venture Capital Management means Shanghai CM Venture Capital Management Co., Ltd.* (上海遨問創業投資管理有限公司), which is the general partner of CM Venture Capital, is controlled by Zhou Min (周敏). Each of CM Venture Capital Management and Zhou Min (周敏) is therefore deemed to be interested in the 6,684,517 H Shares held by CM Venture Capital in our Company under the SFO.

Save as disclosed above, our Directors are not aware of any person who will, immediately following the Global Offering, have an interest or short position in our Shares or underlying Shares which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company.

THE CORNERSTONE PLACING

We have entered into cornerstone investment agreements (each a "Cornerstone Investment Agreement", and, collectively the "Cornerstone Investment Agreements") with the cornerstone investors set out below (the "Cornerstone Investors", and each a "Cornerstone Investor"), pursuant to which, subject to certain conditions precedent, the Cornerstone Investors have agreed to subscribe, or cause their designated entities to subscribe, for such number of Offer Shares (rounded down to the nearest whole board lot of 100 H Shares) with an aggregate net amount of approximately HK$318.2 million at the Offer Price as set out in the tables below (the "Cornerstone Placing").

Assuming an Offer Price of HK$65.00 per Offer Share, being the low-end of the indicative Offer Price range set out in this Prospectus, the total number of Offer Shares to be subscribed for by the Cornerstone Investors would be 4,846,800 H Shares, representing approximately 80.8% of the Offer Shares and approximately 4.6% of the total issued share capital of our Company immediately upon completion of the Global Offering.

Assuming an Offer Price of HK$69.00 per Offer Share, being the mid-point of the indicative Offer Price range set out in this Prospectus, the total number of Offer Shares to be subscribed for by the Cornerstone Investors would be 4,565,700 H Shares, representing approximately 76.1% of the Offer Shares and approximately 4.4% of the total issued share capital of our Company immediately upon completion of the Global Offering.

Assuming an Offer Price of HK$73.00 per Offer Share, being the high-end of the indicative Offer Price range set out in this Prospectus, the total number of Offer Shares to be subscribed for by the Cornerstone Investors would be 4,315,500 H Shares, representing approximately 71.9% of the Offer Shares and approximately 4.1% of the total issued share capital of our Company immediately upon completion of the Global Offering.

Our Company is of the view that introducing the Cornerstone Investors to the Global Offering would help secure a substantial commitment at the start of the marketing period, thereby reducing the risk of an unsuccessful issuance in volatile market conditions. Additionally, leveraging the Cornerstone Investors' reputations would enhance our Company's profile and instill confidence in the market regarding our business and its prospects. Our Company became acquainted with HongKong Frontier Tanzhonghe as it is a close associate of Lingang Frontier Capital, our existing Shareholder. Our Company established connections with Yuechuang New Energy HK and Zhixin Qingzhuang primarily through introductions made by the Underwriters and our Group's business network.

Among the Cornerstone Investors, HongKong Frontier Tanzhonghe is a wholly-owned subsidiary of Lingang Frontier Capital, which is our existing Shareholder. Our Company has applied for, and the Stock Exchange has granted, waivers from strict compliance with the Listing Rules in respect of the Cornerstone Investment made by the existing Shareholder and its close associates. Please see the section headed "Waivers From Strict Compliance with the Listing Rules — Placing to a Close Associate of the Existing Shareholder as Cornerstone Investor."

The Cornerstone Placing forms part of the International Placing, and the Cornerstone Investors will not acquire any Offer Shares under the Global Offering other than pursuant to the Cornerstone Investment Agreements. The Offer Shares to be subscribed by the Cornerstone Investors will rank pari passu in all respects with the fully paid H Shares in issue following the completion of the Global Offering and will be listed on the Stock Exchange and counted towards the public float of our Company for the purpose of Rule 8.08 of the Listing Rules.

Immediately upon the completion of the Global Offering, (i) none of the Cornerstone Investors will become a substantial Shareholder; and (ii) the Cornerstone Investors or their close associates will not, by virtue of their cornerstone investments, have any Board representation in our Company.

Save as otherwise disclosed, as confirmed by each of the Cornerstone Investors, to the best knowledge of our Company and after making reasonable enquiries:

(i) save for the fact that HongKong Frontier Tanzhonghe is a close associate of Lingang Frontier Capital (our existing Shareholder), the other Cornerstone Investors are Independent Third Parties and each of the Cornerstone Investors is not our connected person (as defined under the Listing Rules) or its respective associate(s);

(ii) each Cornerstone Investor is independent of other Cornerstone Investors;

(iii) none of the Cornerstone Investors are accustomed to taking and have taken any instructions from our Company, our Directors, Supervisors, chief executive, substantial Shareholders, Single Largest Group of Shareholders, existing Shareholders, or any of its subsidiaries or their respective close associates in relation to the acquisition, disposal, voting or other disposition of the H Shares registered in their name or otherwise held by them;

(iv) save for the Offer Shares subscribed by HongKong Frontier Tanzhonghe, which is a close associate of Lingang Frontier Capital (an existing Shareholder), none of the subscription of the relevant Offer Shares by the Cornerstone Investors is directly or indirectly, financed, funded or backed by our Company, our Directors, Supervisors, chief executive, substantial Shareholders, Single Largest Group of Shareholders, existing Shareholder or any of its subsidiaries or their respective close associates; and

(v) each Cornerstone Investor has confirmed that its subscription under the Cornerstone Placing would be financed by its own internal financial resources or the financial resources of its parent company and/or the funds under the management by its parent company.

There are no side agreements/arrangements between our Company and the Cornerstone Investors or any benefit, direct or indirect, conferred on the Cornerstone Investors by virtue of or in relation to the Listing, other than a guaranteed allocation of the relevant Offer Shares at the Offer Price. Each of the Cornerstone Investors has confirmed that all necessary approvals have been obtained with respect to the relevant cornerstone investment. None of the Cornerstone Investors or their holding companies is listed on any stock exchange, and each of the Cornerstone Investors has confirmed that no specific approval from any stock exchange (if relevant) or its shareholders is required for the relevant cornerstone investment.

There will be no delayed delivery or deferred settlement of Offer Shares to be subscribed by the Cornerstone Investors and all Cornerstone Investors have agreed to pay in full for the relevant Offer Shares that they have subscribed before dealings in our Company's H Shares commence on the Stock Exchange.

OUR CORNERSTONE INVESTORS

The information about our Cornerstone Investors set forth below has been provided by the Cornerstone Investors in relation to the Cornerstone Placing.

Hongkong Frontier Tanzhonghe

HongKong Frontier Tanzhonghe Limited (香港前沿碳中禾有限公司) ("Hongkong Frontier Tanzhonghe") is an investment holding company incorporated in Hong Kong with limited liability on June 12, 2024. Hongkong Frontier Tanzhonghe is wholly owned by Lingang Frontier Capital, which is our existing Shareholder.

Lingang Frontier Capital is a limited partnership established in the PRC on January 13, 2022 with registered capital of RMB801.8 million and is principally engaged in equity investment in advanced manufacturing industry and invests mainly in emerging growth companies, focusing on investing in high-quality projects with international vision and global layout, with emphasis on new energy, new energy vehicles, high-end equipment manufacturing, integrated circuits, artificial intelligence, green remanufacturing and other fields. Hongkong Frontier Tanzhonghe is a wholly-owned special purpose vehicle established by Lingang Frontier Capital to invest in our Company.

As at the Latest Practicable Date, Lingang Frontier Capital was held as to 0.0985% by Lingang Frontier (Shanghai) Private Fund Management Co., Ltd. (臨港前沿(上海)私募基金管理有限公司) as its general partner and as to 87.3036% by Shanghai Lingang New District Daohe Phase I Industrial Asset Allocation Equity Investment Fund Partnership (Limited Partnership) (上海臨港新片區道禾一期產業資產配置股權投資基金合夥企業(有限合夥)) ("Allocation Phase I") as its limited partner. Lingang Frontier (Shanghai) Private Fund Management Co., Ltd. (臨港前沿(上海)私募基金管理有限公司) is ultimately controlled by Ms. Shan Xiuhong (單秀紅).

Allocation Phase I was held as to 33.23% by each of Zhangjiagang State-owned Assets Management Center (張家港市國有資產管理中心), China (Shanghai) Pilot Free Trade Zone Lin-Gang Special Area Management Committee Financial Settlement and State-owned Assets Affairs Center (中國(上海)自由貿易試驗區臨港新片區管理委員會財務結算和國有資產事務中心) and Shanghai State-owned Assets Supervision and Administration Commission (上海市國有資產監督管理委員會), respectively, as the ultimate beneficial owners.

As disclosed in "Waiver from Strict Compliance with the Listing Rules — Placing to a Close Associate of the Existing Shareholder as Cornerstone Investor", Hongkong Frontier Tanzhonghe is a close associate of Lingang Frontier Capital, an existing Shareholder of our Company. Therefore, our Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 10.04 of the Listing Rules and consent under paragraph 5(2) of Appendix F1 to the Listing Rules so that Lingang Frontier Capital may participate in the Global Offering as a cornerstone investor through Hongkong Frontier Tanzhonghe.

Yuechuang New Energy HK

Yue Chuang New Energy HK Limited (悦創新能源香港有限公司) ("Yuechuang New Energy HK") is an investment holding company incorporated in Hong Kong with limited liability on June 24, 2024. Yuechuang New Energy HK is wholly owned by Zhangjiagang Yuechuang New Energy Partnership (Limited Partnership) (張家港悦創新能源合夥企業(有限合夥)) ("Yuechuang New Energy").

Yuechuang New Energy is a limited partnership established in the PRC on June 7, 2024 with registered capital of RMB190.1 million and is principally engaged in research and development of emerging energy technologies and new material technologies; enterprise management; enterprise management consulting; equity investment and investment activities with own funds (in addition to projects subject to approval in accordance with the law, with the business license to independently carry out business activities in accordance with the law).

As of the Latest Practicable Date, Yuechuang New Energy was held as to 0.0526% by Jiyang Innovation (Zhangjiagang) Investment Management Co., Ltd. (暨陽創新(張家港)投資管理有限公司) ("Jiyang Innovation (Zhangjiagang)") as its general partner and as to 49.9737% and 49.9737% by Zhangjiagang Industrial Capital Investment Co., Ltd. (張家港產業資本投資有限公司) ("Zhangjiagang Industrial Capital") and Zhangjiagang Yuexiang New Energy Technology Co., Ltd. (張家港市悦祥新能源科技有限公司) ("Zhangjiagang Yuexiang New Energy Technology"), respectively, as its limited partners. Jiyang Innovation (Zhangjiagang) was held (i) as to 90.0% by Zhangjiagang Jinmao Collective Asset Management Center (張家港市金茂集體資產經營管理中心), which is an enterprise with collective ownership, owned by more than 50 people, each holding less than 2% interest; and (ii) 10.0% by Zhangjiagang Industrial Investment Management Co., Ltd. (張家港產業投資管理有限公司), which is indirectly owned by Zhangjiagang State-owned Assets Management Center. Zhangjiagang Industrial Capital is indirectly owned by Zhangjiagang State-owned Assets Management Center as well. Zhangjiagang Yuexiang New Energy Technology is wholly owned by Zhangjiagang Economic Development Zone Holding Group Co., Ltd. (張家港經開區控股集團有限公司), which in turn was held as to 76.3528% and 23.6472% by Zhangjiagang Economic Development Zone State-owned Capital Investment and Operation Group Co., Ltd. (張家港經開區國有資本投資運營集團有限公司) and Zhangjiagang Yuerun Investment Development Co., Ltd. (張家港市悦潤投資發展有限公司), respectively, both of which are under the supervision and management of Zhangjiagang Economic and Technological Development Zone Management Committee (張家港經濟技術開發區管理委員會).

Zhixin Qingzhuang

Jiaxing Zhixin Hydrogen Equipment Equity Investment Partnership (Limited Partnership) (嘉興智芯氫裝股權投資合夥企業(有限合夥)) ("Zhixin Qingzhuang") is a limited partnership incorporated in the PRC on 29 July 2024 with registered capital of RMB105 million.

As at the Latest Practicable Date, the general partner of Zhixin Qingzhuang is Jian Xin Tian Ran Investment Management Ltd., Co. (建信天然投資管理有限公司), which holds approximately 1.0% of Zhixin Qingzhuang's partnership interest and the ultimate controller of such general partner is Mr. Yuan Shengyao (袁聖堯). The limited partners of Zhixin Qingzhuang are Jiaxing Science and Technology City Industrial Investment Fund Co., Ltd. (嘉興科技城產業投資基金有限公司) and Zhejiang Xunnan Equity Investment Co., Ltd. (浙江埕南股權投資有限公司), which hold 59.4% and 39.6% of Zhixin Qingzhuang's partnership interest, respectively, both of which are either majority-owned and wholly-owned by the SASAC of Jiaxing. Zhixin Qingzhuang focuses on the equity investments.

Set out below is the aggregate number of the Offer Shares, and the corresponding percentage to our Company's total issued share capital under the Cornerstone Placing:

			Based on the Offer Price of HK$65.00 per H Share (being the low-end of the indicative range of the Offer Price)		
Cornerstone Investor (each as defined below)	**Total investment amount(1)**	**Number of Offer Shares to be acquired(2)**	**Approximate % of the International Placing**	**Approximate % of Offer Shares**	**Approximate % of the issued share capital immediately following the completion of the Global Offering**
	(HK$)				
Hongkong Frontier Tanzhonghe	108,766,586.0	1,656,600	30.7%	27.6%	1.6%
Yuechuang New Energy HK	100,000,000.0	1,523,100	28.2%	25.4%	1.5%
Zhixin Qingzhuang	109,200,000.0	1,663,200	30.8%	27.7%	1.6%
Total:	**317,966,586.0**	**4,842,900**	**89.7%**	**80.7%**	**4.6%**

Notes:

(1) Inclusive of brokerage, SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee.

(2) Rounded down to the nearest whole board lot of 100 H Shares.

Cornerstone Investor (each as defined below)	Total investment amount[(1)]	Number of Offer Shares to be acquired[(2)]	Based on the Offer Price of HK$69.00 per H Share (being the mid-point of the indicative range of the Offer Price) Approximate % of the International Placing	Approximate % of Offer Shares	Approximate % of the issued share capital immediately following the completion of the Global Offering
	(HK$)				
Hongkong Frontier Tanzhonghe	108,766,586.0	1,560,500	28.9%	26.0%	1.5%
Yuechuang New Energy HK	100,000,000.0	1,434,800	26.6%	23.9%	1.4%
Zhixin Qingzhuang	109,200,000.0	1,566,800	29.0%	26.1%	1.5%
Total:	**317,966,586.0**	**4,562,100**	**84.5%**	**76.0%**	**4.4%**

Notes:

(1) Inclusive of brokerage, SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee.

(2) Rounded down to the nearest whole board lot of 100 H Shares.

Cornerstone Investor (each as defined below)	Total investment amount[1]	Number of Offer Shares to be acquired[2]	Based on the Offer Price of HK$73.00 per H Share (being the high-end of the indicative range of the Offer Price)		
			Approximate % of the International Placing	Approximate % of Offer Shares	Approximate % of the issued share capital immediately following the completion of the Global Offering
	(HK$)				
Hongkong Frontier Tanzhonghe	108,766,586.0	1,475,000	27.3%	24.6%	1.4%
Yuechuang New Energy HK	100,000,000.0	1,356,100	25.1%	22.6%	1.3%
Zhixin Qingzhuang	109,200,000.0	1,480,900	27.4%	24.7%	1.4%
Total:	**317,966,586.0**	**4,312,000**	**79.9%**	**71.9%**	**4.1%**

Notes:

(1) Inclusive of brokerage, SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee.

(2) Rounded down to the nearest whole board lot of 100 H Shares.

CLOSING CONDITIONS

The subscription obligation of each Cornerstone Investor under the respective Cornerstone Investment Agreement is subject to, among other things, the following closing conditions:

(a) the Underwriting Agreements being entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified in these Underwriting Agreements, and neither of the aforesaid Underwriting Agreements having been terminated;

(b) the Offer Price having been agreed upon between our Company and the Overall Coordinators (for themselves and on behalf of the Underwriters);

(c) the Stock Exchange having granted the listing of, and permission to deal in, the H Shares (including the Investor Shares defined in the Cornerstone Investment Agreements) as well as other applicable waivers and approvals and such approval, permission or waiver having not been revoked prior to the commencement of dealings in the H Shares on the Stock Exchange;

(d) no laws shall have been enacted or promulgated by any governmental authority which prohibits the consummation of the transactions contemplated in the Global Offering or the Cornerstone Investment Agreements, and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions; and

(e) the respective representations, warranties, undertakings, acknowledgements and confirmations of the Cornerstone Investor under the respective Cornerstone Investment Agreements are (as of the date of each of the Cornerstone Investment Agreement) and will be (as of the Listing Date) accurate and true in all respects and not misleading and that there is no breach of the Cornerstone Investment Agreement on the part of the Cornerstone Investor.

RESTRICTIONS ON THE CORNERSTONE INVESTORS

Each of the Cornerstone Investors has agreed that it will not, whether directly or indirectly, at any time during the period of six months following the Listing Date (the "Lock-up Period"), dispose of any of the Offer Shares they have subscribed for pursuant to the relevant Cornerstone Investment Agreements (the "Relevant Shares") or any interest in any company or entity holding any of the Relevant Shares.

SHARE CAPITAL

Immediately before the Global Offering

As of the Latest Practicable Date, the registered share capital of our Company was RMB98,710,560, comprising 98,710,560 Domestic Unlisted Shares with a nominal value of RMB1.00.

Upon the Completion of the Global Offering

The share capital of our Company immediately after the Global Offering and the conversion of Domestic Unlisted Shares into H Shares will be as follows:

Description of Shares	Number of Shares	Approximate % of the enlarged issued share capital after the Global Offering
Domestic Unlisted Shares in issue	25,222,843	24.09%
H Shares to be converted from Domestic Unlisted Shares	73,487,717	70.18%
H Shares to be issued pursuant to the Global Offering	6,000,000	5.73%
Total	104,710,560	100.00%

CLASS OF SHARES

The H Shares in issue following the completion of the Global Offering and the Domestic Unlisted Shares are ordinary Shares in the share capital of our Company. However, H Shares may only be subscribed for and traded in Hong Kong dollars.

Apart from certain qualified domestic institutional investors in the PRC, the qualified PRC investors under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and other persons who are entitled to hold the H Shares pursuant to relevant PRC laws and regulations or upon approvals of any competent authorities, H Shares generally cannot be subscribed for by or traded between legal or natural PRC persons. Domestic Unlisted Shares can be subscribed for by and traded between legal or natural PRC persons, qualified foreign institutional investors and foreign strategic investors. All dividends for H Shares will be paid in Hong Kong dollars or in the form of additional H Shares whereas all dividends for Domestic Unlisted Shares will be paid in Renminbi. However, the transfer of Domestic Unlisted Shares must comply with the provisions of PRC laws, which may be subject to updates.

RANKING

Domestic Unlisted Shares and H Shares will rank equally for all dividends or distributions declared, paid or made after the date of this prospectus. However, the transfer of the Domestic Unlisted Shares must comply with the provisions of PRC laws, which may be subject to updates.

CONVERSION OF OUR DOMESTIC UNLISTED SHARES INTO H SHARES

After the completion of the Global Offering, our Shares will consist of Domestic Unlisted Shares and H Shares which are all ordinary Shares in the share capital of our company. Our Domestic Unlisted Shares are Shares which are currently not listed or traded on any stock exchange. According to the stipulations by the State Council's securities regulatory authority and the Articles of Association, the holders of our Domestic Unlisted Shares may, at their own option, authorize our Company to apply to the CSRC for conversion of their respective Shares to H Shares. After the conversion of Domestic Unlisted Shares, such converted Shares may be listed or traded on an overseas stock exchange, provided that prior to the conversion and trading of such converted shares any requisite internal approval processes shall have been duly completed and the approval from and the completion of filing with the relevant PRC regulatory authorities, including the CSRC, shall have been obtained. 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.

Approval of the Stock Exchange is required for the listing of such converted shares on the Stock Exchange. Based on the methodology and procedures for the conversion of our Domestic Unlisted Shares into H Shares as described in this section, we can apply for the listing of all or any portion of our Domestic Unlisted Shares on the Stock Exchange as H Shares in advance of any proposed conversion to ensure that the conversion process can be completed promptly upon notice to the Stock Exchange and delivery of shares for entry on the H Share register. As any listing of additional Shares after our Listing on the Stock Exchange is ordinarily considered by the Stock Exchange to be a purely administrative matter, it does not require such prior application for listing at the time of our Listing in Hong Kong.

After the completion of filing and all the requisite approvals have been obtained, the following procedure will need to be completed in order to effect the conversion: the relevant Domestic Unlisted Shares will be withdrawn from the Domestic Unlisted Share register and we will re-register such Shares on our H Share register maintained in Hong Kong and instruct the H Share Registrar to issue H Share certificates. Registration on our H Share register will be conditional on (a) the H Share Registrar lodging with the Stock Exchange a letter confirming the proper entry of the relevant H Shares on the H Share register and the due dispatch of H Share certificates and (b) the admission of the H Shares to trade on the Stock Exchange 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 listed as H Shares.

Following the completion of the Global Offering and filing procedure with the CSRC on August 14, 2024, a total of 73,487,717 Domestic Unlisted Shares held by certain Shareholders will be converted into H Shares on a one-for-one basis and listed on Stock Exchange for trading, details of the conversion and numbers of H Shares and Domestic Unlisted Shares before and after the Global Offering are set out as below:

				H Shares		Domestic Unlisted Shares	
Name of Shareholders	Number of Domestic Unlisted Shares Held as of the Latest Practicable Date	Number of Shares Applied for Conversion into H Shares	Percentage of Number of Shares Applied for Conversion into H Shares to Number of Shares Held by the Shareholder(s) as of the Latest Practicable Date	Number of H Shares held after the Global Offering	Percentage of total number of Shares after the Global Offering	Number of Domestic Unlisted Shares held after the Global Offering	Percentage of total number of Shares after the Global Offering
New Cloud Technology	18,827,916	18,827,916	100.00%	18,827,916	17.98%	–	–
Yongyuan Huaneng	5,000,000	2,500,000	50.00%	2,500,000	2.39%	2,500,000	2.39%
Tang Ying	2,500,000	2,500,000	100.00%	2,500,000	2.39%	–	–
Qingjie New Energy	1,500,000	750,000	50.00%	750,000	0.72%	750,000	0.72%
CM Venture Capital	6,684,517	6,684,517	100.00%	6,684,517	6.38%	–	–
Jinpu Intelligent	5,058,541	5,058,541	100.00%	5,058,541	4.83%	–	–
Fanchuang Industrial	4,474,389	4,474,389	100.00%	4,474,389	4.27%	–	–
Zhang Jinlong	1,087,560	300,000	27.58%	300,000	0.29%	787,560	0.75%
Dongfang Hydrogen Energy	2,183,549	2,183,549	100.00%	2,183,549	2.09%	–	–
Shanghai Zhuhuai	1,894,188	631,396	33.33%	631,396	0.60%	1,262,792	1.21%
Mr. Wu	3,425,987	1,712,994	50.00%	1,712,994	1.64%	1,712,993	1.64%
Jiequan Anpeng	2,729,754	1,364,877	50.00%	1,364,877	1.30%	1,364,877	1.30%
Jiequan Jingshifeng	1,364,877	1,364,877	100.00%	1,364,877	1.30%	–	–
Guohua Tengyue	909,918	909,918	100.00%	909,918	0.87%	–	–
He Huadong	312,031	312,031	100.00%	312,031	0.30%	–	–
Suna Tonghe	1,364,877	1,364,877	100.00%	1,364,877	1.30%	–	–
Shuimu Qingyuan	4,067,117	4,067,117	100.00%	4,067,117	3.88%	–	–
Jining Jiekun	2,674,725	1,337,363	50.00%	1,337,363	1.28%	1,337,362	1.28%
Gongqingcheng Investment	1,337,363	668,682	50.00%	668,682	0.64%	668,681	0.64%
Yongshi Huijin	820,801	410,401	50.00%	410,401	0.39%	410,400	0.39%
Suzhou Junyong	1,069,890	1,069,890	100.00%	1,069,890	1.02%	–	–
Hongcheng VC	857,567	428,784	50.00%	428,784	0.41%	428,783	0.41%
Qingdao Xinding	2,858,556	2,858,556	100.00%	2,858,556	2.73%	–	–
Tianying Heyi	857,567	857,567	100.00%	857,567	0.82%	–	–
Langma 41	857,567	857,567	100.00%	857,567	0.82%	–	–
Anji Jiekun	857,567	428,784	50.00%	428,784	0.41%	428,783	0.41%

				H Shares		Domestic Unlisted Shares	
Name of Shareholders	Number of Domestic Unlisted Shares Held as of the Latest Practicable Date	Number of Shares Applied for Conversion into H Shares	Percentage of Number of Shares Applied for Conversion into H Shares to Number of Shares Held by the Shareholder(s) as of the Latest Practicable Date	Number of H Shares held after the Global Offering	Percentage of total number of Shares after the Global Offering	Number of Domestic Unlisted Shares held after the Global Offering	Percentage of total number of Shares after the Global Offering
Zhang Tong	285,856	285,856	100.00%	285,856	0.27%	–	–
Delian Xingyao	857,567	857,567	100.00%	857,567	0.82%	–	–
Shunyuan Qingrui	1,059,083	1,059,083	100.00%	1,059,083	1.01%	–	–
Cui Haining	142,928	100,050	70.00%	100,050	0.10%	42,878	0.04%
Yuefu New Energy	285,856	285,856	100.00%	285,856	0.27%	–	–
Yongxing Investment	571,711	285,856	50.00%	285,856	0.27%	285,855	0.27%
Jiequan Shuangyu	571,711	571,711	100.00%	571,711	0.55%	–	–
Lingang Frontier Capital	857,567	857,567	100.00%	857,567	0.82%	–	–
Lou Jing	142,928	142,928	100.00%	142,928	0.14%	–	–
Yubo Investment	428,783	428,783	100.00%	428,783	0.41%	–	–
Chen Peiliang	657,468	657,468	100.00%	657,468	0.63%	–	–
Wu Gang	371,612	247,741	66.67%	247,741	0.24%	123,871	0.12%
Huzhou Yongming	844,167	422,084	50.00%	422,084	0.40%	422,083	0.40%
Hainan Huaqing	168,833	168,833	100.00%	168,833	0.16%	–	–
Qingdao Xinding Ronglu	1,284,760	1,284,760	100.00%	1,284,760	1.23%	–	–
Hydrogen Ying New Energy	1,866,669	933,335	50.00%	933,335	0.89%	933,334	0.89%
Hydrogen Win New Energy	918,212	459,106	50.00%	459,106	0.44%	459,106	0.44%
Jiyang Hydrogen Energy	514,540	514,540	100.00%	514,540	0.49%	–	–
Enze Haihe	1,604,835	–	–	–	–	1,604,835	1.53%
Ningbo Zhenghai Jurui	267,473	–	–	–	–	267,473	0.26%
Jinsha Fund	857,567	–	–	–	–	857,567	0.82%
Zhao Jingfang	1,182,894	–	–	–	–	1,182,894	1.13%
Beijing Qianfeng	454,959	–	–	–	–	454,959	0.43%
Wang Zhi	1,504,503	–	–	–	–	1,504,503	1.44%
Zhang Mengtao	285,855	–	–	–	–	285,855	0.27%
Mengfa Group	5,145,399	–	–	–	–	5,145,399	4.91%
Other Public H Shareholders	–	–	–	6,000,000	5.73%	–	–
In total	**98,710,560**	**73,487,717**	**–**	**79,487,717**	**75.91%**	**25,222,843**	**24.09%**

As far as we are aware, save for the relevant Shareholders listed above, none of the other Shareholders currently proposes to convert any of their Domestic Unlisted Shares into H Shares.

TRANSFER OF SHARES ISSUED PRIOR TO THE GLOBAL OFFERING

In accordance with the PRC Company Law, the shares issued prior to any public offering of shares by a company cannot be transferred within one year from the date on which such publicly offered shares are listed and traded on the relevant stock exchange. As such, the Shares issued by our Company prior to the issue of H Shares will be subject to such statutory restriction on transfer within a period of one year from the Listing Date.

REGISTRATION OF SHARES NOT LISTED ON AN OVERSEAS STOCK EXCHANGE

According to the Notice of Centralized Registration and Deposit of Non-overseas Listed Shares of Companies Listed on an Overseas Stock Exchange (《關於境外上市公司非境外上市股份集中登記存管有關事宜的通知》) issued by the CSRC, an overseas listed company is required to register its shares that are not listed on any overseas stock exchange with CSDCC within 15 business days upon its listing and provide a written report to the CSRC regarding the centralized registration and deposit of its unlisted shares as well as the current offering and listing of shares.

SHAREHOLDERS' APPROVAL FOR THE GLOBAL OFFERING

Approval from our Shareholders is required for our Company to issue H Shares and apply for the listing of H Shares on the Stock Exchange. Our Company has obtained such approval at the Shareholders' general meeting held on March 8, 2024.

SHAREHOLDERS' GENERAL MEETINGS

For details of circumstances under which the Shareholders' general meeting is required, see "Appendix V — Summary of Principal Legal and Regulatory Provisions" and "Appendix VI — Summary of Articles of Association".

You should read the following discussion in conjunction with the consolidated financial statements and the notes thereto included in the Accountants' Report in Appendix I to this prospectus which has been prepared in accordance with IFRS, and the selected historical financial information and operating data included elsewhere in this prospectus.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future development, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. In evaluating our business, you should carefully consider the information provided in the sections headed "Risk Factors" and "Forward-Looking Statements" and elsewhere in this prospectus.

OVERVIEW

We are a leading hydrogen energy storage and transport equipment manufacturer in China. We develop and manufacture hydrogen energy core equipment used in the entire industrial value chain of hydrogen energy, which consists of its production, storage, transportation, refueling and use. We strive to contribute to the rapid growth of China's hydrogen energy industry. We currently provide four types of hydrogen energy equipment products to our customers, including: (i) vehicle-mounted high-pressure hydrogen supply systems and related products; (ii) equipment for hydrogen refueling stations and related products; (iii) equipment for hydrogen liquefaction and the storage and transportation of liquid hydrogen; and (iv) water electrolysis hydrogen production equipment and related products.

Our product offering covers the entire industrial value chain of hydrogen energy and achieved several leading positions according to Frost & Sullivan as follows:

- *Use* — We currently focus on providing vehicle-mounted high-pressure hydrogen supply systems equipped with Type-III cylinders with two pressure specifications of 35MPa and 70MPa for the use of hydrogen energy. We ranked first in terms of sales amount of vehicle-mounted high-pressure hydrogen supply systems in China in 2023, and first in terms of sales amount of vehicle-mounted high-pressure hydrogen storage cylinders in China in 2023.

- *Refueling* — We currently offer equipment for two types of hydrogen refueling stations (i.e., stationary hydrogen refueling stations and integrated hydrogen refueling stations) and related products, such as portable hydrogen compressor units, unloading units, hydrogen dispenser, among others, for the refueling of hydrogen energy. We ranked first in terms of the number of hydrogen refueling stations built in China by 2023 where the equipment we provided was used in the construction of such hydrogen refueling stations.

- *Storage and transportation* — We have successfully developed (i) hydrogen liquefaction equipment to convert gaseous hydrogen into liquid hydrogen; and (ii) equipment for storage and transportation of liquid hydrogen, such as liquid hydrogen tanks for future intermodal transportation and storage of liquid hydrogen. We were the first company in China to develop the technology and have the capability to manufacture hydrogen liquefaction equipment for large-scale industrial production for civilian use. In addition, we developed and manufactured the first liquid hydrogen tank sample for civilian use in China.

- *Production* — We currently offer ALK and PEM water electrolysis hydrogen production equipment to our customers. We are one of a few leading companies in China that simultaneously have the manufacturing capability of these two types of water electrolysis hydrogen production equipment, and possess the ability to penetrate a broader spectrum of markets and dynamically choose between ALK and PEM technologies to explore the better balance between cost and efficiency.

For the years ended December 31, 2021, 2022 and 2023 and the five months ended May 31, 2023 and 2024, our revenue amounted to RMB329.3 million, RMB359.5 million, RMB522.4 million, RMB45.2 million and RMB64.3 million, respectively, representing a CAGR of 26.0% from 2021 to 2023. For the same years/periods, we generated a majority of our revenue from vehicle-mounted high-pressure hydrogen supply systems and related products, and equipment for hydrogen refueling stations and related products. Among them, revenue generated from vehicle-mounted high-pressure hydrogen supply systems and related products accounted for approximately 57.5%, 76.7%, 57.6%, 71.8% and 40.8% of our total revenue for the years ended December 31, 2021, 2022 and 2023 and the five months ended May 31, 2023 and 2024, respectively. Revenue generated from equipment for hydrogen refueling stations and related products accounted for 42.5%, 23.3%, 23.6%, 24.2% and 59.2% of our total revenue for the same years/periods, respectively. We also generated revenue from two new product types in 2023. For the year ended December 31, 2023, the remaining 18.8% of our total revenue was generated from the sales of equipment for hydrogen liquefaction and the storage and transportation of liquid hydrogen and water electrolysis hydrogen production equipment and related products. For the five months ended May 31, 2023, the remaining 4.0% of our total revenue was generated from the sales of water electrolysis hydrogen production equipment and related products. In addition, for the years ended December 31, 2021, 2022 and 2023 and the five months ended May 31, 2023 and 2024, we recorded loss for the year/period of RMB75.2 million, RMB96.2 million, RMB75.0 million, RMB44.2 million and RMB96.8 million, respectively. We recorded net cash used in operating activities of RMB254.4 million and RMB173.9 million in the years ended December 31, 2021 and 2022, respectively, and realized net cash from operating activities of RMB8.4 million in 2023. Our net cash used in operating activities was RMB42.9 million and RMB41.3 million for the five months ended May 31, 2023 and 2024.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our Group's business and historical financial condition and results of operations are affected by a number of important factors, which we believe will to continue to affect our financial condition and results of operations in the future. These factors include:

Research and Development and Product Upgrades

The market for hydrogen energy core equipment is characterized by ongoing technological development, evolving industry and national standards, shifting customer demand, increasing product diversity, frequent introductions of new products and enhancements of existing products towards commercialization. The overall competitiveness and market appeal of our products are affected by the adoption of new technologies and introduction of new products by our competitors, establishment of new industry and national standards, changes in customer demand and preferences and/or updates in government policies and regulations. Our success depends on our ability to enhance our existing product offerings, respond to changing customer requirements, technological and competitive developments as well as emerging industry and national standards, conduct effective R&D projects, and introduce new products in a timely manner.

Our R&D efforts primarily focus on hydrogen energy core equipment in order to expand our product portfolio to cover the entire industrial value chain of hydrogen energy, and provide equipment solutions for the production, storage, transportation and use of hydrogen energy. We plan to focus on advancing the core technologies for vehicle-mounted high-pressure hydrogen supply systems, equipment for hydrogen refueling stations, water electrolysis hydrogen production equipment and equipment for hydrogen liquefaction and the storage and transportation of liquid hydrogen. For the years ended December 31, 2021, 2022 and 2023 and the five months ended May 31, 2023 and 2024, we incurred research and development expenses of RMB41.7 million, RMB42.7 million, RMB39.1 million, RMB10.0 million and RMB17.1 million, respectively, accounting for 12.7%, 11.9%, 7.5%, 22.0% and 26.5%, respectively, of our revenue for the same years/periods.

As of May 31, 2024, we had a total of 76 R&D personnel. We expect to continue to make significant investments in R&D, particularly with respect to designing and developing more technologically competitive and cost-efficient hydrogen energy core equipment. However, despite our significant investments in R&D, we cannot assure you that we will not encounter any obstacles launching new products or upgrading existing products. Even if we are able to successfully develop and commercialize new products and make significant improvements on our existing products to enhance their functionality and performance, we cannot guarantee that these products will continue to gain market recognition and maintain their competitive advantages. A significant amount of R&D expenses could materially and adversely affect our results of operations.

As the market evolves and customer demand changes, the specifications and functions of our products require consistent enhancement. The performance and market acceptance of our new products also affect our anticipated revenue, profit margin and results of operations. When promoting our new products, we need to leverage our leading market positions and product synergies. As we made substantial investments in the R&D of new products, if the launch of such new products is not as successful as we expect, our results of operations may be materially and adversely affected.

Competition and Pricing

Although we achieved several market leading positions with respect to certain products, such as vehicle-mounted high-pressure hydrogen storage systems and equipment for hydrogen refueling stations, we face intense competition in China and globally from other participants in China's hydrogen energy core equipment industry. We believe the factors that are critical to maintaining our competitiveness in these markets include our R&D capability, the breadth of our product offerings, synergies of our various business segments, our ability to customize products and services based on customer preferences and specifications, the relationship with our customers and suppliers, and the coverage of our marketing channels, as well as our competitive pricing, brand recognition and after-sales services. It is our belief that our competitive advantages are derived from the aforementioned strengths. However, intensified competition or our inability to sustain this advantage may adversely affect our operational performance.

Our pricing strategies can directly influence our revenue, gross profit margins, and overall operational and financial performance. We consider various factors, such as prevailing market prices and conditions, costs of production and expected profit margins, when setting the prices for our products. For the years ended December 31, 2021, 2022 and 2023 and the five months ended May 31, 2023 and 2024, our gross profit margin was 9.6%, 10.9%, 17.9%, 5.8% and 2.0%, respectively. If we are required to maintain our competitive positions by lowering the selling prices of our products, or if we fail to effectively control the cost of sales or increase the sales volume of our products, our profitability may be materially and adversely affected.

PRC Government's Policies Supporting the Hydrogen Industry

We primarily engage in the design, development, manufacture and sales of hydrogen energy core equipment, including vehicle-mounted high-pressure hydrogen supply systems, equipment for hydrogen refueling stations, equipment for hydrogen liquefaction and the storage and transportation of liquid hydrogen and water electrolysis hydrogen production equipment. As a player in hydrogen energy industry, our business development in this industry is highly driven by policies, particularly government awards, subsidies or government sponsored projects that directly promote market demand for hydrogen energy. In addition, during the Track Record Period, a majority of our revenue was generated from the sales of vehicle-mounted high-pressure hydrogen supply systems and related products, and equipment for hydrogen refueling stations and related products, which are mainly used for hydrogen fuel cell vehicles. Therefore, we also benefit from favorable policies and development plans implemented by the PRC governments to encourage the development of hydrogen fuel cell vehicles.

In recent years, the PRC government and industry associations have implemented a series of favorable policies to support the development of China's hydrogen energy-related industries, including hydrogen energy core equipment industry and hydrogen fuel cell vehicle industry. Please refer to "Industry Overview — Overview of Hydrogen Energy Industry — Favorable Policies and Documents in China" in this prospectus for further details.

We believe these favorable policies and development plans will continue to contribute to the future growth of China's hydrogen energy industry and in particular, the growth of our sales of hydrogen energy core equipment and the improvement in our financial performance. Nonetheless, as the regulatory framework and government policies in the PRC for hydrogen energy industry, hydrogen energy core equipment industry and hydrogen fuel cell vehicle industry are relatively new and still evolving, they are subject to restrictions and uncertainties that are beyond our control, and the PRC government may also continuously adjust and change these policies. Any termination, suspension and alterations to existing advantageous industry policies, such as subsidies or other economic incentives, by the relevant government departments due to policy changes, fiscal tightening measures or other reasons, or any reduction in the guidance supporting the demand for hydrogen energy core equipment or hydrogen fuel cell vehicles, could potentially weaken the market demand and overall competitiveness for our products. In such circumstances, this could adversely impact our business, financial condition and operational performance. In addition, any new introduction or expanded application of favorable supporting policies could also positively contribute to our revenue growth and business expansion.

Cost of Raw Materials

Our cost of sales primarily comprises the expenses incurred in acquiring raw materials, including carbon fiber and aluminum tubes that are used for the production of vehicle-mounted high-pressure hydrogen supply systems. For the years ended December 31, 2021, 2022 and 2023 and the five months ended May 31, 2023 and 2024, the revenue contribution from vehicle-mounted high-pressure hydrogen supply systems and related products accounted for 57.5%, 76.7%, 57.6%, 71.8% and 40.8% of our total revenue, respectively. The costs of raw materials accounted for 87.4%, 89.8%, 84.9%, 80.1% and 75.4% of our total costs of sales for the same years/periods, respectively. The selling price of carbon fiber, which is one of the key raw materials we use to manufacture our vehicle-mounted high-pressure hydrogen supply systems and related products, surged in 2021 due to global supply constraints as a result of export controls implemented by a number of foreign governments. Although we sought to control the raw material cost by procuring Chinese domestic branded carbon fiber, we faced inherent risks associated with the fluctuations in the prices of raw materials. Any volatility in the supply and pricing of raw materials could significantly impact our costs of sales and operational performance.

We expect that we are able to ensure the stable supply and effectively control the cost of carbon fiber through the following measures, including (i) improving the winding process of carbon fiber to reduce the amount of carbon fiber used per unit of product; and (ii) launching new products and expanding our product portfolio to include equipment for hydrogen liquefaction and the storage and transportation of liquid hydrogen in order to reduce the proportion of the cost of single raw material in our overall cost of sales. However, vehicle-mounted high-pressure hydrogen supply systems will remain as one of our major products, and contribute to a significant portion of our total revenue in the foreseeable future. The fluctuation in the prices of carbon fiber and other raw materials could significantly impact our business, costs of sales and operating results.

Seasonality

We experienced seasonal fluctuations in customer demand for our vehicle-mounted high-pressure hydrogen supply systems and related products during the Track Record Period. We typically received more orders from our customers in the second half of each year. Since the revenue from vehicle-mounted high-pressure hydrogen supply systems and related products accounted for the largest proportion of our total revenue during the Track Record Period, our revenue was generally higher in the fourth quarter of each calendar year during the same period. Please refer to "Business — Seasonality" in this prospectus for further details.

Considering the development of China's hydrogen energy industry has not matured, government awards and incentives and the pattern of seasonal fluctuations in customer demand thereof are expected to continue in the foreseeable future. As a result, comparisons of our sales and operating results between different periods within a single financial year are not necessarily meaningful and cannot be relied on as an indicator of our financial performance in the future. Our results of operations are likely to continue to fluctuate based on seasonality patterns. In addition, we commercialized certain of our new products in 2023, including equipment for hydrogen liquefaction and the storage and transportation of liquid hydrogen and water electrolysis hydrogen production equipment. We expect that the customer demands for these products do not have material seasonality and the launch of new products will mitigate the impact of seasonality on our financial positions.

Mix of Our Product Specifications and Product Types

Our results of operations partially depend on our capability to provide our customers with products that are tailored to their specifications. For the years ended December 31, 2021, 2022 and 2023 and the five months ended May 31, 2023 and 2024, we generated a majority of our revenue from vehicle-mounted high-pressure hydrogen supply systems and related products, and equipment for hydrogen refueling stations and related products, accounting for 100.0%, 100.0%, 81.2%, 96.0% and 100.0% of our total revenue during the same years/periods, respectively. The selling prices and gross profit margins of the products with different specifications vary. Specifically, the selling price and gross profit margin of vehicle-mounted high-pressure hydrogen supply systems with larger hydrogen storage capacity was generally higher than that of vehicle-mounted high-pressure hydrogen supply systems with smaller hydrogen storage capacity.

Our profitability is also affected by our product types, mainly because the gross profit margins of different products in our portfolio varied during the Track Record Period. In general, the gross profit margin of equipment for hydrogen liquefaction and the storage and transportation of liquid hydrogen is higher than that of our other products. For example, the gross profit margin of equipment for hydrogen liquefaction and the storage and transportation of liquid hydrogen was 26.6% in 2023, compared to the gross profit margins of 18.4% of vehicle-mounted high-pressure hydrogen supply systems and related products and 12.6% of equipment for hydrogen refueling stations and related products in the same year. Going forward, we will continue to evaluate and adjust the entire portfolio of our product offerings from time to time to focus on products with higher profit margins, greater market acceptance and demand, and potential to maintain or increase our profitability.

BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

The historical financial information of our Group has been prepared with the results of operations of both our Company and its subsidiaries consolidated, which comprises the consolidated statements of financial position of our Group as at December 31, 2021 and 2022 and 2023 and May 31, 2024, the statements of financial position of our Company as at December 31, 2021 and 2022 and 2023 and May 31, 2024, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of our Group for the Track Record Period and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The financial statements of our Company's subsidiaries are prepared for the same reporting period as our Company, using consistent accounting policies. The results of operations of our Company's subsidiaries are consolidated from the date on which our Group obtains control and continue to be consolidated until the date that such control ceases.

The consolidated financial statements of our Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with IFRS issued by International Accounting Standards Board ("IASB") and were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA. The Historical Financial Information is presented in RMB and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

MATERIAL ACCOUNTING POLICIES AND KEY ESTIMATES

We have identified certain accounting policies that we believe are most material to the preparation of our consolidated financial statements. Some of our material accounting policies involve subjective assumptions and estimates, as well as complex judgments by our management relating to accounting items. The estimates and associated assumptions are based on our historical experience and various other relevant factors that we believe are reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

We set forth below those accounting policies that we believe are of critical importance to us or involve significant estimates, assumptions and judgements in the preparation of our financial statements. Our material accounting policies and key estimation uncertainty are set forth in detail in notes 4 and 5 of the Accountants' Report included in Appendix I to this prospectus.

Revenue from Contracts with Customers

Revenue is recognized when control of the goods has transferred, being when the goods have been delivered to customers and accepted by customers. Transportation and handling activities that occur before customers obtain control are considered as fulfillment activities. Following the customer acceptance, the customer has ability to direct the use of the products and bears the risks of obsolescence and loss in relation to the products. The normal credit term is within one year upon acceptance.

Retention receivables, prior to expiration of defect liability period, are classified as contract assets, which ranges from one to eight years from the date of the acceptance of the products. The contract assets are transferred to trade receivables when the rights become unconditional. Our Group typically transfers a contract asset to trade receivables when the defect liability period expires. The defect liability period serves as an assurance that the products comply with agreed-upon specifications and such assurance cannot be purchased separately.

Sales-related warranties cannot be purchased separately and they serve as an assurance type of warranty that the products sold comply with agreed-upon specifications. Accordingly, our Group accounts for warranties in accordance with IAS 37. Please refer to note 33 of the Accountants' Report included in Appendix I to this prospectus for details.

A contract liability represents our Group's obligation to transfer goods to a customer for which our Group has received consideration from the customer.

Investments in Associates

An associate is an entity over which our Group 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.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize our Group's share of the profit or loss and other comprehensive income of the associate. Changes in net assets of the associates other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by our Group.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over our Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of our Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

Our Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When our Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognized in profit or loss.

When a group entity transacts with an associate of our Group, profits and losses resulting from the transactions with the associate are recognized in the consolidated financial statements only to the extent of interests in the associate that are not related to our Group.

Property, Plant and Equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes other than construction in progress as described below. Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Properties and equipment in the course of construction for production, supply or administrative purpose are carried at cost, less any recognized impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly and, for qualifying assets, borrowing costs capitalized in accordance with our Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

When our Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statements of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognized so as to write off the cost of assets other than construction in progress less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined on a weighted average method. Net realizable value represents the estimate selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which our Group must incur to make the sale.

Impairment on Property, Plant and Equipment, Right-of-Use Assets and Intangible Assets

At the end of each reporting period, our Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, our Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, our Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash generating units. In allocating the impairment loss, the impairment loss is allocated to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or a cash-generating unit or the group of cash-generating units) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Government Grants

Government grants are not recognized until there is reasonable assurance that our Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which our Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that our Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred income in the consolidated statements of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to our Group with no future related costs are recognized in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

Share-based Payments

Equity-settled Share-based Payment Transactions

Restricted Shares Granted to Employees

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on our Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of each reporting period, our Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve. For shares that vest immediately at the date of grant, the fair value of the shares granted is expensed immediately to profit or loss. When shares granted are vested, the amount previously recognised in share-based payments reserve will be transferred to share premium.

Taxation

Income tax expense represents the sum of current and deferred income tax expense. The tax currently payable is based on taxable profit for the year. Taxable profit differs from loss before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. Our Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where our Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which our Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which our Group recognizes the right-of-use assets and the related lease liabilities, our Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, our Group applies IAS 12 Income Taxes requirements to the lease liabilities and the related assets separately. Our Group recognizes a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income tax levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

Financial Instruments

Financial Assets

Classification and Subsequent Measurement of Financial Assets

Financial assets that meet the following conditions are subsequently measured at amortized cost: (i) the financial asset is held within a business model whose objective is to collect contractual cash flows; and (ii) the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at FVTOCI: (i) the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and (ii) the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets our Group holds are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies.

(i) Amortized cost and interest income

Interest income is recognized using the effective interest method for financial assets measured subsequently at amortized cost and debt instruments subsequently measured at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Debt instruments classified as at FVTOCI

Subsequent changes in the carrying amounts for debt instruments classified as at FVTOCI as a result of interest income calculated using the effective interest method are recognized in profit or loss. All other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and accumulated under the heading of FVTOCI reserve. Impairment allowances are recognized in profit or loss with corresponding adjustment to other comprehensive income without reducing the carrying amounts of these debt instruments. When these debt instruments are derecognized, the cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss.

(iii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the FVTOCI reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to accumulated losses.

KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of our Group's accounting policies, our Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the coming 12 months:

Estimated Impairment of Property, Plant and Equipment, Right-of-Use Assets and Intangible Assets

Property, plant and equipment, right-of-use assets and intangible assets are stated at costs less accumulated depreciation/amortization and impairment, if any. In determining whether an asset is impaired, our Group has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the assets belong, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of cash generating units, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

Detail of the carrying amounts of property, plant and equipment, right-of-use assets and intangible assets are disclosed in notes 16, 17 and 18 respectively, and no impairment loss was recognized by the management of our Group during the Track Record Period.

Provision of ECL for Trade Receivables and Contract Assets

Trade receivables and contract assets with credit-impaired are assessed for ECL individually. In addition, our Group uses practical expedient in estimating ECL on trade receivables and contract assets, which are not assessed individually using a provision matrix. The provision rates are based on internal credit ratings as groupings of various debtors that have similar loss patterns taking into consideration our Group's historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and our Group's trade receivables and contract assets are disclosed in notes 26, 27, and 43 respectively.

Deferred Tax Assets

As of December 31, 2021, 2022 and 2023 and May 31, 2024, deferred tax assets of approximately RMB35.3 million, RMB55.2 million, RMB69.0 million and RMB86.8 million, respectively, in relation to deductible temporary differences and unused tax losses for certain our operating subsidiaries have been recognized in the consolidated statement of financial position. No deferred tax asset has been recognized on the tax losses of approximately

RMB34.3 million, RMB54.9 million, RMB74.0 million and RMB84.1 million, respectively, for our certain subsidiaries due to the unpredictability of future profit streams. The realizability of the deferred tax assets mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future taxable profits generated are less or more than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, a material reversal or further recognition of deferred tax assets may arise, which would be recognized in profit or loss for the period in which such a reversal or further recognition takes place.

RESULTS OF OPERATIONS

The table below presents a summary of our consolidated statement of profit or loss and other comprehensive income for the years/periods indicated:

	For the year ended December 31,			For the five months ended May 31,	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Revenue	329,278	359,492	522,442	45,155	64,289
Cost of sales	(297,506)	(320,470)	(429,077)	(42,537)	(63,035)
Gross profit	31,772	39,022	93,365	2,618	1,254
Other income	16,176	13,112	25,288	3,732	3,100
Other gains and losses	(957)	(213)	318	294	(393)
Impairment losses under expected credit loss model, net of reversal	(21,549)	(2,378)	(6,125)	5,141	(14,723)
Selling expenses	(20,518)	(22,185)	(43,530)	(9,462)	(16,485)
Research and development expenses	(41,724)	(42,740)	(39,063)	(9,955)	(17,050)
Administrative expenses	(47,153)	(88,405)	(90,888)	(32,445)	(49,365)
Listing expenses	–	–	(3,223)	–	(8,060)
Share of results of associates	(419)	(333)	(2,105)	(951)	(1,761)
Finance costs	(5,177)	(11,970)	(22,846)	(11,118)	(13,532)
Loss before tax	(89,549)	(116,090)	(88,809)	(52,146)	(117,015)
Income tax credit	14,300	19,872	13,766	7,928	20,179
Loss for the year/period	(75,249)	(96,218)	(75,043)	(44,218)	(96,836)

	For the year ended December 31,			For the five months ended May 31,	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Other comprehensive income (expense)					
Item that will not be reclassified to profit or loss:					
Fair value gain on investments in equity instruments at FVTOCI	–	16,333	–	–	714
Item that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations	–	–	(495)	(27)	(48)
Fair value (loss)/gain on debt instruments at fair value through other comprehensive income, net of income tax	–	(493)	238	–	–
	–	(493)	(257)	(27)	(48)
Other comprehensive income (expense) for the year/period, net of income tax	–	15,840	(257)	(27)	666
Total comprehensive expense for the year/period	(75,249)	(80,378)	(75,300)	(44,245)	(96,170)
Loss for the year/period attributable to:					
— Owners of our Company	(71,187)	(93,857)	(73,303)	(43,676)	(96,548)
— Non-controlling interest	(4,062)	(2,361)	(1,740)	(542)	(288)
	(75,249)	(96,218)	(75,043)	(44,218)	(96,836)
Total comprehensive expense for the year/period attributable to:					
— Owners of our Company	(71,187)	(78,017)	(73,560)	(43,703)	(95,882)
— Non-controlling interests	(4,062)	(2,361)	(1,740)	(542)	(288)
	(75,249)	(80,378)	(75,300)	(44,245)	(96,170)

	For the year ended December 31,			For the five months ended May 31,	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Loss per share					
— Basic *(RMB)*	(0.87)	(1.04)	(0.81)	(0.49)	(0.98)

Non-IFRS Measures

To supplement our consolidated financial statements, which are presented in accordance with IFRS, we use adjusted EBITDA (non-IFRS measure) and adjusted net loss (non-IFRS measure) as additional financial measures. These non-IFRS financial measures are not required by, or presented in accordance with, IFRS. We believe that such non-IFRS measures facilitate the comparisons of operating performance from period to period and company to company by eliminating potential impact of certain items. We also believe that these non-IFRS measures provide additional information to investors and others to understand and evaluate our results of operations in the same manner as they help our management and to compare financial results across accounting periods and against our peer companies. However, our definition of adjusted EBITDA and adjusted net profit or loss may not be comparable to other similarly titled financial measures presented by other companies. The use of these non-IFRS measure has limitations as an analytical tool, and should not be considered in isolation from, or as a substitute for analysis of, our results of operations as reported under IFRS.

We define adjusted net loss (non-IFRS measure) as loss for the year/period adjusted for (i) equity-settled share-based payment expenses; and (ii) listing expenses. We define adjusted EBITDA (non-IFRS measure) as EBITDA (which is loss for the year/period plus income tax/(credit), net finance costs and depreciation and amortization) adjusted by adding (i) equity-settled share-based payment expenses; and (ii) listing expenses.

The nature of each adjustment is as follows: (i) equity-settled share-based payment expenses mainly represent the expenses of restricted shares schemes, which is a non-cash item; and (ii) listing expenses primarily represent the listing expenses incurred in relation to the Global Offering.

The following table reconciles our adjusted net loss (non-IFRS measure) and adjusted EBITDA (non-IFRS measure) for the years/periods indicated:

	Year ended 31 December,			Five months ended May 31,	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Loss for the year/period	**(75,249)**	**(96,218)**	**(75,043)**	**(44,218)**	**(96,836)**
Add:					
Equity-settled share-based payment expenses	–	–	4,804	–	24,015
Listing expenses	–	–	3,223	–	8,060
Adjusted net loss (non-IFRS measure)	**(75,249)**	**(96,218)**	**(67,016)**	**(44,218)**	**(64,761)**
Add:					
– Income tax/(credit)	(14,300)	(19,872)	(13,766)	(7,928)	(20,179)
– Net finance costs	3,568	10,629	21,449	10,556	12,413
– Depreciation and amortization	6,106	12,402	19,092	6,632	14,952
Adjusted EBITDA (non-IFRS measure)	**(79,875)**	**(93,059)**	**(40,241)**	**(34,958)**	**(57,575)**

For the years ended December 31, 2021, 2022 and 2023 and the five months ended May 31, 2023 and 2024, we recorded loss for the year/period of RMB75.2 million, RMB96.2 million, RMB75.0 million, RMB44.2 million and RMB96.8 million, respectively. We recorded net losses during the Track Record Period primarily because (i) China's hydrogen energy industry is in an early stage of commercialization, which resulted in the fluctuation of customer demand; and (ii) we were in the stage of enhancing our core technologies, expanding our production capacity and increasing our sales, which involved continuous and substantial investments in R&D, administration, marketing, business development and recruitment of personnel to support our growth and compete with our peers. The loss for the year increased from RMB75.2 million in 2021 to RMB96.2 million in 2022, mainly due to an increase in administrative expenses and an increase in finance cost in 2022. The loss for the year decreased from RMB96.2 million in 2022 to RMB75.0 million in 2023, primarily because of a significant increase in our gross profit in 2023 offset by an increase in our operating expenses. The loss for the period increased from RMB44.2 million in the five months ended May 31, 2023 to RMB96.8 million in the five months ended May 31, 2024, mainly due to an increase in impairment losses under the expected credit loss model, net of reversal, operating expenses, equity-settled share-based payment expenses, listing expenses, and depreciation and amortization. Please see "— Period to Period Comparison of Results of Operations" in this section for more information.

DESCRIPTION OF MAJOR COMPONENTS OF OUR CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

Revenue

Our revenue mainly consists of the sales derived from our four major product types: (i) vehicle-mounted high-pressure hydrogen supply systems and related products; (ii) equipment for hydrogen refueling stations and related products; (iii) equipment for hydrogen liquefaction and the storage and transportation of liquid hydrogen; and (iv) water electrolysis hydrogen production equipment and related products. For the years ended December 31, 2021, 2022 and 2023 and the five months ended May 31, 2023 and 2024, our revenue amounted to RMB329.3 million, RMB359.5 million, RMB522.4 million, RMB45.2 million and RMB64.3 million, respectively. The following table sets forth a breakdown of our revenue by product type for the years/periods indicated:

	For the years ended December 31,						For the five months ended May 31,			
	2021		2022		2023		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Vehicle-mounted high-pressure hydrogen supply systems and related products:										
– Vehicle-mounted high-pressure hydrogen supply systems	170,193	51.7	270,289	75.2	252,120	48.2	25,454	56.4	24,799	38.6
– Related products for vehicle-mounted high-pressure hydrogen supply systems	19,231	5.8	5,546	1.5	48,940	9.4	6,966	15.4	1,448	2.2
Subtotal	189,424	57.5	275,835	76.7	301,060	57.6	32,420	71.8	26,247	40.8

	For the years ended December 31,						For the five months ended May 31,			
	2021		2022		2023		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Equipment for hydrogen refueling stations and related products:										
– Equipment for hydrogen refueling stations	129,691	39.4	76,667	21.3	107,320	20.6	6,947	15.4	34,255	53.3
– Related products for hydrogen refueling stations and related products	10,163	3.1	6,990	2.0	15,716	3.0	3,993	8.8	3,787	5.9
Subtotal	139,854	42.5	83,657	23.3	123,036	23.6	10,939	24.2	38,042	59.2
Equipment for hydrogen liquefaction and the storage and transportation of liquid hydrogen	–	–	–	–	82,782	15.8	–	–	–	–
Water electrolysis hydrogen production equipment and related products	–	–	–	–	15,564	3.0	1,796	4.0	–	–
Total	**329,278**	**100.0**	**359,492**	**100.0**	**522,442**	**100.0**	**45,155**	**100.0**	**64,289**	**100.0**

For the years ended December 31, 2021, 2022 and 2023 and the five months ended May 31, 2023 and 2024, we generated a majority of our revenue from vehicle-mounted high-pressure hydrogen supply systems and related products, and equipment for hydrogen refueling stations and related products, which in the aggregate accounted for 100.0%, 100.0%, 81.2%, 96.0% and 100.0%, respectively, of our total revenue. We started to generate revenue from the sales of equipment for hydrogen liquefaction and the storage and transportation of liquid hydrogen and water electrolysis hydrogen production equipment and related products in 2023, primarily because we started to deliver our first equipment for hydrogen liquefaction and the storage and transportation of liquid hydrogen to a customer in 2023 and a number of water electrolysis hydrogen production equipment and related products to customers in 2023, and recognized revenue thereof. For the year ended December 31, 2023 and the five months ended May 31, 2023, we generated in the remaining 18.8% and 4.0% of our total revenue from the sales of equipment for hydrogen liquefaction and the storage and transportation of liquid hydrogen and water electrolysis hydrogen production equipment and related products.

The following table sets forth a breakdown of our revenue by location of end-user customers for the years/periods indicated:

	For the year ended December 31,						For the five months ended May 31,			
	2021		2022		2023		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* *(unaudited)*	*%*	*RMB'000*	*%*
Mainland China:										
– Fuel cell vehicle demonstration city clusters(1)	221,496	67.3	238,182	66.3	397,492	76.1	28,298	62.7	24,107	37.5
– Others(2)	107,454	32.6	121,174	33.7	120,910	23.1	16,780	37.2	40,182	62.5
Subtotal	328,950	99.9	359,356	100.0	518,402	99.2	45,077	99.8	64,289	100.0
Overseas(3)	328	0.1	136	*	4,040	0.8	78	0.2	–	–
Total	**329,278**	**100.0**	**359,492**	**100.0**	**522,442**	**100.0**	**45,155**	**100.0**	**64,289**	**100.0**

Notes:

* Below 0.1%

(1) Demonstration city clusters consist of Shanghai city cluster, Beijing city cluster, Guangdong city cluster, Henan city cluster and Hebei city cluster.

(2) Other regions in Mainland China mainly include Zhejiang, Shaanxi and Hubei.

(3) Overseas markets mainly include the United States, Germany and the UAE.

During the Track Record Period, the revenue contribution from overseas markets to our total revenue was insignificant. The revenue generated from our direct sales to overseas markets amounted to approximately RMB0.3 million, RMB0.1 million, RMB4.0 million, RMB0.1 million and nil in 2021, 2022 and 2023 and the five months ended May 31, 2023 and 2024, respectively. These overseas markets primarily included the United States, Germany and the UAE.

Cost of Sales

Our cost of sales primarily consists of (i) raw material costs, which mainly include the procurement costs for carbon fiber, pipes and valves, electrical instrumentation, aluminum tubes, compressors and compressor skids, among others; (ii) direct labor costs, which mainly represent the manpower that we use in the production activities; and (iii) manufacturing expenses, which mainly include utility expenses, low value consumables and depreciation of manufacturing expenses relating to the plants, machinery and equipment used in connection with our production activities.

For the years ended December 31, 2021, 2022 and 2023 and the five months ended May 31, 2023 and 2024, our cost of sales was approximately RMB297.5 million, RMB320.5 million, RMB429.1 million, RMB42.5 million and RMB63.0 million, respectively. The table below sets forth the components of our cost of sales and the components as a percentage of total cost of sales for the years/periods indicated:

	For the year ended December 31,						For the five months ended May 31,			
	2021		2022		2023		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Raw material costs:										
— Carbon fiber	56,711	19.1	85,430	26.7	91,891	21.4	9,217	21.7	5,991	9.5
— Pipes and valves	66,490	22.3	73,886	23.1	76,153	17.7	6,276	14.8	7,746	12.3
— Electrical instrumentation	15,261	5.1	17,411	5.4	39,217	9.1	2,735	6.4	8,610	13.7
— Aluminum tubes	22,035	7.4	33,056	10.3	36,706	8.6	4,041	9.5	2,785	4.4
— Compressors and compressor skids	27,995	9.4	18,590	5.8	24,601	5.7	1,832	4.3	4,675	7.4
— Others[1]	71,609	24.1	59,390	18.5	95,743	22.3	9,982	23.5	17,736	28.1
Subtotal	260,101	87.4	287,763	89.8	364,311	84.9	34,083	80.1	47,543	75.4
Direct labor costs	10,974	3.7	8,490	2.6	22,659	5.3	2,340	5.5	3,089	4.9
Manufacturing expenses:										
— Depreciation	4,026	1.4	4,802	1.5	8,105	1.9	1,447	3.4	7,414	11.8
— Equity-settled share-based payment expenses	–	–	–	–	268	0.1	–	–	1,949	3.1
— Other manufacturing expenses[2]	22,405	7.5	19,415	6.1	33,734	7.9	4,666	11.0	3,040	4.8
Subtotal	26,431	8.9	24,217	7.6	42,107	9.8	6,113	14.4	12,403	19.7
Total	**297,506**	**100.0**	**320,470**	**100.0**	**429,077**	**100.0**	**42,537**	**100.0**	**63,035**	**100.0**

Notes:

(1) Others primarily include frames, hardware, chillers and cylinder-like storage containers.

(2) Other manufacturing expenses primarily include business taxes and surcharges, transportation fee, project construction costs and design fee.

The table below sets forth a breakdown of our cost of sale by product type, both in actual amounts and as a percentage of total cost of sales for the years/periods indicated.

	For the years ended December 31,						For the five months ended May 31,			
	2021		2022		2023		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Vehicle-mounted high-pressure hydrogen supply systems and related products	173,326	58.3	243,680	76.0	245,808	57.3	29,970	70.5	25,110	39.8
Equipment for hydrogen refueling stations and related products	124,180	41.7	76,790	24.0	107,475	25.0	10,378	24.4	37,925	60.2
Equipment for hydrogen liquefaction and the storage and transportation of liquid hydrogen	–	–	–	–	60,771	14.2	–	–	–	–
Water electrolysis hydrogen production equipment and related products	–	–	–	–	15,023	3.5	2,189	5.1	–	–
Total	**297,506**	**100.0**	**320,470**	**100.0**	**429,077**	**100.0**	**42,537**	**100.0**	**63,035**	**100.0**

Gross Profit and Gross Profit Margin

Our gross profit was RMB31.8 million, RMB39.0 million, RMB93.4 million, RMB2.6 million and RMB1.3 million for the years ended December 31, 2021, 2022 and 2023 and the five months ended May 31, 2023 and 2024, respectively. Our gross profit margin was approximately 9.6%, 10.9%, 17.9%, 5.8% and 2.0% for the same periods, respectively.

The table below sets forth our gross profit and gross profit margin by our product type for the years/periods indicated:

	For the year ended December 31,						For the five months ended May 31,			
	2021		2022		2023		2023		2024	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Vehicle-mounted high-pressure hydrogen supply systems and related products	16,098	8.5	32,155	11.7	55,252	18.4	2,450	7.6	1,137	4.3
Equipment for hydrogen refueling stations and related products	15,674	11.2	6,867	8.2	15,561	12.6	561	5.1	117	0.3
Equipment for hydrogen liquefaction and the storage and transportation of liquid hydrogen	–	–	–	–	22,011	26.6	–	–	–	–
Water electrolysis hydrogen production equipment and related products	–	–	–	–	541	3.5	(393)	(21.9)	–	–
Total	**31,772**	**9.6**	**39,022**	**10.9**	**93,365**	**17.9**	**2,618**	**5.8**	**1,254**	**2.0**

The gross profit margin of vehicle-mounted high-pressure hydrogen supply systems and related products was 8.5%, 11.7%, 18.4%, 7.6% and 4.3% in 2021, 2022 and 2023 and the five months ended May 31, 2023 and 2024, respectively. The gross profit margin of vehicle-mounted high-pressure hydrogen supply systems and related products increased from 8.5% in 2021 to 11.7% in 2022, primarily because (i) the mix of our product specifications relating to vehicle-mounted high-pressure hydrogen supply systems changed in 2022, which resulted in higher selling prices; and (ii) we improved our design and technology of vehicle-mounted high-pressure hydrogen supply systems and related products to further reduce the cost of sales of such products. The gross profit margin of vehicle-mounted high-pressure hydrogen supply systems and related products increased from 11.7% in 2022 to 18.4% in 2023, primarily because (i) the proportion of our revenue from vehicle-mounted high-pressure hydrogen supply systems with larger hydrogen storage capacity in our total revenue increased in 2023 compared to 2022; (ii) the market price of carbon fiber decreased in 2023, leading to a reduction of the cost of sales of such products in the same year; and (iii) we improved our design and technology of vehicle-mounted high-pressure hydrogen supply systems and related products to further reduce the cost of sales of such products. The gross profit margin of vehicle-mounted high-pressure hydrogen supply systems and related products decreased from 7.6% in the five months ended May 31, 2023 to 4.3% in the five months ended May 31, 2024, primarily due to a significant increase in the depreciation in relation to the production workshops and leasehold lands of Zhangjiagang Factory Phase III.

The gross profit margin of equipment for hydrogen refueling stations and related products was 11.2%, 8.2%, 12.6%, 5.1% and 0.3% in 2021, 2022 and 2023 and the five months ended May 31, 2023 and 2024, respectively. The gross profit margin of equipment for hydrogen refueling stations and related products decreased from 11.2% in 2021 to 8.2% in 2022, primarily due to increasing competition between the players in this industry as a result of the decreasing customer demand. According to Frost & Sullivan, in 2022, the number of newly-built hydrogen refueling stations in China was 86, compared to 97 in 2021 and 118 in 2023. Therefore, we adjusted our pricing strategy in light of enhanced market competition in order to obtain customer orders in 2022. The gross profit margin of equipment for hydrogen refueling stations and related products increased from 8.2% in 2022 to 12.6% in 2023, primarily because (i) we tended to manufacture and sell the products with higher gross profit margin; and (ii) realized domestic substitution of key raw materials and components to reduce the cost of sales of such products. The gross profit margin of equipment for hydrogen refueling stations and related products decreased from 5.1% in the five months ended May 31, 2023 to 0.3% in the five months ended May 31, 2024, primarily due to a significant increase in the depreciation in relation to the production workshops and leasehold lands of Zhangjiagang Factory Phase III.

We started to deliver our first sets equipment for hydrogen liquefaction and the storage and transportation of liquid hydrogen and our first sets water electrolysis hydrogen production equipment and related products to our customers in 2023. The two product types were new and had no historical fluctuation. The gross profit margin of water electrolysis hydrogen production equipment and related products was 3.5% in 2023, primarily because we did not realize large-scale commercialization of water electrolysis hydrogen production equipment and incurred substantial cost of sales in connection with our procurement of raw materials, labor costs and depreciation and amortization to deploy our production capability with respect to these products. We did not record any sales of equipment for hydrogen liquefaction and the storage and transportation of liquid hydrogen in the five months ended May 31, 2023 and 2024 and therefore, the comparison of gross profit margin of this product type for the periods is not applicable. The gross profit margin of water electrolysis hydrogen production equipment and related products was negative 21.9% in the five months ended May 31, 2023, primarily because we only had limited production and sales and did not have the economies of scale to achieve gross profit. We did not record any sales of water electrolysis hydrogen production equipment and related products in the five months ended May 31, 2024.

Other Income

Other income primarily represents (i) government grants, which primarily consists of incentives for R&D activities and acquisition of property, plant and equipment. As of the Latest Practicable Date, there were no unfulfilled obligations with respect to our government grants. All government grants we recognized during the Track Record Period were non-recurring in nature; (ii) interest income on bank deposits; (iii) rental income, which represents the rental of our compressors, which are used in hydrogen refueling stations, to customers; and (iv) sales of scrap materials, including scrap iron shelf, scrap aluminum tubes and scrap carbon fiber wound cylinders.

For the years ended December 31, 2021, 2022 and 2023 and the five months ended May 31, 2023 and 2024, our other income was RMB16.2 million, RMB13.1 million, RMB25.3 million, RMB3.7 million and RMB3.1 million, respectively. The following table sets forth the components of our other income and the components as a percentage of total other income for the years/periods indicated:

	For the year ended December 31,						For the five months ended May 31,			
	2021		2022		2023		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* *(unaudited)*	*%*	*RMB'000*	*%*
Government grants	14,205	87.8	10,133	77.3	22,135	87.5	2,860	76.6	1,780	57.4
Interest income on bank deposits	1,609	9.9	1,341	10.2	1,397	5.5	562	15.1	890	28.7
Rental income	362	2.3	–	–	44	0.2	44	1.2	–	–
Sales of scrap materials	–	–	1,638	12.5	1,712	6.8	266	7.1	201	6.5
Interest income on loan receivables	–	–	–	–	–	–	–	–	229	7.4
Total	**16,176**	**100.0**	**13,112**	**100.0**	**25,288**	**100.0**	**3,732**	**100.0**	**3,100**	**100.0**

Other Gains and Losses

Other gains and losses primarily represents (i) loss on disposal/write off property, plant and equipment in connection of the retirement and disposal of our fixed assets; (ii) net foreign exchange gains, which resulted from the exchange rate fluctuations of our trade payables denominated in foreign currency to our overseas suppliers; (iii) gain on disposal of an associate; and (iv) others, which mainly represent inventory adjustment credits.

For the years ended December 31, 2021, 2022 and 2023 and the five months ended May 31, 2023 and 2024, our other gains and losses were negative RMB1.0 million, negative RMB0.2 million, RMB0.3 million, RMB0.3 million and negative RMB0.4 million, respectively. The following table sets forth the breakdown of our other income gains and losses and the components as a percentage of total other gains and losses for the years/periods indicated:

	For the year ended December 31,			For the five months ended May 31,	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Loss on disposal/write off property, plant and equipment	(978)	(711)	–	–	–
Net foreign exchange gains	55	307	98	214	(348)
Gain on disposal of an associate	–	178	–	–	–
Others	(34)	13	220	80	(45)
	(957)	**(213)**	**318**	**294**	**(393)**

Impairment Losses under Expected Credit Loss Model, Net of Reversal

Impairment losses under expected credit loss model, net of reversal primarily represent impairment losses, net of reversal, recognized on (i) trade receivables; (ii) contract assets; (iii) other receivables; (iv) amounts due from associates; and (v) amount due from related parties, which mainly reflect the impairment losses arising from trade receivables and other receivables that we had expected to fail to collect in whole or in part.

For the years ended December 31, 2021, 2022 and 2023 and the five months ended May 31, 2023 and 2024, our impairment losses under expected credit loss model, net of reversal, were RMB21.5 million, RMB2.4 million, RMB6.1 million, negative RMB5.1 million and RMB14.7 million, respectively. The following table sets forth the components of our impairment losses under expected credit loss model, net of reversal, and the components as a percentage of total impairment losses under expected credit loss model, net of reversal, for the years/periods indicated:

	For the year ended December 31,						For the five months ended May 31,			
	2021		2022		2023		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Impairment losses, net of reversal, recognized on:										
– Trade receivables	20,099	93.3	3,481	146.4	5,566	90.9	(5,855)	(113.9)	13,492[(2)]	91.6
– Contract assets	587	2.7	(23)	(1.0)	(543)	(8.9)	728	14.2	143	1.0
– Other receivables	223	1.0	(582)	(24.4)	262	4.3	16	0.3	189	1.3
– Amounts due from associates	590	2.7	(500)	(21.0)	837	13.7	(30)	(0.6)	899	6.1
– Amount due from a related party	50	0.3	2	*	3	*	–	–	–	–
	21,549[(1)]	**100.0**	**2,378**	**100.0**	**6,125**	**100.0**	**(5,141)**	**100.0**	**14,723**	**100.0**

Notes:

* Below 0.1%

(1) Our transaction amounts with new customers grew rapidly in 2021 compared to 2020, which led to a significant increase in the balance of trade receivables from such customers as of December 31, 2021. According to our valuer's credit ratings of these new customers and our policy of expected credit losses, we recognized significant impairment losses in 2021. Such impairment losses were mainly in relation to our trade receivables from Customer C and another new customer in 2021. To collect our trade receivables from these two customers, we filed separate lawsuits against each of them in March 2023. As of the Latest Practicable Date, we had received all trade receivables from Customer C but had not received the relevant trade receivables from the other customer. We no longer sold any products to these two customers after the filing of the lawsuits.

(2) Although our trade and other receivables decreased from RMB499.5 million as of December 31, 2023 to RMB445.1 million as of May 31, 2024 mainly due to our successful collection of part of our trade receivables from certain of our existing customers in the five months ended May 31, 2024, our impairment losses, net of reversal, recognized on trade receivables increased from a reversal of RMB5.1 million in the five months ended May 31, 2023 to a provision of RMB13.5 million in the five months ended May 31, 2024, primarily because the likelihood of successful collection of overdue trade receivables from our certain customers were relatively low after our evaluation, and we filed lawsuits against those customers to collect our trade receivables accordingly.

Selling Expenses

Selling expenses principally represent (i) employee compensation and benefits, which mainly consist of salaries, bonus, social security and provident fund for our sales and marketing staff; (ii) after-sales service fee, which mainly represent expenses in relation to repairing or replacing parts during the warranty period of the relevant products we sold; (iii) travel expenses, which mainly represent transportation and meal expenses for our sales and marketing staff on business travel; (iv) entertainment expenses, which mainly consist of business entertainment expenses; (v) share-based payments, which mainly represent expenses of restricted shares schemes calculated based on the difference between the fair value of the shares at the time they are granted to our sales and marketing personnel pursuant to the relevant employee stock ownership program and the consideration of the shares paid by such employees; (vi) office expenses, which mainly consist of marketing materials expenses and designing and printing expenses for service manual; (vii) consulting service fee, which mainly represents the fees associated with our engagement of consulting service providers to conduct project feasibility analyses and marketing activities to facilitate project execution in relation to hydrogen refueling stations and hydrogen production using renewable energy; and (viii) others, which primarily include transportation expenses.

For the years ended December 31, 2021, 2022 and 2023 and the five months ended May 31, 2023 and 2024, our selling expenses were RMB20.5 million, RMB22.2 million, RMB43.5 million, RMB9.5 million and RMB16.5 million, respectively. The following table sets forth the components of our selling expenses and the components as a percentage of total selling expenses for the years/periods indicated:

	For the year ended December 31,						**For the five months ended May 31,**			
	2021		**2022**		**2023**		**2023**		**2024**	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Employee compensation and benefits[1]	8,386	40.9	11,723	52.8	18,699	43.0	5,573	58.9	5,847	35.5
After-sales service fee	7,098	34.6	6,622	29.8	11,455	26.3	840	8.9	1,520	9.2
Travel expenses	1,044	5.1	1,412	6.4	3,728	8.6	512	5.4	1,659	10.1
Entertainment expenses	1,622	7.9	1,354	6.1	2,269	5.2	847	9.0	990	6.0
Share-based payments	–	–	–	–	–	–	–	–	4,709	28.6
Office expenses	839	4.1	525	2.4	2,536	5.8	121	1.3	119	0.7
Consulting service fee	666	3.2	357	1.6	3,067	7.0	406	4.3	482	2.9
Others	863	4.2	192	0.9	1,776	4.1	1,163	12.3	1,159	7.0
Total	**20,518**	**100.0**	**22,185**	**100.0**	**43,530**	**100.0**	**9,462**	**100.0**	**16,485**	**100.0**

Note:

(1) Our employees who were taken into consideration in the calculation of employee compensation and benefits under our selling expenses included sales and marketing staff, after-sale service staff and other staff that support the sales and marketing efforts.

Research and Development Expenses

Research and development expenses mainly represent, (i) employee compensation and benefits, which mainly consist of salaries, bonus, social security and provident fund for our R&D staff; (ii) direct materials, which mainly consist of the cost of the materials used in connection with our R&D activities; (iii) share-based payments, which mainly represent expenses of restricted shares schemes calculated based on the difference between the fair value of the shares at the time they are granted to our R&D personnel pursuant to the relevant employee stock ownership program and the consideration of the shares paid by such employees; (iv) technical and testing fee, which mainly represents fees associated with conducting material performance testing and other technical analysis services; and (v) others, which primarily consist of depreciation and amortization.

For the years ended December 31, 2021, 2022 and 2023 and the five months ended May 31, 2023 and 2024, our research and development expenses were RMB41.7 million, RMB42.7 million, RMB39.1 million, RMB10.0 million and RMB17.1 million, respectively. The following table sets forth the components of our research and development expenses and the components as a percentage of total research and development expenses for the years/periods indicated:

	For the year ended December 31,						For the five months ended May 31,			
	2021		2022		2023		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Employee compensation and benefits	14,593	35.0	15,085	35.3	19,745	50.5	6,021	60.5	7,720	45.3
Direct materials	17,581	42.1	17,686	41.4	11,800	30.2	2,614	26.3	5,596	32.8
Share-based payments	–	–	–	–	–	–	–	–	2,432	14.3
Technical and testing fee	8,140	19.5	9,109	21.3	5,957	15.2	844	8.5	685	4.0
Others	1,410	3.4	860	2.0	1,561	4.1	476	4.8	617	3.6
Total	**41,724**	**100.0**	**42,740**	**100.0**	**39,063**	**100.0**	**9,955**	**100.0**	**17,050**	**100.0**

Administrative Expenses

Administrative expenses primarily represent (i) employee compensation and benefits, which mainly consist of salaries, bonus, social security and provident fund of our administrative staff; (ii) professional service fee, which is mainly in connection with our A Share Listing Attempt and financing activities; (iii) depreciation and amortization, which mainly represent depreciation of buildings and equipment, and amortization of software; (iv) office expenses, which mainly consist of office supplies, property and renovation expenses; (v) entertainment expenses, which mainly consist of business entertainment expenses; (vi) travel expenses, which mainly represents transportation and catering fee for staff on business travel; (vii) handling fee, which mainly consists of bank charges; (viii) technical service fee, which is primarily in relation to our maintenance and upgrade of software used in connection with our administrative and operational functions; (ix) share-base payment, which mainly represents expenses of restricted shares schemes calculated based on the difference between the fair value of the shares at the time they are granted to our administrative employees pursuant to the relevant employee stock ownership program and the consideration of the shares paid by such employees; and (x) others, which primarily include conference fees, publicity fee, repair and installation fee and insurance fee.

During the Track Record Period, (i) our professional service fee equity-settled share-based payment expenses were one-off in nature; (ii) our employee compensation and benefits, depreciation and amortization and office expenses were fixed in nature; and (iii) our entertainment expenses, travel expenses, handling fee and technical service fee were variable in nature.

For the years ended December 31, 2021, 2022 and 2023 and the five months ended May 31, 2023 and 2024, our administrative expenses was RMB47.2 million, RMB88.4 million, RMB90.9 million, RMB32.4 million and RMB49.4 million, respectively. The following table sets forth the components of our administrative expenses and the components as a percentage of total administrative expenses for the years/periods indicated:

	For the year ended December 31,						**For the five months ended May 31,**			
	2021		**2022**		**2023**		**2023**		**2024**	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* (*unaudited*)	*%*	*RMB'000*	*%*
Employee compensation and benefits	18,181	38.6	35,829	40.5	35,575	39.1	15,942	49.1	16,214	32.8
Professional service fee	9,792	20.8	16,966	19.2	9,163	10.1	2,166	6.7	2,099	4.3
Depreciation and amortization	5,043	10.7	11,271	12.7	16,600	18.3	6,165	19.0	8,080	16.4
Office expenses	3,156	6.7	8,721	9.9	9,824	10.8	2,628	8.1	2,945	6.0
Entertainment expenses	3,991	8.4	2,939	3.3	3,219	3.5	1,123	3.5	1,075	2.2
Travel expenses	2,822	6.0	1,683	1.9	2,825	3.1	1,389	4.3	1,589	3.2
Handling fee	882	1.9	2,836	3.2	2,914	3.2	1,150	3.5	169	0.3
Technical service fee	–	–	5,616	6.4	1,911	2.1	–	–	–	–
Share-based payments	–	–	–	–	3,107	3.4	–	–	15,533	31.5
Others	3,286	6.9	2,544	2.9	5,750	6.4	1,882	5.8	1,661	3.4
Total	**47,153**	**100.0**	**88,405**	**100.0**	**90,888**	**100.0**	**32,445**	**100.0**	**49,365**	**100.0**

Listing Expenses

Our expenses primarily represent the listing expenses incurred in relation to the Global Offering. For the years ended December 31, 2021, 2022 and 2023 and the five months ended May 31, 2023 and 2024, our listing expenses was nil, nil, RMB3.2 million, nil and RMB8.1 million, respectively.

Share of Results of Associates

Our share of results of associates primarily represents our share in the results of our associates, including Jiahua Hydrogen, Qilu Hydrogen, Huajiu Hydrogen, Shenzhen Pufa, Ningxia Guofuhee, Mengfa Guofu, Yudu Hydrogen, Urumqi Outejie and Hycee Pte. Ltd. For the years ended December 31, 2021, 2022 and 2023 and the five months ended May 31, 2023 and 2024, our share of results of associates was negative RMB0.4 million, negative RMB0.3 million, negative RMB2.1 million, negative RMB1.0 million and negative RMB1.8 million, respectively.

Finance Costs

Finance costs principally represent (i) interest on borrowings, which mainly represents the interests incurred from bank loans we obtained; and (ii) interest on lease liabilities, which primarily represents property lease.

For the years ended December 31, 2021, 2022 and 2023 and the five months ended May 31, 2023 and 2024, our financial costs were RMB5.2 million, RMB12.0 million, RMB22.8 million, RMB11.1 million and RMB13.5 million, respectively. The following table sets forth the components of our finance costs and the components as a percentage of total finance costs for the years/periods indicated:

	For the year ended December 31,						**For the five months ended May 31,**			
	2021		**2022**		**2023**		**2023**		**2024**	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Interest on borrowings	7,832	151.3	14,724	123.0	29,447	128.9	14,177	126.8	13,507	99.8
Interest on lease liabilities	18	0.3	24	0.2	29	0.1	6	0.1	25	0.2
Subtotal	7,850	151.6	14,748	123.2	29,476	129.0	14,183	127.6	13,532	100.0
Less: amounts capitalized in the cost of construction-in-progress	(2,673)	(51.6)	(2,778)	(23.2)	(6,630)	(29.0)	(3,065)	(27.6)	–	–
	5,177	**100.0**	**11,970**	**100.0**	**22,846**	**100.0**	**11,118**	**100.0**	**13,532**	**100.0**

Income Tax Credit

Income tax credit primarily represent our total current income tax and deferred income tax credit under the relevant income tax rules and regulations in the jurisdictions where we operate. We recorded income tax credit of RMB14.3 million, RMB19.9 million, RMB13.8 million, RMB7.9 million and RMB20.2 million for the years ended December 31, 2021, 2022 and 2023 and the five months ended May 31, 2023 and 2024, respectively. The following table sets forth a breakdown of our income tax credit for the years/periods indicated:

	For the year ended December 31,			For the five months ended May 31,	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Current tax	2	3	–	–	30
Deferred tax	(14,302)	(19,875)	(13,766)	(7,928)	(20,209)
	(14,300)	**(19,872)**	**(13,766)**	**(7,928)**	**(20,179)**

Under the EIT Law and Implementation Regulation of the EIT Law (《中華人民共和國企業所得稅法實施條例》), the statutory tax rate of our Company and the PRC subsidiaries is 25% during the Track Record Period.

Our Company has been accredited as a "New and High Technical Enterprise" in October 2018 and renewed its qualification in November 2021. Hydrogen Cloud Research Institute was accredited as a "New and High Technical Enterprise" in December 2020 and renewed the certificate in November 2023. Therefore, our Company and Hydrogen Cloud Research Institute were both entitled to a preferential income tax rate of 15% during the Track Record Period.

According to the relevant laws and regulations promulgated by the State Administration of Taxation of the PRC that has been effective from 2018 onwards, enterprise engaging in research and development activities are entitled to claim 175% and 200% of their research and development expenditures incurred as tax deductible expenses when determining their assessable profits for the period from January 1, 2021 to September 30, 2022 and for the period from October 1, 2022 to May 31, 2024, respectively.

Certain subsidiaries of our Group were subject to "small and thin-profit enterprises" and would benefit from a preferential tax rate of 20% under the EIT Law. For the years ended December 31, 2021, 2022 and 2023 and the five months ended May 31, 2023 and 2024, our qualifying group entities enjoyed 87.5% reduction on annual taxable income on first RMB1,000,000 and 50% reduction between the annual taxable income of RMB1,000,000 to RMB3,000,000, respectively.

During the Track Record Period and up to the Latest Practicable Date, we had no disputes or unresolved tax issues with the relevant tax authorities. Reconciliation of the tax expense applicable to loss before tax at the statutory rate to the tax expense at the effective tax rate is as follows:

	Year ended December 31,			For the five months ended May 31,	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Loss before tax	(89,549)	(116,090)	(88,809)	(52,146)	(117,015)
Income tax expense calculated at 25%	(22,387)	(29,023)	(22,202)	(13,037)	(29,254)
Tax effect of expenses that are not deductible for tax purpose	2,755	1,396	3,052	453	809
Additional deduction of research and development expenses and other qualified expenditures	(9,626)	(10,766)	(8,634)	(2,240)	(4,087)
Tax effect of deductible temporary differences not recognized	(169)	83	35	16	2
Tax effect of tax losses not recognized	5,637	5,160	4,767	2,219	1,563
Income tax at concessionary rates	9,490	13,278	9,216	4,661	10,788
	(14,300)	(19,872)	(13,766)	(7,928)	(20,179)

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Five Months Ended May 31, 2024 Compared to Five Months Ended May 31, 2023

Revenue

Our revenue increased from RMB45.2 million in the five months ended May 31, 2023 to RMB64.3 million in the five months ended May 31, 2024. The increase was mainly due to increased revenue from equipment for hydrogen refueling stations and related products.

Specifically, the revenue of vehicle-mounted high pressure hydrogen supply systems and related products decreased from RMB32.4 million in the five months ended May 31, 2023 to RMB26.2 million in the five months ended May 31, 2024, primarily because we received customer orders of hydrogen storage cylinders in the five months ended May 31, 2023, which were one-off in nature and we did not receive similar orders in the five months ended May 31, 2024.

The revenue of equipment for hydrogen refueling stations and related products increased from RMB10.9 million in the five months ended May 31, 2023 to RMB38.0 million in the five months ended May 31, 2024, which was primarily due to increased units sold to customers as their demand increased.

We did not realize any sales of equipment for hydrogen liquefaction and the storage and transportation of liquid hydrogen in the five months ended May 31, 2023 and 2024.

The revenue of water electrolysis hydrogen production equipment and related products was RMB1.8 million in the five months ended May 31, 2023 and nil in the five months ended May 31, 2024, as we only recognized the sales of this product type in the five months ended May 31, 2023.

Cost of Sales

Our cost of sales increased from RMB42.5 million in the five months ended May 31, 2023 to RMB63.0 million in the five months ended May 31, 2024. The increase was mainly attributable to (i) increased procurement costs of raw materials, especially electrical instrumentation, compressors and compressor skids and others (e.g., cylinder-like storage containers and project-specific raw materials), mainly due to increased production and sales of the equipment for hydrogen refueling stations and related products; and (ii) increased direct labor costs and manufacturing expenses, as a result of (A) increased production in connection with our business expansion, and (B) increased depreciation in relation to the production workshops and leasehold lands of Zhangjiagang Factory Phase III.

Gross Profit and Gross Profit Margin

Our gross profit decreased from RMB2.6 million in the five months ended May 31, 2023 to RMB1.3 million in the five months ended May 31, 2024. Our gross profit margin decreased from 5.8% in the five months ended May 31, 2023 to 2.0% in the five months ended May 31, 2024, primarily because we experienced a significant increase in (i) depreciation in relation to the production workshops and leasehold lands of Zhangjiagang Factory Phase III, as we started to incur relevant depreciation in connection with Zhangjiagang Factory Phase III in November 2023, compared to nil of relevant depreciation in the five months ended May 31, 2023; and (ii) equity-settled share-based payment expenses to our production staff.

The gross profit margin of vehicle-mounted high pressure hydrogen supply systems and related products decreased from 7.6% in the five months ended May 31, 2023 to 4.3% in the five months ended May 31, 2024. The gross profit margin of equipment for hydrogen refueling stations and related products decreased from 5.1% in the five months ended May 31, 2023 to 0.3% in the five months ended May 31, 2024. The gross profit margin of the two product types decreased, primarily due to an increase in the depreciation in relation to the production workshops and leasehold lands of Zhangjiagang Factory Phase III.

Excluding the impact of the incremental depreciation in relation to production workshops and leasehold lands of Zhangjiagang Factory Phase III under manufacturing expenses, our gross profit margin of vehicle-mounted high pressure hydrogen supply systems and related products experienced a slight increase from the five months ended May 31, 2023 to the five months ended May 31, 2024. Although our sales volume of vehicle-mounted high pressure hydrogen supply systems and related products decreased from 205 sets in the five months ended May 31, 2023 to 157 sets in the five months ended May 31, 2024, the proportion of our revenue from vehicle-mounted high-pressure hydrogen supply systems with larger hydrogen storage capacity in our total revenue increased during the same periods. The gross profit margin of vehicle-mounted high-pressure hydrogen supply systems with larger hydrogen storage capacity was generally higher than that of vehicle-mounted high-pressure hydrogen supply systems with smaller hydrogen storage capacity.

Similarly, excluding the impact of the incremental depreciation in relation to production workshops and leasehold lands of Zhangjiagang Factory Phase III under manufacturing expenses, our gross profit margin of equipment for hydrogen refueling stations and related products also experienced a slight increase from the five months ended May 31, 2023 to the five months ended May 31 2024. Our sales volume of equipment for hydrogen refueling stations and related products increased from one set in the five months ended May 31, 2023 to five sets in the five months ended May 31, 2024, and we focused on selling the relevant equipment with relatively higher gross profit margin.

We did not record any sales of equipment for hydrogen liquefaction and the storage and transportation of liquid hydrogen in the five months ended May 31, 2023 and 2024 and therefore, the comparison of gross profit margin of this product type for the periods is not applicable.

The gross profit margin of water electrolysis hydrogen production equipment and related products was negative 21.9% in the five months ended May 31, 2023, primarily because we only had limited production and sales for this product type, and did not have the economies of scale to achieve gross profit. Specifically, we incurred substantial costs in the procurement of raw materials and relevant machinery and the recruitment of the relevant production staff to launch this new product type. However, we only delivered two sets of water electrolysis hydrogen production equipment and related products in the five months ended May 31, 2023. Therefore, the unit cost of our water electrolysis hydrogen production equipment was relatively high during the same period. We did not record any sales of water electrolysis hydrogen production equipment and related products in the five months ended May 31, 2024.

Other Income

Our other income decreased from RMB3.7 million in the five months ended May 31, 2023 to RMB3.1 million in the five months ended May 31, 2024. The decrease was mainly due to decreased government grants, and the types and amounts of such grants awarded to us differed in the five months ended May 31, 2024 compared to the five months ended May 31, 2023.

Other Gains and Losses

We recorded other gains and losses of RMB0.3 million in the five months ended May 31, 2023 and negative RMB0.4 million in the five months ended May 31, 2024, primarily due to net foreign exchange losses of RMB0.3 million in the five months ended May 31, 2024 compared to net foreign exchange gains of RMB0.2 million in the five months ended May 31, 2023. We incurred net foreign exchange losses in the five months ended May 31, 2024, mainly in connection with the exchange rate fluctuations of our trade payables denominated in foreign currency to our overseas suppliers.

Impairment Losses under Expected Credit Loss Model, Net of Reversal

Our impairment losses under expected credit loss model, net of reversal, increased from a reversal of RMB5.1 million in the five months ended May 31, 2023 to a provision of RMB14.7 million in the five months ended May 31, 2024, primarily because (i) we successfully collected a portion of our trade receivables from our existing major customers in the five months ended May 31, 2023; (ii) the balance of trade receivables of our major existing customers decreased in the five months ended May 31, 2023 and we correspondingly reduced provision of expected credit loss; and (iii) we failed to collect overdue trade receivables from certain of our existing customers and we correspondingly increased provision of expected credit loss for the five months ended May 31, 2024. Our allowance for credit loss remained relatively stable for the five months ended May 31, 2023 and 2024 due to the reasons as described above. For details of our trade and other receivables, please see "— Description of Certain Key Items from Our Consolidated Statement of Financial Positions — Trade and Other Receivables" in this section.

Selling Expenses

Our selling expenses increased from RMB9.5 million in the five months ended May 31, 2023 to RMB16.5 million in the five months ended May 31, 2024. The increase was mainly due to (i) an increase of RMB4.7 million in equity-settled share-based payment expenses to our sales and marketing staff; and (ii) an increase of RMB1.1 million in travel expenses. The increase in travel expenses was in line with our continuous sales and marketing efforts in various overseas markets.

Research and Development Expenses

Our research and development expenses increased from RMB10.0 million in the five months ended May 31, 2023 to RMB17.1 million in the five months ended May 31, 2024. The increase was mainly due to (i) an increase of RMB3.0 million in direct materials; (ii) an increase of RMB2.4 million in equity-settled share-based payment expenses to R&D personnel; and (iii) an increase of RMB1.7 million in employee compensation and benefits. The increase in direct materials was mainly in connection with testing and verification of certain R&D results under R&D projects. The increase in employee compensation and benefits was mainly due to (i) an increase in the headcount of our R&D team in connection with R&D projects that we undertook to develop advanced technology for hydrogen energy core equipment; and (ii) an increase in the compensation package for our R&D staff.

Administrative Expenses

Our administrative expenses increased from RMB32.4 million in the five months ended May 31, 2023 to RMB49.4 million in the five months ended May 31, 2024. The increase was mainly due to (i) an increase of RMB15.5 million in equity-settled share-based payment expenses to administrative staff; and (ii) an increase of RMB1.9 million in depreciation and amortization. The increase in depreciation and amortization reflected the depreciation of buildings and equipment as we increased our purchase of the relevant equipment used in our office operation and management, which were in line with our business expansion.

Listing Expenses

Our listing expenses increased from nil in the five months ended May 31, 2023 to RMB8.1 million in the five months ended May 31, 2024, because we initiated our preparation for the Listing and the Global Offering in the fourth quarter of 2023.

Share of Results of Associates

Our share of results of associates decreased from negative RMB1.0 million in the five months ended May 31, 2023 to negative RMB1.8 million in the five months ended May 31, 2024, primarily because Mengfa Guofu, Yudu Hydrogen, Urumqi Outejie and Hycee Pte. Ltd recorded losses for the five months ended May 31, 2024.

Finance Costs

Our finance costs increased from RMB11.1 million in the five months ended May 31, 2023 to RMB13.5 million in the five months ended May 31, 2024, mainly because RMB3.1 million of interest on borrowings were capitalized in the cost of construction-in-progress in the five months ended May 31, 2023 and the aforementioned construction-in-progress was completed by the end of 2023, which led to the interest on borrowings incurred for the five months ended May 31, 2024 were all recognized in finance costs.

Loss Before Tax

As a result of the foregoing, our loss before tax costs increased from RMB52.1 million in the five months ended May 31, 2023 to RMB117.0 million in the five months ended May 31, 2024.

Income Tax Credit

Our income tax credits increased from RMB7.9 million in the five months ended May 31, 2023 to RMB20.2 million in the five months ended May 31, 2024. The increase in our income tax credits was primarily due to increased tax loss and other deductible temporary differences of our Company.

Loss for the Period

As a result of the foregoing, our loss for the period increased from RMB44.2 million in the five months ended May 31, 2023 to RMB96.8 million in the five months ended May 31, 2024.

Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

Revenue

Our revenue increased from RMB359.5 million in 2022 to RMB522.4 million in 2023. The increase was mainly due to increased revenue from equipment for hydrogen refueling stations and related products and, vehicle-mounted high-pressure hydrogen supply systems and related products and equipment for hydrogen liquefaction and storage and transportation of liquid hydrogen.

Specifically, the revenue of vehicle-mounted high-pressure hydrogen supply systems and related products increased from RMB275.8 million in 2022 to RMB301.1 million in 2023, which was primarily due to increased customer demand for vehicle-mounted high-pressure hydrogen supply systems with larger hydrogen storage capacity. For example, we commercialized the vehicle-mounted high-pressure hydrogen supply systems with hydrogen storage cylinders of 410L storage capacity in 2023. The revenue contribution from the sales of such large-capacity vehicle-mounted high-pressure supply systems accounted for 24.1% of our total revenue of vehicle-mounted high-pressure hydrogen supply systems and related products in 2023. Vehicle-mounted high-pressure hydrogen supply systems with larger hydrogen storage capacity became more popular in the market since hydrogen fuel cell vehicle manufacturers, which are one of our major customer types, focused on improving the long distance capacity of their hydrogen fuel cell vehicles and the selling price of which was higher than that of vehicle-mounted high-pressure hydrogen supply systems with smaller hydrogen storage capacity.

The revenue of equipment for hydrogen refueling stations and related products increased from RMB83.7 million in 2022 to RMB123.0 million in 2023, primarily because additional units were sold to customers as our customers' demand increased, which was in line with the increase in the number of new hydrogen refueling stations built in 2023 in China. According to Frost & Sullivan, the number of newly-built hydrogen refueling stations in China was 118 in 2023 compared to 86 in 2022.

The revenue of equipment for hydrogen liquefaction and the storage and transportation of liquid hydrogen increased from nil in 2022 to RMB82.8 million in 2023, primarily because we started to deliver our first equipment for hydrogen liquefaction and the storage and transportation of liquid hydrogen to a customer in 2023 and generated revenue thereof.

The revenue of water electrolysis hydrogen production equipment and related products increased from nil in 2022 to RMB15.6 million in 2023, primarily because we started to deliver a number of water electrolysis hydrogen production equipment to customers in 2023.

Cost of Sales

Our cost of sales increased from RMB320.5 million in 2022 to RMB429.1 million in 2023. The increase was mainly attributable to (i) increased procurement costs of raw materials, especially carbon fiber and electrical instrumentation, mainly due to increased production and sales; and (ii) increased direct labor costs and manufacturing expenses, as a result of increased production in connection with our business expansion, in particular as we expanded the production and sales of equipment for hydrogen refueling station and related products, and equipment for hydrogen liquefaction and the storage and transportation of liquid hydrogen.

Gross Profit and Gross Profit Margin

Our gross profit increased from RMB39.0 million in 2022 to RMB93.4 million in 2023. Our gross profit margin increased from 10.9% in 2022 to 17.9% in 2023, primarily due to increased gross profit margin of (i) vehicle-mounted high-pressure hydrogen supply systems and related products; (ii) equipment for hydrogen refueling stations and related products; and (iii) equipment for hydrogen liquefaction and the storage and transportation of liquid hydrogen.

The gross profit margin of vehicle-mounted high-pressure hydrogen supply systems and related products increased from 11.7% in 2022 to 18.4% in 2023, primarily because (i) the proportion of our revenue from vehicle-mounted high-pressure hydrogen supply systems with larger hydrogen storage capacity in our total revenue increased in 2023 compared to 2022. This increase was mainly due to the increased customer demand for vehicle-mounted high-pressure hydrogen supply systems with larger hydrogen storage capacity. For example, we commercialized the vehicle-mounted high-pressure hydrogen supply systems with hydrogen storage cylinders of 410L storage capacity in 2023. The proportion of revenue contribution from the sales of such large-capacity vehicle-mounted high-pressure supply systems to our total revenue of vehicle-mounted high-pressure hydrogen supply systems and related products increased from nil in 2022 to 24.1% in 2023. The gross profit margin of such large-capacity vehicle-mounted high-pressure supply systems was higher than the gross profit margin of 18.4% for our vehicle-mounted high-pressure hydrogen supply system and related products in 2023. The gross profit margin of vehicle-mounted high-pressure hydrogen supply systems with larger hydrogen storage capacity was generally higher than that of vehicle-mounted high-pressure hydrogen supply systems with smaller hydrogen storage capacity; (ii) the market price of carbon fiber, which is one of the major raw materials for the manufacturing of hydrogen storage cylinders decreased in 2023, leading to a reduction of the cost of sales of such products in the same year; and (iii) we improved our design and technology of vehicle-mounted high-pressure hydrogen supply systems and related products to further reduce the cost of sales of such products.

The gross profit margin of equipment for hydrogen refueling stations and related products increased from 8.2% in 2022 to 12.6% in 2023, primarily because (i) we adjusted our business strategy with respect to the equipment for hydrogen refueling stations and related products and tended to manufacture and sell the products with higher gross profit margin; and (ii) we collaborated with Chinese domestic suppliers of key raw materials and components used in the equipment for hydrogen refueling stations and related products and realized domestic substitution to reduce the cost of sales of such products.

The gross profit margin of equipment for hydrogen liquefaction and the storage and transportation of liquid hydrogen was 26.6% in 2023. Since we started to deliver the equipment for hydrogen liquefaction and the storage and transportation of liquid hydrogen to Qilu Hydrogen in 2023, there was no gross profit margin available in 2022 for this product type.

The gross profit margin of water electrolysis hydrogen production equipment and related products was 3.5% in 2023, primarily because we did not realize large-scale commercialization of water electrolysis hydrogen production equipment and incurred substantial cost of sales in connection with our procurement of raw materials, labor costs and depreciation and amortization to deploy our production capability with respect to these products.

Other Income

Our other income increased from RMB13.1 million in 2022 to RMB25.3 million in 2023. The increase was mainly due to increased government grants, and the types and amounts of such grants awarded to us differed in 2023 compared to 2022.

Other Gains and Losses

We recorded other gains and losses of negative RMB0.2 million in 2022 and RMB0.3 million in 2023, primarily due to a decrease of RMB0.7 million in loss on disposal/write off property, plant and equipment. Our loss on disposal/write off property, plant and equipment decreased primarily because we did not have any retirement and disposal of our fixed assets in 2023.

Impairment Losses under Expected Credit Loss Model, Net of Reversal

Our impairment losses under expected credit loss model, net of reversal increased from RMB2.4 million in 2022 to RMB6.1 million in 2023, which was in line with the increase in our trade receivables.

Selling Expenses

Our selling expenses increased from RMB22.2 million in 2022 to RMB43.5 million in 2023. The increase was mainly due to (i) an increase of RMB7.0 million in employee compensation and benefits; (ii) an increase in after-sales service fee of RMB4.8 million; (iii) an increase in consulting service fee of RMB2.7 million; and (iv) an increase of RMB2.3 million in travel expenses. The employee compensation and benefits increased by 59.5% in 2023 primarily due to (i) an increase of 19 new staff involved in serving sales and marketing-related functions in connection with our business expansion; and (ii) an average increase of 22.5% in the compensation package for our sales and marketing staff, especially the staff we recruited for the development of our overseas business. The after-sales service fee increased in 2023 primarily because we increased the sales of our products, especially the sales of equipment for hydrogen refueling stations and related products. Generally, the percentage of after-sales service fee accrual for the sales of equipment for hydrogen refueling stations and related products was higher than that for vehicle-mounted high-pressure hydrogen supply systems. Since the revenue generated from equipment for hydrogen refueling stations and related products increased significantly in 2023, the after-sales service fee was consequently higher in the same year. The consulting service fee increased in 2023, primarily because we engaged additional consulting service providers to conduct project feasibility analysis and marketing activities to facilitate project execution in relation to hydrogen refueling stations and hydrogen production using renewable energy in 2023, which was in line with our business expansion. The increase in travel expenses was mainly due to increased overseas business travel for our selling and marketing staff to explore and develop our overseas markets in 2023.

Research and Development Expenses

Our research and development expenses decreased from RMB42.7 million in 2022 to RMB39.1 million in 2023, primarily due to a decrease in the expenses for the R&D projects we undertook in connection with (i) water electrolysis hydrogen production system; and (ii) liquid hydrogen filling equipment. We initiated these R&D projects in 2021, which required significant material procurement and/or testing activities in 2022. In 2023, the focus of these R&D projects shifted primarily to commissioning and optimization of functions and performance of the system and equipment developed by these projects, resulting in a corresponding decrease in the R&D expenses in the same year. The decrease was partially offset by an increase of RMB4.7 million in employee compensation and benefits, mainly due to (i) an increase in the headcount of our R&D team in connection with R&D projects that we undertook to develop competitive technology in relation to cutting-edge technology for hydrogen energy core equipment; and (ii) an increase in the compensation package for our R&D staff.

Administrative Expenses

Our administrative expenses increased from RMB88.4 million in 2022 to RMB90.9 million in 2023. The increase was mainly due to (i) an increase of RMB5.3 million in depreciation and amortization; and (ii) an increase of RMB3.1 million in equity-settled share-based payment expenses to administrative staff, partially offset by a decrease of RMB7.8 million in professional service fee. The increase in depreciation and amortization reflected the depreciation of buildings and the amortization of equipment and software, as (i) our new office building and production workshops related to Zhangjiagang Factory Phase III started to depreciate; and (ii) we increased our purchase of the relevant equipment and software used in our office operation and management and certain equipment and machinery used for our production, which was in connection with our business expansion. The professional service fees decreased in 2023 mainly because we ceased the A Share Listing Attempt in 2022 and we did not incur substantial professional service fee in 2023. Our employee compensation and benefits remained relatively stable at RMB35.8 million and RMB35.6 million in 2022 and 2023, respectively.

Listing Expenses

Our listing expenses increased from nil in 2022 to RMB3.2 million in 2023, because we initiated our preparation for the Listing and Global Offering in 2023.

Share of Results of Associates

Our share of results of associates increased from negative RMB0.3 million in 2022 to negative RMB2.1 million in 2023, primarily because the loss for the year of Huajiu Hydrogen increased in 2023.

Finance Costs

Our finance costs increased from RMB12.0 million in 2022 to RMB22.8 million in 2023, mainly due to an increase in our bank borrowings, which we obtained to fund the capital expenditures relating to the expansion of our production facilities, such as our Zhangjiagang Factory Phase III, and our working capital.

Loss Before Tax

As a result of the foregoing, our loss before tax decreased from RMB116.1 million in 2022 to RMB88.8 million in 2023.

Income Tax Credit

Our income tax credits decreased from RMB19.9 million in 2022 to RMB13.8 million in 2023. The decrease in our income tax credits, primarily due to decreased loss of our Company and our certain subsidiaries in 2023.

Loss for the Year

As a result of the foregoing, our loss for the year decreased from RMB96.2 million in 2022 to RMB75.0 million in 2023.

Year Ended December 31, 2022 Compared to Year Ended December 31, 2021

Revenue

Our revenue increased from RMB329.3 million in 2021 to RMB359.5 million in 2022. The increase was mainly due to increased revenue from vehicle-mounted high-pressure hydrogen supply systems and related products, partially offset by decreased revenue from equipment for hydrogen refueling stations.

Specifically, the revenue of vehicle-mounted high-pressure hydrogen supply systems and related products increased from RMB189.4 million in 2021 to RMB275.8 million in 2022, which was primarily due to increased customer demand that resulted in additional units being sold.

The revenue of equipment for hydrogen refueling stations and related products decreased from RMB139.9 million in 2021 to RMB83.7 million in 2022, primarily due to the industry trend involving a slow-down in the growth of new hydrogen refueling stations built in 2022, which led to decreased customer demand for our equipment for hydrogen refueling stations and related products.

Cost of Sales

Our cost of sales increased from RMB297.5 million in 2021 to RMB320.5 million in 2022. The increase was mainly attributable to increased procurement costs of raw materials, especially carbon fiber and aluminum tubes, which were due to increased production and sales, partially offset by a decrease in direct labor costs and manufacturing expenses. The direct labor costs and manufacturing expenses decreased, primarily because (i) equipment for hydrogen refueling stations generally are more labor- and manufacturing-intensive compared to our other products; and (ii) the revenue from equipment for hydrogen refueling station and related products decreased in 2022, which reflected in a corresponding decrease in direct labor costs and manufacturing expenses.

Gross Profit and Gross Profit Margin

Our gross profit increased from RMB31.8 million in 2021 to RMB39.0 million in 2022. Our gross profit margin increased from 9.6% in 2021 to 10.9% in 2022, primarily due to an increase in the gross profit margin of vehicle-mounted high-pressure hydrogen supply systems and related products.

The gross profit margin of vehicle-mounted high-pressure hydrogen supply systems and related products increased from 8.5% in 2021 to 11.7% in 2022, primarily because (i) the mix of our product specifications relating to vehicle-mounted high-pressure hydrogen supply systems changed in 2022, which resulted in higher selling prices; and (ii) we improved our design and technology of vehicle-mounted high-pressure hydrogen supply systems and related products to further reduce the cost of sales of such products.

The gross profit margin of equipment for hydrogen refueling stations and related products decreased from 11.2% in 2021 to 8.2% in 2022, primarily due to increasing competition between the players in this industry as result of the decreasing customer demand. Therefore, we adjusted our pricing strategy in light of enhanced market competition in order to obtain customer orders in 2022.

Other Income

Our other income slightly decreased from RMB16.2 million in 2021 to RMB13.1 million in 2022, mainly due to decreased government grants, and the types and amounts of such grants awarded to us differed in 2021 and 2022.

Other Gains and Losses

Our other gains and losses decreased from negative RMB1.0 million in 2021 to negative RMB0.2 million in 2022, primarily due to (i) a decrease of RMB0.3 million in loss on disposal/write off property, plant and equipment; (ii) an increase of RMB0.3 million in net foreign exchange gains; and (iii) an increase of RMB0.2 million in gain on disposal of an associate. Our loss on disposal/write off property, plant and equipment decreased primarily because our retirement and disposal of our fixed assets decreased in 2022 compared to 2021. The increase in net foreign exchange gains was in connection with the exchange rate fluctuations of our trade payables denominated in foreign currency to our overseas suppliers. Our gain on disposal of an associate increased primarily because we disposed Shenzhen Pufa in 2022 to a third party and received the proceeds from such disposal.

Impairment Losses under Expected Credit Loss Model, Net of Reversal

Our impairment losses under expected credit loss model, net of reversal decreased from RMB21.5 million in 2021 to RMB2.4 million in 2022, primarily because (i) we successfully collected a portion of our trade receivables from our existing major customers in 2022; and (ii) the balance of trade receivables of new customers as of December 31, 2022 were less than those as of December 31, 2021, which further led to reduced provision of expected credit loss. Our allowance for credit loss remained relatively stable in 2021 and 2022 due to the reasons as described above. For details of our trade and other receivables, please see "— Description of Certain Key Items from Our Consolidated Statement of Financial Positions — Trade and Other Receivables" in this section.

Selling Expenses

Our selling expenses increased from RMB20.5 million in 2021 to RMB22.2 million in 2022. The increase was mainly due to an increase of RMB3.3 million in employee compensation and benefits in 2022, which was primarily driven by (i) an increase in the headcount of our sales and marketing staff in connection with our business expansion; and (ii) an increase in the compensation package for our sales and marketing staff.

Research and Development Expenses

Our research and development expenses remained relatively stable at RMB42.7 million in 2022 compared to RMB41.7 million in 2021.

Administrative Expenses

Our administrative expenses increased from RMB47.2 million in 2021 to RMB88.4 million in 2022. This increase was mainly due to (i) an increase of RMB17.7 million in employee compensation and benefits; (ii) an increase of RMB7.2 million in professional service fee; (iii) an increase of RMB6.2 million in depreciation and amortization; and (iv) an increase of RMB5.6 million in technical service fee. Our employee compensation and benefits increased by 97.1% in 2022 compared to 2021, which was mainly driven by an increase of 79 new administrative staff in 2022 in connection with our business expansion, representing 103.9% growth in administrative headcount compared to 2021. Specifically, we increased our overall employee headcount in the relevant administrative functional departments due to our business expansion and the establishment of new business departments, including water electrolysis hydrogen production, leading to an increase in the number of administrative staff. Our compensation package for our administrative staff remained relatively stable in 2022. The professional service fee increased in 2022 primarily due to the expenses incurred in connection with our A Share Listing Attempt. The increase in depreciation and amortization in 2022 was primarily due to the depreciation of buildings and the amortization of equipment and software as we purchased an office building in late 2021, which contributed a full year depreciation in 2022, while we increased our purchase of the relevant equipment and software used in our office operation and management and certain equipment and machinery used for our production, which was in connection with our business expansion. The technical service fee increased in 2022 primarily because we incurred expenses to maintain and upgrade the software and systems used in connection with our office management and operations.

Share of Results of Associates

Our share of results of associates remained relatively stable at negative RMB0.4 million and negative RMB0.3 million in 2021 and 2022, respectively.

Finance Costs

Our finance costs increased from RMB5.2 million in 2021 to RMB12.0 million in 2022. The increase was mainly due to an increase in our bank borrowings, which we obtained to fund our working capital and capital expenditures relating to the expansion of our production capacity.

Loss Before Tax

As a result of the foregoing, our loss before tax increased from RMB89.5 million in 2022 to RMB116.1 million in 2023.

Income Tax Credits

Our income tax credits increased from RMB14.3 million in 2021 to RMB19.9 million in 2022. The increase in income tax credits was mainly due to increased tax loss of our Company and our certain subsidiaries.

Loss for the Year

As a result of the foregoing, our loss for the year increased from RMB75.2 million in 2021 to RMB96.2 million in 2022.

NET CURRENT ASSETS

The table below sets forth the breakdown of our current assets and current liabilities as of the dates indicated:

	As of December 31,			As of May 31,	As of September 30,
	2021	**2022**	**2023**	**2024**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
Current assets:					
Inventories	167,596	290,615	178,387	197,228	204,216
Loan receivables	–	–	10,440	11,109	11,109
Trade and other receivables	320,589	395,109	486,611	426,489	489,320
Contract assets	13,975	11,048	24,310	26,428	19,771
Debt instruments at FVTOCI	15,601	69,662	33,530	40,573	8,638
Amounts due from associates	12,546	2,468	63,816	62,862	62,862

	As of December 31,			As of May 31,	As of September 30,
	2021	2022	2023	2024	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*
Amount due from a related party	432	430	427	427	427
Restricted bank deposits	16,862	26,471	21,219	9,840	15,941
Cash and cash equivalents	168,153	76,897	333,298	135,762	65,133
Total current assets	**715,754**	**872,700**	**1,152,038**	**910,718**	**877,417**
Current liabilities:					
Trade and other payables	211,243	444,258	626,492	393,984	446,167
Borrowings	54,922	233,629	447,989	480,111	464,222
Lease liabilities	452	204	770	1,253	1,028
Provisions	–	2,619	3,718	3,348	4,125
Contract liabilities	8,780	17,721	13,850	10,927	11,458
Amounts due to associates	7,080	9,002	–	–	–
Amounts due to related parties	167	167	1,777	1,087	1,087
Amount due to a shareholder	826	–	–	–	–
Deferred income	–	3,882	1,341	12,104	12,011
Total current liabilities	**283,470**	**711,482**	**1,095,937**	**902,814**	**940,098**
Net current assets/(liabilities)	**432,284**	**161,218**	**56,101**	**7,904**	**(62,681)**

Our net current assets decreased from RMB432.2 million as of December 31, 2021 to RMB161.2 million as of December 31, 2022, primarily because the increase in our total current liabilities outpaced the increase in our total current assets. Our total current liabilities increased from RMB283.5 million as of December 31, 2021 to RMB711.5 million as of December 31, 2022, primarily due to (i) an increase in trade and other payables from RMB211.2 million as of December 31, 2021 to RMB444.3 million as of December 31, 2022, mainly due to our increased procurement of raw materials and increased payables for the construction of Zhangjiagang Factory Phase III; and (ii) an increase in borrowings from RMB54.9 million as of December 31, 2021 to RMB233.6 million as of December 31, 2022, mainly due to our increased bank loans to fund our working capital and capital expenditures relating to the expansion of our production capacity. Our total current assets increased from RMB715.8

million as of December 31, 2021 to RMB872.7 million as of December 31, 2022, primarily due to (i) an increase in inventories from RMB167.6 million as of December 31, 2021 to RMB290.6 million as of December 31, 2022, mainly due to our increased stock of raw materials, especially carbon fiber and aluminum tubes, and our increased production of our major products to satisfy increasing customer demand; (ii) an increase in trade and other receivables from RMB320.6 million as of December 31, 2021 to RMB395.1 million as of December 31, 2022, which was generally in line with our business expansion and growth in revenue; and (iii) an increase in debt instruments at FVTOCI from RMB15.6 million as of December 31, 2021 to RMB69.7 million as of December 31, 2022, mainly due to increased number of bills from our customers which were not due as of December 31, 2022, partially offset by a decrease in cash and cash equivalents from RMB168.2 million as of December 31, 2021 to RMB76.9 million as of December 31, 2022, which mainly reflected that we did not conduct similar financing activities by the end of 2022 compared to the financing activity by end of 2021.

Our net current assets decreased from RMB161.2 million as of December 31, 2022 to RMB56.1 million as of December 31, 2023, primarily because the increase in our total current liabilities outpaced the increase in our total current assets. Our total current liabilities increased from RMB711.5 million as of December 31, 2022 to RMB1,095.9 million as of December 31, 2023, primarily due to (i) an increase in borrowings from RMB233.6 million as of December 31, 2022 to RMB448.0 million as of December 31, 2023, mainly due to our increased bank loans to fund our working capital and capital expenditures relating to the expansion of our production capacity; and (ii) an increase in trade and other payables from RMB444.3 million as of December 31, 2022 to RMB626.5 million as of December 31, 2023, mainly because we had advance receipt of investment from one of our investors, which will be reclassified as paid-in-capital. Our total current assets increased from RMB872.7 million as of December 31, 2022 to RMB1,152.0 million as of December 31, 2023, primarily due to (i) an increase in cash and cash equivalents from RMB76.9 million as of December 31, 2022 to RMB333.3 million as of December 31, 2023, mainly due to the proceeds we received from a round of equity financing and the amount we received from our employees during our equity incentive activities by the end of 2023. For the details of our equity incentive activities in 2023, please refer to "Appendix VII — Statutory and General Information — D. Pre-IPO Share Incentive Plan — 3. The 2023 Plan" in this prospectus; and (ii) an increase in trade and other receivables from RMB395.1 million as of December 31, 2022 to RMB486.6 million as of December 31, 2023, which was generally in line with our business expansion and growth in revenue, partially offset by a decrease in inventories from RMB290.6 million as of December 31, 2022 to RMB178.4 million as of December 31, 2023, mainly due to our reduction of the stocking of raw materials and the consumption of our finished good from increased sales orders.

Our net current assets decreased from RMB56.1 million as of December 31, 2023 to RMB7.9 million as of May 31, 2024, primarily due to the decrease in our current assets outpacing the decease in our current liabilities. Our current assets decreased from RMB1,152.0 million as of December 31, 2023 to RMB910.7 million as of May 31, 2024, mainly due to (i) a decrease in cash and cash equivalent from RMB333.3 million as of December 31, 2023 to RMB135.8 million as of May 31, 2024 as we utilized our available cash to make investments and fund our operation; (ii) a decrease in trade and other receivables from RMB486.6 million as of December 31, 2023 to RMB426.5 million, mainly due to our successful collection of part of our trade receivables from certain of our existing customers in the five months ended May 31, 2024; and (iii) a decrease in restricted bank deposits from RMB21.2 million as of December 31, 2023 to RMB9.8 million as of May 31, 2024 mainly because certain bills payables have matured and relevant restricted bank deposits were withdrawn, partially offset by an increase in inventory from RMB178.4 million as of December 31, 2023 to RMB197.2 million as of May 31, 2024, due to our increased production of our major products, especially vehicle-mounted high-pressure hydrogen storage cylinders, equipment for hydrogen refueling stations and the equipment for hydrogen liquefaction and the storage and transportation of liquid hydrogen to satisfy increasing customer demand. Our current liabilities decreased from RMB1,095.9 million as of December 31, 2023 to RMB902.8 million as of May 31, 2024, primarily due to a decrease in trade and other payables from RMB626.5 million as of December 31, 2023 to RMB394.0 million as of May 31, 2024, mainly due to the decrease in advanced receipt of investment from our investors from RMB200.0 million to nil with the recognition of share capital and capital reserve as of May 31, 2024, partially offset by (i) an increase in borrowings from RMB448.0 million as of December 31, 2023 to RMB480.1 million as of May 31, 2024, mainly due to our increased bank loans to fund our working capital and capital expenditures relating to the expansion of our production; and (ii) an increase in deferred income from RMB1.3 million as of December 31, 2023 to RMB12.1 million as of May 31, 2024, mainly due to the increase of the amount of government subsidies that we received and recognized as deferred income for which we had not met the relevant conditions thereof.

We recorded net current assets of RMB7.9 million as of May 31, 2024 and net current liabilities of RMB62.7 million as of September 30, 2024, primarily due to a decrease in our current assets and an increase in our current liabilities. Our total current assets decreased from RMB910.7 million as of May 31, 2024 to RMB877.4 million as of September 30, 2024, primarily due to (i) a decrease in cash and cash equivalents from RMB135.8 million as of May 31, 2024 to RMB65.1 million as of September 30, 2024, mainly because we utilized our available cash to purchase property, plant and equipment and fund our operations; and (ii) a decrease in debt instruments at FVTOCI from RMB40.6 million as of May 31, 2024 to RMB8.6 million as of September 30, 2024, mainly due to the discounting or payment of certain of our bank bills, partially offset by (i) an increase in trade and other receivables from RMB426.5 million as of May 31, 2024 to RMB489.3 million as of September 30, 2024, which was generally in line with our business expansion and growth in revenue, and was primarily attributable to increased customer demand; (ii) an increase in inventories from RMB197.2 million as of May 31, 2024 to RMB204.2 million as of September 30, 2024, mainly because we proactively stocked raw materials to increase our production and stocked finished products to meet the peak customer demand in the fourth quarter of a year; and (iii) an increase in restricted bank deposits from RMB9.8 million as of May 31, 2024 to RMB15.9 million as of September 30, 2024, which reflected the amount of banker's acceptance that were newly occurred. Our total current liabilities increased from RMB902.8 million as of May 31, 2024 to RMB940.1 million as of September 30, 2024, primarily due to an increase in trade and other payables from RMB394.0 million as of May 31, 2024 to RMB446.2 million as of September 30, 2024, mainly due to our increased procurement of raw materials as we increased the production and sales of our products to meet the peak customer demand in the fourth quarter of the year, partially offset by a decrease in borrowings from RMB480.1 million as of May 31, 2024 to RMB464.2 million as of September 30, 2024 as we repaid certain of our bank borrowings.

In addition, as of December 31, 2021, 2022 and 2023 and May 31, 2024, our net assets amounted to RMB692.9 million, RMB611.8 million, RMB565.6 million and RMB718.8 million, respectively. Our net assets decreased from RMB692.9 million as of December 31, 2021 to RMB611.8 million as of December 31, 2022, mainly due to total comprehensive expense for the year of RMB80.4 million in 2022. Our net assets decreased from RMB611.8 million as of December 31, 2022 to RMB565.6 million as of December 31, 2023, mainly due to total comprehensive expense for the year of RMB75.3 million, partially offset by the proceeds from issue of restricted shares of RMB22.3 million in connection with our restricted shares schemes through which we granted restricted shares to certain eligible employees and directors in 2023. Our net assets increased from RMB565.6 million as of December 31, 2023 to RMB718.8 million as of May 31, 2024, mainly due to issue of shares of RMB225.4 million in relation of our issue of 5,881,191 ordinary shares to several independent investors in the five months ended May 31, 2024, partially offset by total comprehensive expense for the period of RMB96.2 million.

DESCRIPTION OF CERTAIN KEY ITEMS FROM OUR CONSOLIDATED STATEMENT OF FINANCIAL POSITIONS

Inventories

Our inventories primarily consist of raw materials and consumables, work-in-progress and finished goods. The following table sets forth a summary of our balance of inventories as of the dates indicated:

	As of December 31,			As of May 31,
	2021	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials and consumables	65,107	107,285	55,868	61,382
Work in progress	41,440	83,378	85,412	87,021
Finished goods	61,049	99,952	37,107	48,825
	167,596	**290,615**	**178,387**	**197,228**

Our inventories increased from RMB167.6 million as of December 31, 2021 to RMB290.6 million as of December 31, 2022, primarily reflecting (i) an increase of RMB42.2 million in raw materials mainly because we proactively stocked raw materials, especially carbon fiber and aluminum tubes, as we expected a growing customer demand for our products in 2022; (ii) an increase of RMB41.9 million in work-in-progress for our vehicle-mounted high-pressure hydrogen supply systems, hydrogen refueling stations, and equipment for hydrogen liquefaction and the storage and transportation of liquid hydrogen; and (iii) an increase of RMB38.9 million in finished goods, primarily consisting of vehicle-mounted high-pressure hydrogen supply systems and hydrogen refueling stations, as we increased production and stock of finished products to meet the increasing customer demand.

Our inventories decreased from RMB290.6 million as of December 31, 2022 to RMB178.4 million as of December 31, 2023, primarily reflecting (i) a decrease of RMB51.4 million in raw materials, mainly because there were more abundant supply of carbon fiber in 2023 and as a result, we did not need to proactively stock a significant amount of such raw material; (ii) a decrease of RMB62.8 million in finished goods, mainly because our sales increased significantly in 2023 and we delivered a larger number of finished goods to our customers in the fourth quarter of 2023 compared to that in the fourth quarter of 2022, partially offset by an increase of RMB2.0 million in work-in-progress, which was primarily in line with our revenue growth.

Our inventories increased from RMB178.4 million as of December 31, 2023 to RMB197.2 million as of May 31, 2024, primarily reflecting (i) an increase of RMB11.7 million of finished goods, primarily consisting of vehicle-mounted high-pressure hydrogen supply systems and equipment for hydrogen refueling stations as we increased production and stock of finished products to meet the expected increasing customer demand in the second half of 2024; (ii) an increase of RMB5.5 million of raw materials and consumables as we proactively stocked raw materials, especially carbon fiber and aluminum tubes, as we expected a growing customer demand for our products in the second half of 2024; and (iii) an increase of RMB1.6 million in work-in-progress for our vehicle-mounted high-pressure hydrogen supply systems.

The following table sets forth our average inventory turnover days for the years/periods indicated:

	For the year ended December 31,			For the five months ended May 31,
	2021	**2022**	**2023**	**2024**
Average inventory turnover days(1)	161	261	199	453

Note:

(1) The average inventory turnover days for a year is the average of the opening and closing inventory balances divided by the cost of sales and multiplied by the number of days in the relevant year/periods (i.e., 365 days in 12 months/151 days in five months).

Our average inventory turnover days increased from 161 days in 2021 to 261 days in 2022, mainly because we proactively stocked raw materials in 2022 in anticipation of increased customer demand and a shortage of carbon fiber. Our average inventory turnover days decreased from 261 days in 2022 to 199 days in 2023, primarily because we reduced our stock of raw materials in 2023 as carbon fiber became more readily available. Our average inventory turnover days increased from 199 days in 2023 to 453 days in the five months ended May 31, 2024, mainly because the revenue we recognized in the five months ended May 31, 2024 was significantly less than that of 2023 full year due to the seasonality of our business, while our inventories remained relatively stable as of May 31, 2024 compared to that as of December 31, 2023.

The following table sets out the aging analysis of our inventories as of the dates indicated:

	As of December 31,			As of May 31,
	2021	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Up to 180 days	156,425	261,473	126,223	144,709
180 days to one year	7,080	10,186	7,120	10,025
One year to two years	2,438	16,516	34,667	31,139
Two years to three years	1,654	1,303	8,898	9,455
Over three years	–	1,137	1,479	1,900
Total	**167,596**	**290,615**	**178,387**	**197,228**

Recoverability of Inventories

Our inventories are primarily aged one year or less. Inventories aged over one year mainly include finished goods and raw materials. The finished goods stocked as our inventory over one year mainly included vehicle-mounted high-pressure hydrogen supply systems produced for a customer, which is mainly engaged in the production of hydrogen fuel cell vehicles, hydrogen fuel cell stacks, engines, among others, in Guangdong Province. That customer failed to accept these finished goods due to its financial constraints, and these finished goods are expected to be accepted by it as soon as its business plans have made progress. Raw materials in stock over one year were mainly imported compressors, carbon fibers and aluminum tubes, which were not used in a timely manner mainly due to our proactive stocking. Our raw materials in stock as a whole are still being used for production.

The PRC government has continued to introduce supportive policies for hydrogen energy industry and fuel cell vehicle industry in recent years. This indicates that the end market for hydrogen energy core equipment 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 foregoing, we have not identified any recoverability issue with respect to our inventories aged over one year.

Sufficiency of Impairment Provision of Inventories

We formulate the impairment provision policy according to the IAS 2 Inventories. If the cost of inventories may not be recoverable, the amount of inventories will be written down below cost to net realizable value. 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 write-down of inventory. Our provision for impairment of inventories amounted to RMB1.3 million, RMB1.0 million, RMB1.5 million and RMB4.6 million as of December 31, 2021, 2022 and 2023 and May 31, 2024, respectively. In addition, we have optimized and will continue to optimize our inventory management, liquidate slow-moving inventories through market analysis and identification of appropriate opportunities for such inventories. We generally purchase raw materials and schedule production activities based on the number of our actual sales orders received. Due to the seasonality of our business, we only keep a small number of hydrogen storage cylinders in stock in order to cope with the anticipated surge in customer demand in the fourth quarter of a calendar year. In addition, when our product upgrades and some of the raw materials are no longer suitable for use in the production of our new products, we typically modify those raw materials to adapt to the requirements of our new products. As a result, our Directors believe that our inventories as a whole are not subject to significant impairment losses. During the Track Record Period, we had not encountered any impairment losses that have materially and adversely affected our business operations caused by slow-moving inventories.

As of December 31, 2023, we made no impairment for finished goods aged over one year, primarily because (i) the aging of inventories consisting of the relevant finished goods were only for one year as of the same date; (ii) physical conditions of these finished goods, which were mainly made of carbon fiber and aluminium, were not significantly affected during their time in storage; and (iii) these finished goods can be re-sold to other customers with minor alterations. As of May 31, 2024, the provision of finished goods aged over one year was RMB1.8 million.

As of September 30, 2024, approximately RMB101.0 million, or 51.2%, of our inventories as of May 31, 2024 had been sold or utilized.

Loan Receivables

Loan receivables primarily consist of (i) a loan offered by our Company to Jinlutong, which is the largest shareholder of Qilu Hydrogen to replenish its working capital; and (ii) a loan offered by our Company to one of our staff. As of December 31, 2021, 2022 and 2023 and May 31, 2024, our loan receivables (current portion) amounted to nil, nil, RMB10.4 million and RMB11.1 million and the loan receivables (non-current portion) amounted to nil, nil, RMB1.8 million and RMB1.3 million.

Specifically, in November 2023, our Company entered into a loan agreement with Jinlutong. Pursuant to the loan agreement, Jinlutong borrowed RMB10.0 million from our Company for its working capital with a fixed interest rate of 4.0% per annum. This loan will be due in full in November 2024, and is guaranteed by a controlling shareholder of Jinlutong. Starting from 2020, we collaborated with Jinlutong to jointly explore local hydrogen energy market in Shandong Province and sold equipment for hydrogen refueling stations and related products and other hydrogen energy core equipment to it.

In May 2023, our Company entered into a loan agreement with Mr. Qingyang Liu, who is a management team member and is responsible for managing one of our core business lines. Mr. Liu is not a local employee and planned to purchase a residential property in the city where our headquarters is located. For employee stability and recognition of his contribution to our Group's development, we entered into a loan agreement with Mr. Liu. Pursuant to the loan agreement, the staff borrowed RMB2.2 million from our Company with fixed interest rate of 4.75% per annum. The amount would be repaid in a series of five successive equal yearly installments starting from the borrowing date. The installments of RMB1.8 million and RMB1.3 million that would be due after one year as of December 31, 2023 and May 31, 2024, respectively, were recorded as non-current asset.

As advised by our PRC Legal Advisors, the Lending General Provisions (《貸款通則》) promulgated by the PBOC in 1996 (the "Lending General Provisions") prohibited any financing arrangements or lending transactions between non-financial institutions and the PBOC may impose on the offending lender, a fine of one to five times the income the lender receives from such non-compliant loans. However, the Lending General Provisions did not prohibit the private lending contracts between a institution and a natural person. In addition, the Supreme People's Court has had new interpretations concerning financing arrangements and lending transactions between non-financial institutions in the Provisions of the Supreme People's Court on Several Issues concerning the Application of Law in the Trial of Private Lending Cases (最高人民法院關於審理民間借貸案件適用法律若干問題的研究), which came into effect on June 23, 2015 and was latest amended in December 2020 (the "Private Lending Provisions"), pursuant to which the Supreme People's Court recognizes the validity and legality of financing arrangements and lending transactions between non-financial institutions, so long as the private lending contract which the enterprises entered into is for the need of production and business operation, and does not fall into certain situations stipulated in the PRC Civil Code and the Private Lending Provisions. According to the Private Lending Provisions, the relevant people's courts shall uphold the claim by the lender on the payment of the interests under the lending contract whereby the annual interest rate agreed upon by the parties to the lending contract does not exceed four times of the loan prime rate for one-year loan when the contract is concluded. As advised by our PRC Legal Advisors, the Lending General Provisions regulate the lending activities of Chinese-invested financial institutions and the private lending between non-financial enterprises, and designate the PBOC and its branches as the regulatory authorities to implement these provisions. Given that the PBOC and its branches are the regulatory authorities under the Lending General Provisions, the PRC Legal Advisors has interviewed with the Suzhou Central Sub-branch and the Jiangsu Provincial Branch of the PBOC, the relevant competent authority as confirmed by our PRC Legal Advisors, which confirmed that (i) they only regulate financial institutions; and (ii) the loans issued by non-financial enterprises to other enterprises or individuals do not fall within their regulatory scopes. Accordingly, based on the foregoing and the confirmations provided by our Company, our PRC Legal Advisors are of the view that the loan arrangement between our Company and Jinlutong did not contravene the PRC Civil Code and the Private Lending Provisions because such loan arrangement involved a private loan contract between enterprises for production and operational needs and such loan agreement is valid and legally binding on the two parties.

Trade and Other Receivables

Our trade and other receivables primarily consist of trade receivables, prepayment to suppliers and value added tax recoverable. Trade receivables primarily represent the outstanding amounts due to us from our customers for our products. Prepayment to suppliers generally refer to the prepayment we make to our suppliers for their products or services. Value added tax recoverable is mainly a result of the timing difference between the procurement of raw materials and sales. The trading terms with our customers are mainly on credit. The credit period is generally within one year. We seek to maintain strict control over our outstanding receivables to minimize credit risk. Overdue balances are reviewed regularly by our management. We do not hold any collateral on our trade receivable balances. Trade receivables are non-interest-bearing.

Our trade and other receivables (current portion) increased from RMB320.6 million as of December 31, 2021 to RMB395.1 million as of December 31, 2022, further increased to RMB486.6 million as of December 31, 2023, and then decreased to RMB426.5 million as of May 31, 2024. The increase in our trade and other receivables (current portion) as of December 31, 2021, 2022 and 2023 was generally in line with our business expansion and growth in revenue, which was primarily attributable to increased customer demand for certain of our products and our new product offerings, including equipment for hydrogen liquefaction and the storage and transportation of liquid hydrogen and water electrolysis hydrogen production equipment and related products. Our trade and other receivables (current portion) decreased from RMB486.6 million as of December 31, 2023 to RMB426.5 million as of May 31, 2024, mainly due to our successful collection of part of our trade receivables from certain of our existing customers in the five months ended May 31, 2024. Our prepayment to suppliers decreased from RMB34.4 million as of December 31, 2021 to RMB26.9 million as of December 31, 2022 primarily because (i) we made prepayment to suppliers who primarily provided compressors and hydrogen refueling nozzles; (ii) we were not required to make substantial prepayments for suppliers due to our enhanced credibility. The prepayment to suppliers remained relatively stable at RMB26.9 million and RMB27.4 million as of December 31, 2022 and 2023, respectively. Our prepayment to suppliers decreased to RMB21.1 million as of May 31, 2024, mainly because we were not required to make substantial prepayments for suppliers due to our enhanced credibility. Our value added tax recoverable increased from RMB8.8 million as of December 31, 2021 to RMB14.5 million as of December 31, 2022, primarily because we increased our purchases in relation to the construction of Zhangjiagang Factory Phase II and incurred additional input tax. Our value added tax recoverable decreased from RMB14.5 million as of December 31, 2022 to RMB4.0 million as of December 31, 2023 mainly due to our significant increased sales which led to a decrease in tax deductible. Our value-added tax recoverable increased from RMB4.0 million as of December 31, 2023 to RMB13.5 million as of May 31, 2024, mainly because we had relatively lower sales in the five months ended May 31, 2024 due to the seasonality of our business, which led to an increase in value-added tax recoverable amount.

In addition, we had RMB4.3 million, RMB5.9 million, RMB12.9 million and RMB18.6 million of trade receivables (non-current portion) as of December 31, 2021, 2022 and 2023 and May 31, 2024. Our trade receivables (non-current portion) increased from the end of 2021 to 2023, primarily due to a sales agreement that we entered into with a customer regarding vehicle-mounted high-pressure hydrogen supply systems and related products in each of 2021, 2022 and 2023, the consideration of which would be collected after one year. Our trade receivables (non-current portion) further increased as of May 31, 2024, primarily due to the long collection period as set out in the relevant sales agreements that we entered into with (i) a customer regarding vehicle-mounted high-pressure hydrogen supply systems and related products; and (ii) a customer regarding equipment for hydrogen refueling stations and related products in the five months ended May 31, 2024, part of the consideration of which would be collected after one year.

The following table sets forth trade and other receivables (current portion) as of the dates indicated:

	As of December 31,			As of May 31,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current				
Trade receivables – contract with customers	341,899	421,545	523,109	469,526
Less: Allowance for credit losses	(69,885)	(71,934)	(74,443)	(86,383)
	272,014	349,611	448,666	383,143
Prepayment to suppliers	34,358	26,911	27,414	21,065
Value added tax recoverable	8,778	14,522	3,993	13,452
Deposits for bidding	5,323	2,795	2,633	2,339
Receivables for disposal of an associate	–	600	500	500
Deferred issue costs	–	–	1,443	4,473
Prepayments for listing expenses and issue costs	–	–	429	367
Others	748	720	1,865	1,651
Less: Allowance for credit losses	(632)	(50)	(312)	(501)
	320,589	395,109	486,611	426,489

The following table sets forth trade and other receivables (non-current portion) as of the dates indicated:

	As of December 31,			As of May 31,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current				
Trade receivables – contract with customers	6,229	9,215	19,360	26,610
Less: Allowance for credit losses	(1,933)	(3,365)	(6,422)	(7,974)
	4,296	5,850	12,938	18,636

The following table sets forth our average receivables turnover days for the years/periods indicated:

	For the year ended December 31,			For the five months ended May 31,	
	2021	2022	2023	2023	2024
Average trade receivables turnover days(1)	252	321	285	1,002	1,021

Note:

(1) The average trade receivables turnover days for a year/period is the average of the opening and closing balance of trade receivables (including current and non-current portion) divided by revenue and multiplied by the number of days in the relevant year/period (i.e., 365 days in 12 months/151 days in five months).

Our average trade receivables turnover days increased from 252 days in 2021 to 321 days in 2022, mainly because we delivered a large number of vehicle-mounted high-pressure hydrogen supply systems and related products to a customer in the fourth quarter of 2022 and we had not received such amount from the customer as of December 31, 2022. Our average receivables turnover days decreased to 285 days in 2023, mainly because we actively collected trade receivables with our customers and improved our internal control regarding the management of trade receivables. Our average trade receivables turnover days increased to 1,021 days in the five months ended May 31, 2024, mainly because the revenue we recognized in the five months ended May 31, 2024 was significantly less than that of 2023 full year due to the seasonality of our business as we generally recognize less revenue in the first half of a calendar year, while our trade receivables remained relatively stable as of May 31, 2024 compared to that as of December 31, 2023. For details, please refer to "Business — Seasonality" in this prospectus. Our average trade receivables turnover days remained relatively stable at 1,002 days and 1,021 days for the five months ended May 31, 2023 and 2024, respectively.

In addition, we have maintained close communications with our customers to expedite the settlement and shorten the receivables turnover days. Moreover, we may implement additional measures, such as requesting prepayments from certain existing customers and new customers subject to the evaluation of their creditworthiness.

The following table sets out the aging analysis of our trade receivables as of the dates indicated:

	As of December 31,			As of May 31,
	2021	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 90 days	158,407	149,113	220,832	26,749
91 to 180 days	9,667	42,088	21,204	142,535
181 to 365 days	25,194	44,266	45,634	68,321
One to two years	32,999	58,626	110,907	93,869
Two years to three years	36,356	17,690	23,687	30,228
More than three years	13,687	43,678	39,340	40,077
	276,310	**355,461**	**461,604**	**401,779**

For the years ended December 31, 2021, 2022 and 2023 and the five months ended May 31, 2024, our allowance for expected credit losses were RMB71.8 million, RMB75.3 million, RMB80.9 million and RMB94.4 million, respectively. The increase in allowance for expected credit losses were primarily due to (i) prolonged settlement during the Track Record Period, as discussed above, from certain customers to which we made impairment allowance for and increased the respective ECL rate accordingly, and (ii) the increase in trade receivables as of the end of 2021 to 2023 along with the growth in revenue during the Track Record Period to which we determine allowance in accordance with the ECL model under IFRS 9.

Although the credit term we grant to our customers is generally within one year, we still had some trade receivables over one year as of December 31, 2021, 2022 and 2023 and May 31, 2024, primarily due to the delays experienced by certain of our customers in receiving their subsidies, which they were entitled to enjoy under the relevant favorable government policies. For those customers that had continuing orders with us, we extended the payment period to over 12 months in consideration of their financial conditions.

According to Frost & Sullivan, it generally takes more than two years for hydrogen fuel cell vehicle manufacturers to fully collect their qualified awards from the time they sold these vehicles. Long-term credit terms are common in China's hydrogen fuel cell vehicle industry given that the payment cycle of the downstream customers is generally affected by the requirements of various awards policies of the local governments, including capital restraints imposed upon them, and the time that such local awards are granted. Specifically, in September 2020, 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》) proposed to adopt the "award in lieu of subsidy" (以獎代補) policy to the cities that meet the hydrogen fuel cell vehicle demonstration requirements to further promote the application of hydrogen fuel cell vehicles. In practice, at the beginning of each year or at the end of the previous year, each demonstration city cluster shall announce annual demonstration application projects. Qualified hydrogen fuel cell system companies, together with hydrogen fuel cell vehicle manufacturers and other cooperating companies, are eligible to apply for annual hydrogen fuel cell vehicle demonstration application projects. Local government departments subsequently shall announce the list of companies that are eligible for awards. After receiving the approval of their proposed projects, these hydrogen fuel cell vehicle manufacturers shall arrange and implement production planning and budget planning, and send orders to upstream hydrogen fuel cell system companies and other component suppliers, such as manufacturers of vehicle-mounted high-pressure hydrogen supply systems like our Group. The foregoing period usually takes several months. Therefore, components providers of hydrogen fuel cell vehicles in China generally can only receive the largest number of orders from their customers during the second half of each calendar year.

In addition, it also takes time for the local governments to review, monitor and verify the authenticity of the sales and delivery of hydrogen fuel cell vehicles before they approve the relevant awards to hydrogen fuel cell vehicle manufacturers. Therefore, the time gap between when hydrogen fuel cell vehicle manufacturers sell their vehicles and when they collect qualified awards in full is relatively long, i.e., generally more than two years. Therefore, parts and components providers of hydrogen fuel cell vehicles in China, such as our Company, may face prolonged settlement by some of their customers.

With respect to certain of our customers who have prolonged settlement with us, most of them are customers of our vehicle-mounted high-pressure hydrogen supply systems and equipment for hydrogen refueling stations. In terms of our customers of vehicle mounted high-pressure hydrogen supply systems who had overdue payment during the Track Record Period, they mainly included hydrogen fuel cell vehicle manufacturers and hydrogen fuel cell system manufacturers. To the best knowledge, information and belief of our Directors, after making reasonable inquiries, their settlements with us were prolonged primarily because (i) it took time for hydrogen fuel cell vehicle manufacturers to fully collect their qualified awards from governments from the time they sold these vehicles before they were able to have sufficient fund to settle with us; and (ii) hydrogen fuel cell system manufacturers did not have sufficient funds to pay for our products before they received the relevant settlement from their customers, which are normally hydrogen fuel cell vehicle manufacturers. Specifically, due to (i) the long time gap for hydrogen fuel cell vehicle manufacturers between when they sell their vehicles and when they may collect their qualified awards in full; and (ii) cash flow issues faced by the companies in the new energy vehicle industry chain (including the hydrogen energy vehicles sector) because of its early-stage development and the influence of the government awards policies, we experienced a relatively prolonged settlement with some of our customers during the Track Record Period.

In terms of our customers of equipment for hydrogen refueling stations which had overdue payment during the Track Record Period, to the best knowledge, information and belief of our Directors, after making reasonable inquiries, their settlements with us were prolonged primarily because (i) they faced cash flow issues in the new energy industry chain (including the hydrogen energy vehicles sector) due to the early-stage development of the industry; and (ii) the launch of the hydrogen fuel cell vehicles in some cities was slower than expected which has adversely affected the operation of the local hydrogen refueling stations, resulting in delayed payments to us from the station operators.

Adequacy of the Impairment Provision

Having considered our customers' business operation condition and payment history we believe that the provisions made for impairment of trade receivables during the Track Record Period were adequate, primarily because:

- we closely review the balances of trade receivables and any overdue balances on an ongoing basis and assess the collectability of overdue balances. For instance, our finance team, together with our sales team, regularly conduct recoverability analysis on overdue trade receivables and make impairment provisions for those that we deem unable to recover. In addition, we monitor the collections of trade 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 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 long-term and short-term trade receivables based on shared credit risk characteristics and estimate the expected credit loss rate of trade 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, except for those who are credit-impaired, which are assessed individually. 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.

Recoverability of Trade Receivables

We have adopted the following measures, among others, to monitor and control our outstanding trade receivables:

- keeping records of overdue receivables and requiring sales personnel to communicate with customers regarding the payment plans in advance;

- sending payment notices to customers prior to the payment due date;

- undertaking various measures to collect overdue payments, including (i) negotiate with customers to formulate payment plans and monitor the implementation; (ii) send overdue payment notices to customers; and (iii) consider to initiate legal proceedings as necessary;

- making full provision for bad debts on an individual basis for their accounts receivable for customers who are listed on the list of enterprises with serious violations of laws and regulations and are expected to be unable to pay for us, or who are unable to recover the amount through litigation;

- maintaining and regularly updating a list of defaulting customers on a monthly basis and designating personnel to collect overdue payments; and

- monitoring industry policies and macroeconomic environment, tracking customers' creditworthiness and business status in a timely manner, designating personnel to collect the trade receivables of key customers on a regular basis, and rewarding or punishing relevant personnel according to the collection situation.

Credit Risk Management Policies and Measures

In order to mitigate any inherent risk associated with the recoverability of trade receivables, we have in place an internal control system for approving and continued monitoring of such arrangements to provide adequate assurance with respect to the effective management of our credit risk. In particular,

- we conduct basic know-your-customer procedures which require any customer who is intended to acquire long-term credit term to provide requisite information for vetting to demonstrate its creditworthiness;

- we review and decide the credit terms on a case-by-case basis and seek approvals from our deputy general manager and general manager; and

- we also regularly review the balance of receivables with such customers.

We also implemented a sales and collection policy, which includes measures to perform on-going credit evaluation of financial and credit conditions of our customers. For new customers, our sales team collects basic information from the customers and builds the customer profile and assesses its credit risk. Before entering into a sales agreement with our new customers, we will internally review and confirm their orders. For our existing customers, we also consider their payment history and unsettled amounts with those customers before accepting new orders from them. The management of our sales and financial and other departments also conduct periodic review on the credit limit that was assigned to each of our existing customers to ensure its current business and financial conditions are properly reflected. For instance, for our major debtors, we track the settlement status with them on a regular basis to manage outstanding trade receivables. For our major debtors who have overdue records, we proactively confirm with them regarding payment plan for minimum amount for each month and follow up with the settlement status with them on a monthly basis. For our debtors who do not have clear settlement plans with us or who fail to implement their settlement plans effectively, we normally consider collecting the outstanding amount through legal actions after conducting our comprehensive evaluation of such customers' expected payment ability and future business cooperation opportunities.

At least once a year, we comprehensively classify the credit ratings of our customers based on the amount of outstanding payments, average payment time in the course of historical transactions, and size of the transaction volume. We manage the credit ratings of our customers dynamically. The credit ratings of our customers can be mainly categorized as excellent, general and bad. For customers with poor credit performance, we only allow the transaction to be settled by cash and grant no credit term to them and require the responsible personnel to collect the existing overdue payment in a limited time. For customers with general performance, we control the credit limit. For sales that exceed the pre-determined credit limit, we shall obtain the approval of the responsible department head, the management and general manager and obtain commitment from the customers to pay the receivables within a prescribed time. For customers whose business relationships with us have not exceeded one year, they shall be regarded as customers with poor credit performance. After one-year business cooperation, their credit ratings would be properly classified according to their actual performance in the ordinary business course.

When a payment is due, we take appropriate follow-up actions based on our previous assessment, including continuous communications with our customers, demanding due payments periodically and taking legal actions when necessary. Our sales team is responsible for following up with our customers periodically regarding trade receivables, and closely monitors the progress and outcome of such follow-ups. They are also responsible for notifying customers to make timely payments until the internal confirmation that such payments have been timely and duly made has been received. Our finance team periodically reviews the age of trade receivables and requires our sales team to follow up with our customers from time to time. If the outstanding payments cannot be recovered after exhausting all proper measures, our sales team will notify our finance team, who, together with other relevant departments, will review and record loss allowance for the long overdue payments when necessary. In addition, we have adopted and strictly enforced our credit risk management measures and policies.

The table below sets forth our trade receivables from the top five major debtors in terms of trade receivables balance as of May 31, 2024, which, in the aggregate, accounted for 59.8% of our total trade receivables as of the same date.

Name of Debtor	Trade Balance	Within 1 Year	1-2 Years	2-3 Years	Over 3 Years	Subsequent Settlement Up to September 30, 2024	Percentage of Subsequent Settlement Up to September 30, 2024	Credit Term
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*	*(%)*	
Customer E	142,929	66,398	14,462	6,429	55,640	2,305	1.6	30 days to 2 years
Customer I	84,450	70,638	13,812	–	–	10,280	12.2	1 year
Customer D	37,649	17,252	14,457	5,940	–	3,896	10.4	25 days to 365 days
Customer J	25,217	11,615	13,602	–	–	4,476	17.8	90 working days
Customer O	16,349	–	–	–	16,349	–	–	4 to 5 years
Subtotal – Top 5 customers	306,594	165,903	56,333	12,369	71,989	20,958	6.8	–
Total trade receivables	496,136	265,495	107,833	42,835	79,973	49,137	25.9	–
Impairment	(94,357)	(27,890)	(13,964)	(12,607)	(39,896)	–	–	–
Net trade receivable balance	**401,779**	**237,605**	**93,869**	**30,228**	**40,077**	–	–	–

Note:

* Below 0.1%

Trade Receivables Aged Over One Year by Major Debtors

With respect to each of the major debtors listed as of May 31, 2024, the table below sets for the reasons for the prolonged settlement and the basis that such trade and bills receivables are recoverable.

Major Debtor	Reasons For the Prolonged Settlement	Basis of Recoverability
Customer E	As of May 31, 2024, the trade receivables of RMB142.9 million primarily resulted from its purchases of vehicle-mounted high-pressure hydrogen supply system from us to be used as raw materials for fuel cell vehicles. To the best knowledge, information and belief of our Directors after making reasonable inquiries, the settlement was prolonged primarily because Customer E did not have sufficient fund to pay for the Company's products before it received the settlement with its customers. Specifically, before 2020, the payments from the downstream customers of Customer E were normally subject to the grant of relevant government subsidies. After 2020, due to the seasonality impact of the downstream market demand for hydrogen fuel cell vehicles, which impacted Customer E, as well as cash flow issues faced by companies in the new energy vehicle industry chain (including the hydrogen energy vehicle sector) due to its early-stage development and the influence of awards policies, Customer E was only able to settle payments with us after receiving downstream payments from its customers. Considering the longstanding cooperative relationship, we agreed to settle with Customer E after it received payments from its customers, while such payments from its customers are normally subject to relevant government awards and subsidies. To the best knowledge of the Directors, Customer E will adjust and arrange the payment according to its own circumstances, supplier relationships and other factors affecting its business operations.	Considering Customer E's business operation condition, payment history, and the forward-looking information that is reasonable and supportable available without undue costs or effort, we believe we have made sufficient provision during the Track Record Period. In addition, we did not plan to enter into any legal proceedings to collect our overdue trade receivables with Customer E as of the Latest Practicable Date.

Major Debtor	Reasons For the Prolonged Settlement	Basis of Recoverability
Customer I	As of May 31, 2024, the trade receivables of RMB84.5 million primarily resulted from the purchases of vehicle-mounted high pressure hydrogen supply system from us by Customer I to be used as raw materials for fuel cell vehicles. To the best knowledge, information and belief of our Directors after making reasonable inquiries, the prolonged settlement was due to the seasonality impact of the downstream market demand for hydrogen fuel cell vehicles, which impacted Customer I, as well as cash flow issues faced by companies in the new energy vehicle industry chain (including the hydrogen energy vehicle sector), due to its early-stage development and the influence of the applicable awards and subsidies policies. To the best knowledge of the Directors, Customer I will adjust and arrange the payment according to its own circumstances, supplier relationships and other factors affecting its business operations.	Considering Customer I's business operation condition, payment history, and the forward-looking information that is reasonable and supportable available without undue costs or effort, we believe we have made sufficient provision during the Track Record Period. In addition, we did not plan to enter into any legal proceedings to collect our overdue trade receivables with Customer I as of the Latest Practicable Date.
Customer D	As of May 31, 2024, the trade receivables of RMB37.6 million primarily resulted from the purchases of vehicle-mounted high pressure hydrogen supply system from us by Customer D to be used as raw materials for fuel cell vehicles. To the best knowledge, information and belief of our Directors after making reasonable inquiries, the prolonged settlement was due to the seasonality impact of the downstream market demand for hydrogen fuel cell vehicles, which impacted Customer D, as well as cash flow issues faced by companies in the new energy vehicle industry chain (including the hydrogen energy vehicle sector) due to its early-stage development and the influence of the applicable awards and subsidies policies. To the best knowledge of the Directors, Customer D will adjust and arrange the payment according to its own circumstances, supplier relationships and other factors affecting its business operations.	Considering Customer D's business operation condition, payment history, and the forward-looking information that is reasonable and supportable available without undue costs or effort, we believe we have made sufficient provision during the Track Record Period. In addition, we did not plan to enter into any legal proceedings to collect our overdue trade receivables with Customer D as of the Latest Practicable Date.

Major Debtor	Reasons For the Prolonged Settlement	Basis of Recoverability
Customer J	As of May 31, 2024, the trade receivables of RMB25.2 million primarily resulted from the purchases of vehicle-mounted high pressure hydrogen supply system and its accessories from us by Customer J. To the best knowledge, information and belief of our Directors after making reasonable inquiries, the prolonged settlement was due to the long interval between the sale of its vehicles and its receipt of the related government awards and subsidies.	Considering Customer J's business operation condition, payment history, and the forward-looking information that is reasonable and supportable available without undue costs or effort, we believe we have made sufficient provision during the Track Record Period. We filed a lawsuit against Customer J to collect our overdue trade receivables in June 2024 and received the formal acceptance by the court in July 2024. As of the Latest Practicable Date, the lawsuit was pending the court trial.
Customer O	As of May 31, 2024, the trade receivables of RMB16.3 million was primarily a result of the purchases of vehicle-mounted high pressure hydrogen supply system and its accessories from us by Customer O. To the best knowledge, information and belief of our Directors after making reasonable inquiries, the prolonged settlement was due to the long interval between the sales of its vehicles and its receipt of the related government awards and subsidies.	We sued Customer O to collect our overdue trade receivables in August 2022. We won the case in the first and second instance in 2022 and 2023, respectively, and have applied for enforcement of the relevant judgment as of the Latest Practicable Date. Considering the lawsuits we filed against Customer O to collect our overdue trade receivables, we made a full provision of the outstanding balance to reflect the potential risk of credit losses.

As of September 30, 2024, RMB271.8 million, RMB301.8 million, RMB171.8 million and RMB70.1 million, or 78.1%, 70.1%, 31.7% and 14.1% of our trade receivable as of December 31, 2021, 2022 and 2023 and May 31, 2024, were subsequently settled, respectively.

Debt Instruments at FVTOCI

Our debt instruments at FVTOCI mainly consist of bills receivables, which represent the bills held by us for the practice of discounting or endorsing to financial institutions or suppliers before they are due for payment were classified as "debt instruments at FVTOCI." All such bills receivables are generally with a maturity period of less than one year.

Our debt instruments at FVTOCI increased from RMB15.6 million as of December 31, 2021 to RMB69.7 million as of December 31, 2022, primarily because we received increased number of bills from our customers and most of them were not due as of December 31, 2022. Our debt instruments at FVTOCI decreased to RMB33.5 million as of December 31, 2023, primarily because most of the bills that we received in 2022 matured in 2023. Our debt instruments at FVTOCI increased to RMB40.6 million as of May 31, 2024, primarily because we received increased amounts of bills from our customers and most of them were not due as of May 31, 2024.

We consider the credit risk is limited because counterparties are banks with good credit standing and are highly likely to be paid, and the ECL are considered as insignificant.

Contract Assets

Contract assets represent retention receivables that are consideration withheld by customers that are unsecured, interest-free and recoverable after the completion of defect liability period of the relevant contracts, which are generally one to eight years from the date of acceptance of the control of goods transferred to the customers. Contract assets, which are not expected to be settled within our normal operating cycle, are classified as non-current asset based on expected settlement dates. Our contract assets mainly consist of warranty deposits receivable from customers. The following table sets forth our contract assets as of the dates indicated:

	As of December 31,			As of May 31,
	2021	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Retention receivables	23,991	28,314	39,031	38,041
Less: allowance for credit losses	(3,643)	(3,620)	(3,077)	(3,220)
	20,348	24,694	35,954	34,821

	As of December 31,			As of May 31,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Analysed as				
Current	13,975	11,048	24,310	26,428
Non-current	6,373	13,646	11,644	8,393
	20,348	**24,694**	**35,954**	**34,821**

Our contracts assets increased from RMB20.3 million as of December 31, 2021 to RMB24.7 million as of December 31, 2022, and further increased to RMB36.0 million as of December 31, 2023, which was in line with our increased sales of our products and the expansion of our business during the corresponding years. Our contract assets remained relatively stable at RMB34.8 million as of May 31, 2024.

As of September 30, 2024, none of our contract assets as of May 31, 2024 were subsequently certified.

Restricted Bank Deposits and Cash and Cash Equivalents

Our restricted bank deposits mainly consist of letters of guarantee deposits and acceptance deposits of banks. Our restricted bank deposits and cash and cash equivalents carry interest at prevailing market interest rates ranging from 0.30% to 0.35%, 0.25% to 0.35%, 0.10% to 0.20% and 0.10% to 0.20% per annum as of December 31, 2021, 2022 and 2023 and May 31, 2024, respectively. As of December 31, 2021, 2022 and 2023 and May 31, 2024, we held time deposits amounting to nil, RMB22.5 million, RMB149.0 million and nil, respectively, with an original maturity of three months or less and carry interests at prevailing market rates ranging from nil, 1.75% to 1.80%, 1.50% to 1.80% and nil per annum, respectively. Our restricted bank deposits were pledged to banks for issuing bills.

As of December 31, 2021, 2022 and 2023 and May 31, 2024, the balance of our restricted bank deposits amounted to RMB16.9 million, RMB26.5 million, RMB21.2 million and RMB9.8 million, respectively, which reflected the amount of bank deposits that were newly occurred as well as the amount of acceptances of such deposits.

Our cash and cash equivalents decreased from RMB168.2 million as of December 31, 2021 to RMB76.9 million as of December 31, 2022, mainly because we completed a round of equity financing and received the relevant proceeds by the end of 2021 and we did not have similar financing activity by the end of 2022. Our cash and cash equivalents increased from RMB76.9 million as of December 31, 2022 to RMB333.3 million as of December 31, 2023, primarily because we completed another round of equity financing and received the relevant proceeds by the end of 2023. Our cash and cash equivalents decreased from RMB333.3 million as of December 31, 2023 to RMB135.8 million as of May 31, 2024, primarily because we utilized our available cash to make investments and fund our manufacturing activities. Please see note 29 of the Accountants' Report set out in Appendix I to this prospectus for details of our cash and cash equivalents during the Track Record Period.

The bank balances are deposited with creditworthy banks with no recent history of default. Our Directors confirm that our cash and cash equivalents were maintained at a prudent level for the purpose of satisfying the requirements for our daily business operations.

Trade and Other Payables

Our trade payables primarily represent our obligations to pay for products and services that we have acquired from our suppliers in the ordinary course of business. Our other payables are mainly in connection with advanced receipts of investment, which was investment received from our investors before the completion of our financing activity, property, plant and equipment, and staff costs and benefits. The normal credit term granted to us by our suppliers generally ranged within one year.

The following table sets forth trade and other payables as of the dates indicated:

	For the year ended December 31,			For the five months ended May 31,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	107,517	120,908	198,369	147,407
Trade payables under supplier finance arrangements[1]	–	43,672	69,470	102,180
Bills payables	12,187	63,359	12,064	21,432
	119,704	227,939	279,903	271,019
Payables for property, plant and equipment	61,603	181,930	105,645	92,936
Accrued staff costs and benefits	13,272	15,439	16,162	10,325
Other tax payables	7,776	4,503	3,293	291
Accrued service fee	4,243	5,106	9,347	5,359
Deposits from vendors	1,388	1,769	1,879	1,227
Payables to staff	113	963	1,236	1,459
Payables to research institutions	–	2,666	912	252

	For the year ended December 31,			For the five months ended May 31,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Advanced receipt of investment	–	–	200,000	–
Accrued listing expenses and issue costs	–	–	2,833	6,258
Others	3,144	3,943	5,282	4,858
	91,539	216,319	346,589	122,965
	211,243	444,258	626,492	393,984

Note:

(1) In order to ensure easy access to credit for our suppliers and facilitate early settlement, we have entered into reverse factoring arrangements. The contractual arrangements in place permit our suppliers to obtain the amounts billed less 3.40 per cent discount with the amounts paid by the relevant bank. We will repay the relevant bank the full invoice amounts on the scheduled payment dates as required by the invoices. As the arrangements do not permit us to extend finance from the relevant bank by paying the relevant bank later than we would have paid our supplier, we consider amounts payable to the relevant bank should be classified as trade payables. Bills payables and supplier finance arrangements are commonly used settlement methods in daily transactions. The selection between these two settlement methods depends on our commercial negotiation with suppliers and the underlying financing costs.

As of December 31, 2021, 2022 and 2023 and May 31, 2024, the balance of our trade and other payables amounted to RMB211.2 million, RMB444.3 million, RMB626.5 million and RMB394.0 million, respectively. Our trade and other payables increased from RMB211.2 million as of December 31, 2021 to RMB444.3 million as of December 31, 2022, primarily due to (i) increased procurement of raw materials as we increased the production and sales of our products to meet the increased customer demand in 2022; and (ii) increased payables for property, plant and equipment of Zhangjiagang Factory Phase II in 2022. Our trade and other payables increased from RMB444.3 million as of December 31, 2022 to RMB626.5 million as of December 31, 2023, primarily due to (i) increased procurement of raw materials in connection with our increased of sales; and (ii) advanced receipt of investment in relation to our financing activity in December 2023, partially offset by a decrease in other payables in connection with property, plant and equipment which reflected our settlement with certain of the suppliers in connection with our construction of Zhangjiagang Factory Phase III in 2023. Our trade and other payables decreased from RMB626.5 million as of December 31, 2023 to RMB394.0 million as of May 31, 2024, primarily due to recognition of advanced receipt of investment from our investors to share capital and capital reserve as of May 31, 2024; and (ii) decreased accrued staff costs and benefits as we paid 2023 annual bonus to our employees in 2024, partially offset by an increase in trade payables under supplier finance arrangements, which reflected increased amount of supplier finance arrangements.

The following table sets the ageing analysis of the trade payables and trade payables under supplier finance arrangements as at the end of each date indicated:

	As of December 31,			As of May 31,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 90 days	66,232	97,695	188,764	66,142
91 to 180 days	14,767	41,765	22,591	103,845
181 to 365 days	16,070	18,222	5,373	47,583
One to two years	8,485	5,520	44,337	26,407
Two years to three years	1,262	656	5,454	1,311
More than three years	701	722	1,320	4,299
Total	**107,517**	**164,580**	**267,839**	**249,587**

The following table sets forth our trade payables turnover days for the relevant years/periods indicated:

	For the year ended December 31,			For the five months ended May 31,
	2021	2022	2023	2024
Trade payables turnover days(1)	111	155	184	624

Note:

(1) The calculation of trade payables turnover days for the year/period is based on the average of the opening balance and closing balance of trade payables and trade payables under supplier finance arrangements for the relevant year/period divided by cost of sales and multiplied by the number of days in the relevant year/period (i.e., 365 days in 12 months/151 days in five months).

Trade payables turnover days indicate the average time we take to make cash payments to suppliers. Our average trade payables turnover days increased from 111 days in 2021 to 155 days in 2022, further increased to 184 days in 2023 mainly because we experienced a change of settlement policy from certain of our suppliers pursuant to which we were allowed to settle with them or pay by installment after using their products and services rather than making prepayments for these products and services. Our trade payables turnover days significantly increased to 624 days for the five months ended May 31, 2024, mainly because our cost of sales in the five months ended May 31, 2024 was significantly less than that of 2023 full year due to the seasonality nature of our business as our revenue and cost of sales are generally lower in the first half of a calendar year, while our trade payables remained relatively stable as of May 31, 2024 compared to that as of December 31, 2023. For details, please refer to "Business — Seasonality" in this prospectus.

As of September 30, 2024, RMB120.2 million, or 48.2%, of our trade payables as of May 31, 2024 had been subsequently settled.

Contract Liabilities

Our contract liabilities mainly consist of product prepayment from our customers which has not met the condition for revenue recognition. Contract liabilities are expected to be settled within our normal operating cycle and are classified as current liability based on our earliest obligation to transfer goods to the customers.

The following tables set forth the breakdown of our contract liabilities as of the dates indicated:

	As of December 31,			As of May 31,
	2021	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Vehicle-mounted high-pressure hydrogen supply system and related products	123	319	514	856
Equipment for hydrogen refueling station and related products	8,657	16,925	12,754	7,583
Water electrolysis hydrogen production equipment and related products	–	477	582	2,488
	8,780	**17,721**	**13,850**	**10,927**

Our contract liabilities increased from RMB8.8 million as of December 31, 2021 to RMB17.7 million as of December 31, 2022, primarily because we received prepayments from our customers in connection with their orders of hydrogen refueling stations and hydrogen storage cylinders in 2022 which was in line with our revenue growth in equipment for hydrogen refueling stations and related products in 2023. Our contract liabilities decreased from RMB17.7 million as of December 31, 2022 to RMB13.9 million as of December 31, 2023, and further decreased to RMB10.9 million as of May 31, 2024 primarily because we recognized revenue from the sales of certain products in relation to equipment for hydrogen refueling stations and related products that were delivered in 2023 and the five months ended May 31, 2024, respectively, for which we had received prepayments from certain of our customers in the previous year.

Our Directors confirm that they have no doubt about the genuineness, existence and reasonableness of our contract liabilities as at the end of each of the year/period comprising the Track Record Period.

As of September 30, 2024, RMB3.8 million, or 34.7% of our contract liabilities as of May 31, 2024 were recognized as revenue.

Provisions

The provisions primarily represent our management's best estimate of our liability under assurance-type warranty granted on products sold, which were still under warranty at the end of each year/period of the Track Record Period, based on prior experience for defective products.

The following tables set forth the breakdown of our provisions as of the dates indicated:

	As of December 31,			As of May 31,
	2021	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Warranty provision				
At beginning of the year/period	3,087	3,364	5,372	10,528
Additional provision	7,098	6,617	11,115	1,520
Utilization	(6,821)	(4,609)	(5,959)	(1,996)
At end of the year/period	3,364	5,372	10,528	10,052

	As of December 31,			As of May 31,
	2021	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Warranty provision	3,364	5,372	10,528	10,052
Less: current portion	–	(2,619)	(3,718)	(3,348)
Non-current portion	3,364	2,753	6,810	6,704

Our provisions increased from RMB3.4 million as of December 31, 2021 to RMB5.4 million as of December 31, 2022, further increased to RMB10.5 million as of December 31, 2023, which was in line with the increased quantity of our products within the warranty period. Our provisions remained relatively stable at RMB10.1 million as of May 31, 2024.

Deferred Income

Our deferred income primarily includes government subsidies. Our subsidies related to assets represent the government subsidies relating to the acquisition of property, plant and equipment as we recognized them as deferred income and amortized them on a systematic basis over the useful lives of the relevant assets. Subsidies related to research and development activities represent the subsidies that governments granted to us to support our R&D projects with their designated themes.

	As of December 31,			As of May 31,
	2021	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Subsidies related to assets	8,941	8,317	7,696	15,614
Subsidies related to research and development activities	7,134	34,043	33,279	33,880
	16,075	42,360	40,975	49,494
Less: current portion	–	(3,882)	(1,341)	(12,104)
Non-current portion	16,075	38,478	39,634	37,390

Our deferred income increased from RMB16.1 million as of December 31, 2021 to RMB42.4 million as of December 31, 2022. It decreased to RMB41.0 million as of December 31, 2023 and then increased to RMB49.5 million as of May 31, 2024. The fluctuation as of the end of each year/period of the Track Record Period was mainly due to the amount of government subsidies that we met certain conditions to recognize as income.

Amount(s) Due From Associates/A Related Party and Amount(s) Due to Associates/Related Parties/A Shareholder

Amounts Due from Associates

Our amounts due from associates are trade in nature and from contracts with customers. The following table sets forth our amounts due from associates as of the dates indicated:

	As of December 31,			As of May 31,
	2021	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade related				
Huajiu Hydrogen Energy	840	120	120	120
Shenzhen Pufa	9,958	–[(1)]	–[(1)]	–[(1)]
Jiahua Hydrogen	1,115	1,115	888	888
Qilu Hydrogen	–	–	59,477	59,477
Suzhou Changjia Hydrogen Energy Technology Co., Ltd. (蘇州常嘉氫能源科技有限公司)	1,440	1,440	1,495	1,440
Huajiu New Energy (Luoyang) Co., Ltd. (華久新能源(洛陽)有限公司) ("Huajiu New Energy")	–	100	2,980	2,980
	13,353	2,775	64,960	64,905
Less: Allowance for credit losses	(870)	(307)	(1,144)	(2,043)
	12,546	2,468	63,816	62,862

Note:

(1) Shenzhen Pufa was disposed to a third party in March 2022. There were no transactions between our Group and Shenzhen Pufa from January 1, 2022 to the disposal date.

Our amounts due from associates decreased from RMB12.5 million as of December 31, 2021 to RMB2.5 million as of December 31, 2022, primarily because our amount due from Shenzhen Pufa decreased as Shenzhen Pufa was disposed to a third party in 2022. Our amounts due from associates increased significantly from RMB2.5 million as of December 31, 2022 to RMB63.8 million as of December 31, 2023, primarily because our amount due from Qilu Hydrogen significantly increased as we delivered the relevant equipment for hydrogen liquefaction in 2023. Our amounts due from associates decreased from RMB63.8 million as of December 31, 2023 to RMB62.9 million as of May 31, 2024, primarily due to increased allowance for credit losses made based on ECL model under IFRS 9.

Amount Due from A Related Party

Our amount due from related parties are trade in nature and from contracts with customers. The following table sets forth our amount due from related parties as of the dates indicated:

	As of December 31,			As of May 31,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade related				
Jiangsu Huade Hydrogen Energy Technology Co., Ltd. (江蘇鏵德氫能源科技有限公司) ("Jiangsu Huade")	575	575	575	575
Less: Allowance for credit losses	(143)	(145)	(148)	(148)
	432	430	427	427

Amounts Due to Associates

Our amounts due to associates are contract liability recognized for the sales in which revenue has yet been recognized, which is trade in nature, unsecured, interest-free and repayable on demand.

The following table sets forth our amounts due to associates as of the dates indicated:

	As of December 31,			As of May 31,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade related:				
Qilu Hydrogen	7,080	7,824	–	–
Huajiu New Energy	–	1,178	–	–
	7,080	9,002	–	–

Our amounts due to an associate amounted to RMB7.1 million, RMB9.0 million, nil and nil as of December 31, 2021, 2022 and 2023 and May 31, 2024, respectively. Substantially all of those amounts were due to Qilu Hydrogen in connection with its prepayment for our equipment for hydrogen liquefaction and the storage and transportation of liquid hydrogen, and we delivered the relevant equipment to Qilu Hydrogen in 2023.

Amounts Due to Related Parties

Our amounts due to related parties amounted to RMB0.2 million, RMB0.2 million, RMB1.8 million and RMB1.1 million as of December 31, 2021, 2022 and 2023 and May 31, 2024, respectively. Please refer to "— Material Related Party Transactions" in this section for more information.

Our amounts due to related parties are in trade nature, unsecured, interest-free and repayable on demand. The following table sets forth our amounts due to related parties as of the dates indicated:

	As of December 31,			As of May 31,
	2021	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade related				
Shanghai Huajing Hydrogen Energy Technology Co., Ltd. (上海華敬氫能科技有限公司) ("Shanghai Huajing")	167	167	167	167
Jiangsu Huade	–	–	1,610	920
	167	167	1,777	1,087

Our amounts due to related parties amounted to RMB0.2 million, RMB0.2 million, RMB1.8 million and RMB1.1 million as of December 31, 2021, 2022 and 2023 and May 31, 2024, respectively. The amount due to Shanghai Huajing was in relation to the technical services provided to us. The amount due to Jiangsu Huade was in relation to procurement activities in relation to a construction of a hydrogen refueling station. The amount due to Jiangsu Huade decreased, mainly because we settled a portion of procurement amount with it in the five months ended May 31, 2024.

Amount Due to a Shareholder

Our amount due to a shareholder represented a loan from New Cloud Technology, which was unsecured, with a fixed interest rate of 6% per annum. It was repaid in full in January 2022. Our amount due to a shareholder amounted to RMB0.8 million, nil, nil and nil as of December 31, 2021, 2022 and 2023 and May 31, 2024, respectively.

Property, Plant and Equipment

Our property, plant and equipment primarily represent buildings and structures, machinery and equipment, furniture and fixture, motor vehicles and construction in progress. As of December 31, 2021, 2022 and 2023 and May 31, 2024, our property, plant and equipment amounted to RMB271.2 million, RMB565.7 million, RMB690.0 million and RMB705.4 million, respectively.

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

	As of December 31,			**As of May 31,**
	2021	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Buildings and structures	152,666	201,027	511,537	500,230
Machinery and equipment	50,874	63,761	74,074	71,719
Furniture and fixture	9,190	13,957	12,116	10,405
Motor vehicles	3,243	2,591	1,954	1,654
Construction in progress	55,274	284,386	90,342	121,344
Total	**271,247**	**565,722**	**690,023**	**705,352**

Our property, plant and equipment increased from RMB271.2 million as of December 31, 2021 to RMB565.7 million as of December 31, 2022, primarily because the number of constructions in progress increased for additional production lines for hydrogen energy core equipment in 2022. The increase in our property, plant and equipment from RMB565.7 million as of December 31, 2022 to RMB690.0 million as of December 31, 2023 was primarily due to an increase in buildings and structures, as our Zhangjiagang Factory Phase III were put in operation in 2023 and were recognized as our fixed assets. The increase in our property, plant and equipment from RMB690.0 million as of December 31, 2023 to RMB705.4 million as of May 31, 2024 was primarily due to an increase in constructions-in-progress for additional production lines at Zhangjiagang Factory Phase III.

Right-of-Use Assets

Our right-of-use assets represents the prepaid lease payment with the fixed period of 30 years to 50 years. The remaining lease term is 26 years to 48 years as of May 31, 2024. Please see note 17 of the Accountants' Report set out in Appendix I to this prospectus for details of right-of-use assets.

As of December 31, 2021, 2022 and 2023 and May 31, 2024, our right-of-use assets amounted to RMB20.3 million, RMB56.5 million, RMB55.3 million and RMB81.2 million, respectively. The increase in our right-of-use assets from RMB20.3 million as of December 31, 2021 to RMB56.5 million as of December 31, 2022 was primarily because we acquired the relevant land use rights of the premise of Zhangjiagang Factory Phase III in 2022. Our right-of-use assets remained relatively stable at RMB56.5 million as of December 31, 2022 and RMB55.3 million as of December 31, 2023. Our right-of-use assets increased to RMB81.2 million as of May 31, 2024, primarily because we acquired the relevant land use right of the premises of the factory of Type-IV cylinders in Qingpu District, Shanghai, and entered into new leases in Beijing and Foshan, Guangdong Province.

Equity Instruments at FVTOCI

During the Track Record Period, we made investments in equity interests of Lingniu New Energy, which primarily engages in providing hydrogen logistics equipment, including trucks and forklifts, to allow us to further access a wider variety of participants in the hydrogen energy industry. The unlisted equity investments were measured at fair value through other comprehensive income.

Our equity investments increased from RMB3.0 million as of December 31, 2021 to RMB34.3 million as of December 31, 2022, primarily due to our increased equity investment in Lingniu New Energy from 4.80% as of December 31, 2021 to 15.61% as of December 31, 2022. Our equity investments remained relatively stable at RMB34.3 million as of December 31, 2023 and RMB35.0 million as of May 31, 2024.

The details on the fair value measurement of the financial instruments, particularly the fair value hierarchy, the valuation techniques and key inputs, are disclosed in note 43 of the Accountant's Report set out in Appendix I to this prospectus.

Deferred Tax Assets

Our deferred tax assets are in relation to deductible temporary differences and unused tax losses for certain operating subsidiaries which have been recognized in the consolidated statement of financial position. As of December 31, 2021, 2022 and 2023 and May 31, 2024, our deferred tax assets amounted to RMB35.3 million, RMB55.2 million, RMB69.0 million and RMB89.2 million, respectively. The increase in our deferred tax assets as of the end of each year/period of the Track Record Period was primarily due to our net loss during the Track Record Period.

INDEBTEDNESS

Our indebtedness consists of borrowings and lease liabilities. The following table sets forth the breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of May 31,	As of September 30,
	2021	2022	2023	2024	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
Borrowings	167,982	534,249	837,149	852,771	850,014
Lease liabilities	890	354	1,142	2,141	1,671
Total	**168,872**	**534,603**	**838,291**	**854,912**	**851,685**

The following table sets forth the breakdown of our bank borrowings as of the date indicated:

	As of May 31,	As of September 30,
	2024	2024
	(RMB'000)	*(RMB'000) (unaudited)*
Bank borrowings		
– Secured and unguaranteed	407,032	421,514
– Unsecured and unguaranteed	445,739	428,500
Total	**852,771**	**850,014**

Borrowings

During the Track Record Period, our borrowings primarily consisted of bank loans and the transfer proceeds received from sale leaseback transactions. The following table sets forth our borrowings as of the dates indicated:

	As of December 31,			As of May 31,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank borrowings	158,113	534,249	837,149	852,771
Other borrowings	9,869	–	–	–
	167,982	534,249	837,149	852,771
Secured	132,982	254,738	407,555	407,032
Unsecured	35,000	279,511	429,594	445,739
	167,982	534,249	837,149	852,771
Fixed-rate borrowings	167,982	329,527	477,665	490,860
Variable-rate borrowings	–	204,722	359,484	361,911
	167,982	534,249	837,149	852,771
Carrying amount repayable: (based on scheduled payment terms)				
Within one year	54,922	233,629	447,989	480,111
More than one year, but not exceeding two years	12,000	124,600	149,600	191,600
More than two years, but not exceeding five years	101,060	176,020	239,560	181,060
	167,982	534,249	837,149	852,771
Less: Amount due for settlement within 12 months shown under current liabilities	54,922	233,629	447,989	480,111
Amount due for settlement after 12 months shown under non-current liabilities	113,060	300,620	389,160	372,660

The table below sets forth the range of effective interest rates per annum of our bank borrowings.

	As of December 31,			As of May 31,
	2021	**2022**	**2023**	**2024**
Effective interest rate per annum:				
Fixed-rate borrowings.	4.30%-6.00%	3.65%-5.00%	3.65%-4.50%	3.45%-4.20%
Variable-rate borrowings . . .	–	3.90%-4.20%	3.90%-5.00%	3.80%-5.00%

As of December 31, 2021, 2022 and 2023, our borrowings of RMB106.2 million, RMB62.0 million and RMB54.1 million, respectively, were pledged by the buildings and leasehold lands and guaranteed by Hydrogen Cloud Research Institute and New Cloud Technology, which are a subsidiary and a shareholder of our Company, respectively. We obtained approval-in-principle from relevant banks agreeing to release the guarantee from such subsidiary and shareholder in March 2024. In May 2024, the aforementioned guarantee from Hydrogen Cloud Research Institute and New Cloud Technology were released.

As of December 31, 2021, 2022 and 2023 and May 31, 2024, we pledged buildings with carrying amounts of RMB117.7 million, RMB158.9 million, RMB457.2 million and RMB448.5 million, respectively, and equipment with carrying amounts of RMB40.6 million, RMB12.5 million, nil and nil, respectively, to secure general banking facilities granted to us as of the same dates.

As of December 31, 2021, 2022 and 2023 and May 31, 2024, we pledged leasehold lands with carrying amounts of RMB19.2 million, RMB45.8 million, RMB54.2 million and RMB53.4 million, respectively, to secure general banking facilities granted to us.

Please refer to note 31 to the Accountants' Report set out in Appendix I to this prospectus for details of our borrowings.

Our bank borrowing agreements contain standard terms, conditions and covenants that are customary for commercial bank loans.

As of September 30, 2024, we had unutilized banking facilities of RMB704.1 million.

Lease Liabilities

Our lease liabilities primarily relate to the leases of offices, warehouses and staff apartments. During the Track Record Period, we entered into certain long-term lease contracts for building which generally have lease terms between one to three years. Generally, sublease is restricted under our lease contracts.

We recorded lease liabilities of RMB0.9 million, RMB0.4 million, RMB1.1 million and RMB2.1 million as of December 31, 2021, 2022 and 2023 and May 31, 2024, respectively. The fluctuation in the amount of lease liabilities during the Track Record Period was mainly due to our changes in leasehold assets in relation to our leased offices, warehouses and staff apartments.

Our Directors confirm that as of the Latest Practicable Date, there was no material covenant on any of our outstanding debt and there was no breach of any covenant during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that our Group did not experience any difficulty in obtaining bank loans and other borrowings, default in payment of bank loans and other borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date.

Except as disclosed above, and apart from intra-group liabilities and normal trade payables, as of May 31, 2024, we did not have any other material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either secured or unsecured, or guarantees or other material contingent liabilities. Our Directors confirm that there has not been any material change in our indebtedness since May 31, 2024, and up to the Latest Practicable Date.

CONTINGENT LIABILITIES

As of the Latest Practicable Date, we did not have any unrecorded significant contingent liabilities, guarantees or any litigation against us.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows Analysis

During the Track Record Period, our principal uses of case were to fund our working capital requirements and capital expenditures. We have historically met our working capital needs primarily through cash flow from financing activities and bank loans.

Upon the completion of the Global Offering, we expect to meet our working capital needs primarily through cash flows from financing activities, bank loans and the net proceeds to our Company from the Global Offering.

The table below sets forth a summary of our cash flows for the years/periods indicated:

	For the year ended December 31,			For the five months ended May 31,	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Net cash flows (used in)/from operating activities	(254,362)	(173,874)	8,361	(42,924)	(41,353)
Net cash flows used in investing activities.	(149,383)	(269,162)	(248,693)	(37,327)	(181,149)
Net cash flows from financing activities	485,760	351,780	496,550	198,348	25,050
Net increase/(decrease) in cash and cash equivalents	82,015	(91,256)	256,218	118,097	(197,452)
Cash and cash equivalents at beginning of year/period . . .	86,138	168,153	76,897	76,897	333,298
Effect of foreign exchange rate changes	–	–	183	76	(84)
Cash and cash equivalents at the end of year/period	**168,153**	**76,897**	**333,298**	**195,070**	**135,762**

Net Cash Flows Generated from/Used in Operating Activities

Our net cash used in operating activities was RMB41.3 million for the five months ended May 31, 2024, which primarily reflected our loss before tax of RMB117.0 million, mainly adjusted for (i) equity-settled share-based payment expenses of RMB24.0 million; (ii) depreciation of property, plant and equipment of RMB18.0 million; (iii) finance costs of RMB13.5 million; and (iv) changes in working capital. Negative adjustment for changes in working capital primarily consisted of (i) increase in inventory of RMB21.9 million; (ii) decrease in trade and other payables of RMB20.8 million; (iii) increase in debt instruments at FVTOCI of RMB7.0 million, partially offset by (i) decrease in trade and other receivables of RMB43.8 million; and (ii) increase in deferred income of RMB9.2 million.

We plan to improve our position of operating net cash outflow by improving working capital efficiency. Specifically, we intend to (i) strengthen our collection efforts for trade receivables and our evaluation of customer credit. We will continue to maintain close communications with our customers in respect of any outstanding payments through written notices and letters, when necessary. In the meantime, we plan to negotiate new payment terms with our customers that are more favorable to us; (ii) strengthen supply chain management. We will continue to seek for preferential treatment from our suppliers, such as obtaining a more relaxed credit policy and more flexible payment methods, and conduct price comparisons involving various suppliers to select suppliers who provide us with more favorable purchase prices and payment credit policies; and (iii) conduct effective inventory management. We will continue to monitor our inventory levels and optimize our inventory control policies to improve our production schedule and inventory turnover days. For details for our measures to improve our operating net cash outflow, please see "Business — Business Sustainability — Improving Cash Flow and Ability to Raise Funds" in this prospectus.

Our net cash generated from operating activities was RMB8.4 million for the year ended December 31, 2023, primarily reflected our loss before tax of RMB88.8 million, mainly adjusted for (i) depreciation of property, plant and equipment of RMB28.7 million; (ii) finance costs of RMB22.8 million; (iii) unrealized gains relating to transactions with associates, net of reversal of RMB7.5 million; (iv) impairment losses under expected credit loss model, net of reversal of RMB6.1 million; and (v) changes in working capital. Positive adjustment for changes in working capital primarily consisted of (i) decrease in inventories of RMB111.7 million; (ii) increase in trade and other payables of RMB57.6 million; and (iii) decrease in debt instruments at FVTOCI of RMB36.4 million, partially offset by (i) increase in trade and other receivables of RMB103.6 million; and (ii) increase in amounts due from associates of RMB62.2 million.

Our net cash used in operating activities was RMB173.9 million for the year ended December 31, 2022, primarily reflected our loss before tax of RMB116.1 million, mainly adjusted for (i) depreciation of property, plant and equipment of RMB22.1 million; (ii) finance costs of RMB12.0 million; (iii) depreciation of right-of-use assets of RMB2.4 million; and (iv) changes in working capital. Negative adjustment for changes in working capital primarily consisted of (i) increase in inventories of RMB122.8 million; (ii) increase in trade and other receivables of RMB78.4 million; and (iii) increase in debt instruments at FVTOCI of RMB54.6 million, partially offset by (i) increase in trade and other payables of RMB112.7 million; (ii) increase in deferred income of RMB26.9 million; and (iii) decrease in amounts due from associates of RMB10.6 million.

Our net cash used in operating activities was RMB254.4 million for the year ended December 31, 2021, primarily reflected our loss before tax of RMB89.5 million, mainly adjusted for (i) impairment losses under expected credit loss model, net of reversal of RMB21.5 million; (ii) depreciation of property, plant and equipment of RMB11.8 million; (iii) finance costs of RMB5.2 million; and (iv) changes in working capital. Negative adjustment for changes in working capital primarily consisted of (i) increase in inventories of RMB73.1 million; (ii) increase in trade and other receivables of RMB133.2 million; and (iii) decrease in contract liabilities of RMB12.9 million; and (iv) increase from amounts due from associates of RMB9.0 million, partially offset by (i) increase in trade and other payables of RMB21.2 million; and (ii) increase in amount due to an associate of RMB7.1 million.

Net Cash Flows Used in Investing Activities

During the Track Record Period, our investing activities primarily consisted of (i) purchases of property, plant and equipment; (ii) placement of restricted bank deposits; (iii) withdrawal of restricted bank deposits; (iv) payment of right-of-use assets; and (v) investment in associates.

Net cash used in investing activities was RMB181.1 million in the five months ended May 31, 2024, which was primarily attributable to (i) investment in associates of RMB112.3 million; (ii) purchase of property, plant and equipment of RMB55.2 million; (iii) payments of right-of-use assets of RMB25.9 million; and (iv) placement of restricted bank deposits of RMB11.8 million, partially offset by withdraw of restricted bank deposits of RMB23.2 million.

Net cash used in investing activities was RMB248.7 million in 2023, which was primarily attributable to (i) purchases of property, plant and equipment of RMB222.6 million; (ii) placement of restricted bank deposits of RMB122.0 million; and (iii) investment in associates of RMB20.6 million mainly in relation to Yudu Hydrogen and Qilu Hydrogen, partially offset by withdrawal of restricted bank deposits of RMB127.2 million.

Net cash used in investing activities was RMB269.2 million in 2022, which was primarily attributable to (i) purchases of property, plant and equipment of RMB204.9 million; (ii) placement of restricted bank deposits of RMB47.7 million; and (iii) payment of right-of-use assets of RMB38.8 million, partially offset by withdrawal of restricted bank deposits of RMB38.1 million.

Net cash used in investing activities was RMB149.4 million in 2021, which was primarily attributable to (i) purchases of property, plant and equipment of RMB112.7 million; (ii) placement of restricted bank deposits of RMB100.2 million; and (iii) investment in associates of RMB18.1 million in relation to Huajiu Hydrogen Energy, Shenzhen Pufa and Qilu Hydrogen, partially offset by withdrawal of restricted bank deposits of RMB91.3 million.

Net Cash Flows Generated from Financing Activities

During the Track Record Period, our financing activities primarily related to (i) new borrowing raised; (ii) proceeds from issue of shares; (iii) repayment of borrowings; and (iv) interest paid.

Net cash generated from financing activities was RMB25.1 million in the five months ended May 31, 2024, which was primarily attributable to (i) new borrowings raised of RMB185.0 million; and (ii) proceeds from the issue of shares of RMB28.6 million, partially offset by the repayment of borrowings of RMB172.7 million.

Net cash generated from financing activities was RMB496.6 million in 2023, which was primarily attributable to (i) new borrowing raised of RMB576.7 million; and (ii) advanced receipt of investment of RMB200.0 million, partially offset by (i) repayment of borrowings of RMB274.0 million; and (ii) interest paid of RMB29.3 million.

Net cash generated from financing activities was RMB351.8 million in 2022, which was primarily attributable to new borrowing raised of RMB445.1 million, partially offset by (i) repayment of borrowings of RMB78.9 million; and (ii) interest paid of RMB14.7 million.

Net cash generated from financing activities was RMB485.8 million in 2021, which was primarily attributable to (i) proceeds from issue of shares of RMB445.0 million; and (ii) new borrowing raised of RMB122.0 million, partially offset by (i) repayment of borrowings of RMB79.9 million; and (ii) interest paid of RMB7.8 million.

WORKING CAPITAL SUFFICIENCY

Historically, we financed our working capital needs primarily through cash flows from operating activities and financing activities. Taking into account the financial resources available to our Group, including the existing cash and cash equivalents, unused bank facilities, cash flows from operating activities and estimated net proceeds from the Global Offering, our Directors are of the view that, after due and careful inquiry, we have sufficient available working capital for our present requirements for at least the next 12 months from the date of this prospectus.

OUR INVESTMENTS IN ASSOCIATES

The following table sets forth a breakdown of our cost of investments in each of our associates as of the end of each year/period of the Track Record Period.

	As of December 31,			As of May 31,
	2021	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Huajiu Hydrogen	10,000	13,575	13,575	13,575
Qilu Hydrogen	7,500	7,500	22,500	22,500
Jiahua Hydrogen	5,000	5,000	5,000	5,000
Shenzhen Pufa	600	–	–	–
Ningxia Guofuhee	–	400	400	400
Mengfa Guofu	–	–	–	100,000
Yudu Hydrogen	–	–	4,240	12,000
Urumqi Outejie	–	–	945	1,170
Hycee Pte. Ltd.	–	–	456	456
Broaden Energy Hydrogen Solutions LLC	–	–	–	4,267
	23,100	26,475	47,116	159,368

The following table sets forth a breakdown of the share of loss/(gain) of associates during the Track Record Period:

	Year ended December 31,			Five months ended May 31,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Huajiu Hydrogen	226	222	1,902	(805)
Jiahua Hydrogen	119	138	258	(126)
Shenzhen Pufa	74	–	–	–
Qilu Hydrogen	–	(39)	(59)	75
Ningxia Guofuhee	–	12	4	–
Mengfa Guofu	–	–	–	(212)
Yudu Hydrogen	–	–	–	(376)
Urumqi Outejie	–	–	–	(210)
Hycee Pte. Ltd.	–	–	–	(107)
	419	333	2,105	(1,761)

The movement of investments in associates during the Track Record Period are set out as below:

	Year ended December 31,			Five months ended May 31,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of the year/period	4,441	22,000	25,212	36,277
Investment in associates	18,100	3,975	20,641	112,252
Disposal of an associate	–	(422)	–	–
Share of loss	(419)	(333)	(2,105)	(1,761)
Unrealized gains relating to transactions with associates, net of reversal	(122)	(8)	(7,471)	(5)
At end of the year/period	22,000	25,212	36,277	146,763

CAPITAL EXPENDITURES

Our capital expenditures during the Track Record Period mainly consisted of property, plant and equipment and right-of-use assets. Our capital expenditures were amounted to RMB121.5 million, RMB243.6 million, RMB222.6 million and RMB81.3 million for the years ended December 31, 2021, 2022 and 2023 and the five months ended May 31, 2024, respectively.

We expect to incur RMB200.1 million of capital expenditures in 2024, primarily relating to property, plant and equipment and right-of-use assets. We expect to fund these capital expenditures primarily with bank borrowings, internal fund and the net proceeds from the Global Offering.

Our current capital expenditure plans for any future period are subject to change, and we may adjust our capital expenditures according to our future cash flows, results of operations and financial condition, our business plans, market conditions and various other factors.

PROPERTY VALUATION

AVISTA Valuation Advisory, an independent property valuer, has valued certain of our property interests as of August 31, 2024 and is of the opinion that the total market value in existing state as at such date was RMB338.7 million. The full text of the letter, summary of valuation and valuation certificates with regard to such property interests are set out in Appendix IV to this prospectus. A reconciliation of the net book value of our properties as of May 31, 2024 as set out in the "Accountants' Report" in Appendix I to this prospectus to their fair value as of August 31, 2024 as stated in the property valuation report set out in Appendix IV to this prospectus is set out below:

	RMB'000
Net book value as of May 31, 2024	337,346
Addition during the period from June 1, 2024 to August 31, 2024	383
Less: Depreciation during the period from June 1, 2024 to August 31, 2024	(4,018)
Net book value as of August 31, 2024	333,711
Net valuation surplus	4,959
Valuation of properties owned by our Group as of August 31, 2024 as set out in the property valuation report in Appendix IV to this prospectus	338,670

CAPITAL COMMITMENT

Our capital commitment is related to purchase of property, plant and equipment and an investment in a joint venture. We expect to satisfy our capital commitment using cash from financing activities, net proceeds to be received from the Global Offering and bank borrowings available to us.

The following table sets forth our capital commitments as of the dates indicated:

	As of December 31,			As of May 31,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Capital expenditure contracted for but not provided in the Historical Financial Information:				
– Property, plant and equipment	22,942	32,122	68,994	63,175
– An investment in a joint venture	–	–	–	522
	22,942	32,122	68,994	63,697

OFF-BALANCE SHEET ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet transactions.

MATERIAL RELATED PARTY TRANSACTIONS

We have the following transactions and balances with the related parties during the Track Record Period. Please refer to (i) "— Description of Certain Key Items from Our Consolidated Statement of Financial Positions — Amount(s) Due From Associates/A Related Party and Amount(s) Due to Associates/Related Parties/A Shareholder — Amounts Due from A Related Party" in this section; and (ii) notes 34 to the Accountants' Report set out in Appendix I to this prospectus for the balance and transactions with the related parties during the Track Record Period.

Our Directors believe that our transaction with related party during the Track Record Period was conducted in the ordinary course of business, and it did not distort our track record results or make our historical results not reflective of our future performance.

KEY FINANCIAL RATIOS

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

	As of/for the year ended December 31,			As of/for the five months ended May 31,
	2021	2022	2023	2024
Gross profit margin	9.6%	10.9%	17.9%	2.0%
Current ratio[(1)]	2.5	1.2	1.1	1.0
Quick ratio[(2)]	1.9	0.8	0.9	0.8
Interest coverage ratio[(3)]	(16.3)	(8.7)	(2.9)	(7.6)
Net debt to equity ratio[(4)]	N/A[(5)]	74.8%	89.1%	99.7%

Notes:

(1) Current ratio equals our current assets divided by current liabilities as of the end of the year/period.

(2) Quick ratio equals our current assets less inventories divided by current liabilities as of the end of the year/period.

(3) Interest coverage ratio equals profit before interest and tax for the year/period divided by finance cost for the same year/period.

(4) Net debt to equity ratio equals total borrowings net of cash and cash equivalents at the end of the year/period divided by total equity at the end of the year/period.

(5) As of December 31, 2021, we had more cash and cash equivalents than total borrowings.

Gross Profit Margin

Please see "— Period to Period Comparison of Results of Operations — Gross Profit and Gross Profit Margin" in this section for details.

Current Ratio

Our current ratio decreased from 2.5 as of December 31, 2021 to 1.2 as of December 31, 2022, primarily due to extent of increase in our current liabilities being more than the increase in our current assets, primarily attributable to increased trade and other payables and borrowings. Our current ratio remained relatively stable at 1.1 and 1.0 as of December 31, 2023 and May 31, 2024, respectively.

Quick Ratio

Our quick ratio decreased from 1.9 as of December 31, 2021 to 0.8 as of December 31, 2022, primarily because our current liabilities increased substantially due to increased trade and other payables and borrowings, while our inventories also increased. Our quick ratio remained relatively stable at 0.9 and 0.8 as of December 31, 2023 and May 31, 2024, respectively.

Interest Coverage Ratio

Our interest coverage ratio increased from negative 16.3% as of December 31, 2021 to negative 8.7% as of December 31, 2022, and further to negative 2.9% as of December 31, 2023, primarily due to increased finance costs while our loss for the year fluctuated. Our interest coverage ratio decreased to negative 7.6% as of May 31, 2024, primarily due to increased finance costs and increased loss for the period.

Net Debt to Equity Ratio

Our net debt to equity ratio was 74.8% as of December 31, 2022. It increased to 89.1% as of December 31, 2023, primarily due to an increase in our borrowings and a decrease in total equity. Our net debt to equity ratio increased to 99.7% as of May 31, 2024, primarily because the increase in our net debt outpaced the increase in our total equity. Our bank borrowings were mainly used for the construction and expansion of our production facilities and for working capital. Although our net debt to equity ratio remained relatively high as of December 31, 2022 and 2023 and May 31, 2024, we are able to continue to refinance our borrowings primarily due to our fast-growing operating results and favorable government policies applicable to the hydrogen energy industry, and we had unutilized bank facilities as of the end of 2022 and 2023 and May 31, 2024. To the best knowledge, information and belief of our Directors after making reasonable enquiries, the financial institutions that have extended loans to us have generally been optimistic about the sustainability of our business and our future development.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our major financial instruments include trade and other receivables, loan receivables, debt instruments at FVTOCI, equity instrument at FVTOCI, amounts due from associates, restricted bank deposits, cash and cash equivalents, trade and other payables, borrowings, amount due to an associate/a shareholder, amounts due to related parties. The risks associated with the financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk.

We set out below the policies on how to mitigate these risks. We regularly monitor our exposure to these risks to ensure appropriate measures are implemented on a timely and effective manner. Our management manages and monitors these exposures to ensure appropriate measures are implemented on a timely effective manner. For further details, please see note 43 to the Accountants' Report set out in Appendix I to this Prospectus.

Market Risk

Our activities expose ourselves primarily to currency risk, interest rate risk and other price risk. There has been no change in our Group's and our Company's exposure to these risks or the manner in which it manages and measures the risks. Specifically, we face the following market risks:

(i) *Currency risk*: Certain financial liabilities are denominated in foreign currency of respective group entities which are exposed to foreign currency risk. Our Group currently does not have a foreign exchange hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arise.

(ii) *Interest rate risk*: We are primarily exposed to fair value interest rate risk in relation to debt instruments at FVTOCI, borrowings, amount due to a shareholder, lease liabilities and cash flow interest rate risk in relation to cash and cash equivalents and pledge bank deposits. Our Group currently does not have an interest rate hedging policy to mitigate interest rate risk; nevertheless, the management monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise. We consider that the exposure of cash flow interest rate risk arising from variable-rate bank balances, pledged bank deposits and variable-rate bank borrowings is insignificant because the current market interest rates are relatively low and stable, therefore no sensitivity analysis on such risk has been prepared.

Credit Risk

We are subject to the risk that our counterparties default on their contractual obligations resulting in financial losses to us. Our credit risk exposures are primarily attributable to loan receivables, trade and other receivables, contract assets, restricted bank deposits, amounts due from associates, debt instruments at FVTOCI. Our Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Liquidity Risk

In the management of the liquidity risk, we monitor and maintain a level of cash and cash equivalents deemed adequate by the management to finance our operations and mitigate the effects of fluctuations in cash flows. Our Group monitors the utilizations of bank borrowings and relies on issuance of ordinary shares and bank borrowings as significant sources of liquidity.

DIVIDENDS

No dividend was declared or paid by our Company during the Track Record Period, nor has any dividend been proposed since the end of the Track Record Period. Our Group currently does not have a pre-determined dividend policy. The Board may declare, and our Company may pay, dividends after taking into account our results of operations, financial condition, cash flow, operating and capital expenditure requirements, future business development strategies and estimates and other factors as it may deem relevant. We may distribute dividends byway of cash, or warrant. We may distribute stock dividends if our Directors consider that our stock price and equity scale do not match and that distribution of stock dividends is beneficial to all Shareholders' interest. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the Companies Act. Any proposed distribution of dividends shall be determined by our Board and must be approved by our shareholders at a general meeting. In addition, we may declare interim dividends as our Board considers to be justified by our profits and overall financial requirements. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Our future declarations of dividends may or may not reflect our historical declarations of dividends and will be at the discretion of our Board and subject to the approval of Shareholders' meeting.

According to the PRC Company Law, a PRC incorporated company is required to set aside at least 10% of its after-tax profits each year, after making up previous years' accumulated losses, if any, to contribute to certain statutory reserve funds until the aggregate amount contributed to such funds reaches 50% of its registered capital. Our Company may pay dividends out of after-tax profits after making up for accumulated losses and contributing to statutory reserve funds as mentioned above. As advised by our PRC Legal Advisors, our Company and PRC subsidiaries cannot pay dividends if they are in an accumulated loss position.

DISTRIBUTABLE RESERVES

As of December 31, 2021, 2022 and 2023 and May 31, 2024, we did not have any reserves available for distribution.

LISTING EXPENSES

Our listing expenses mainly include underwriting fees and commissions and professional fees paid to legal advisors and service providers for their services rendered in relation to the Global Offering. We expect to incur a total of RMB47.1 million of listing expenses (assuming an Offer Price of HK$69.00, being the mid-point of the indicative Offer Price range between HK$65.00 and HK$73.00) until the completion of the Global Offering, which accounts for 12.4% of the gross proceeds from the Global Offering. For the year ended December 31, 2023 and the five months ended May 31, 2024, we incurred listing expenses of RMB4.6 million and RMB11.1 million, of which RMB1.4 million and RMB3.0 million will be deducted from equity upon the Listing and RMB3.2 million and RMB8.1 million was charged to our consolidated statements of profit or loss for the year ended December 31, 2023 and the five months ended

May 31, 2024, respectively. We expect an additional listing expenses of approximately RMB31.4 million, of which approximately RMB15.0 million will be charged to our consolidated statements of profit or loss after May 31, 2024, and the remaining balance of approximately RMB16.4 million is expected to be deducted from equity. Listing expenses represent (i) RMB15.2 million of underwriting-related expenses (including, but not limited to, commissions and fees) and (ii) RMB31.9 million of non-underwriting-related expenses, including (a) RMB21.0 million of fees and expenses of legal advisors, reporting accountant and the Joint Sponsors; and (b) RMB10.9 million of other fees and expenses. The listing expenses above are the best estimate as of the Latest Practicable Date and for reference only, actual amount may differ from this estimate.

NO MATERIAL ADVERSE CHANGE

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, our Directors confirm that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position or prospects since May 31, 2024, being the date on which our latest audited consolidated financial statements were prepared, and there is no event since May 31, 2024 which would materially affect the information as set out in the Accountants' Report in Appendix I to this prospectus.

DISCLOSURE UNDER RULE 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm 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.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted consolidated net tangible assets of our Group attributable to owners of our Company prepared in accordance with Paragraph 4.29 of the Listing Rules is for illustrative purpose only, and is set out below to illustrate the effect of the Global Offering (as defined in this prospectus) on the consolidated net tangible assets of our Group attributable to owners of our Company as of December 31, 2023 as if the Global Offering had taken place on that date.

The unaudited pro forma statement of adjusted consolidated net tangible assets of our Group attributable to owners of our Company has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not provide a true picture of the consolidated net tangible assets attributable to owners of our Company as of May 31, 2024 or at any future dates following the Global Offering.

The following unaudited pro forma statement of adjusted consolidated net tangible assets of our Group attributable to owners of our Company is prepared based on the audited consolidated net tangible assets of our Group attributable to owners of our Company as of May 31, 2024 as derived from the Accountants' Report as set out in Appendix II to this prospectus, and adjusted as described below:

	Adjusted consolidated net tangible assets attributable to owners of our Company as of May 31, 2024(1)	Estimated net proceeds from the Global Offering(2)	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of our Company as of May 31, 2024	Unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of our Company as of May 31, 2024 per Share(3)(4)(5)(6)	
	RMB'000	*RMB'000*	*RMB'000*	*RMB*	*HK$*
Based on an Offer Price of HK$65.00 per H Share	706,833	323,351	1,030,184	9.84	10.71
Based on an Offer Price of HK$73.00 per H Share	706,833	365,686	1,072,519	10.24	11.15

Notes:

(1) The audited consolidated net tangible assets of our Group attributable to owners of our Company as of May 31, 2024 is based on the consolidated net assets of our Group amounted to RMB718,885,000, with adjustments for intangible assets of our Group as of May 31, 2024 of RMB12,052,000 extracted from the Accountants' Report set out in Appendix I to the this prospectus.

(2) The estimated net proceeds from the Global Offering are based on 6,000,000 Offer Shares at the indicative Offer Price of HK$65.00 (equivalent to RMB59.72) and HK$73.00 (equivalent to RMB67.07) per Offer Share, being the low end and high end of the indicated Offer Price range respectively, after deduction of the estimated underwriting fees and commissions and other listing related expenses paid/payable by our Company (excluding the listing expenses which has been charged to profit or loss up to May 31, 2024), and without taking into account of any shares (i) which may be allotted and issued or repurchased by our Company under the general mandates for the allotment; or (ii) which may be issued under the restricted shares schemes.

For the purpose of the estimated net proceeds from the Global Offering, the amount denominated in HK$ has been converted into RMB at the rate of HK$1.00 to RMB0.9188, which was the exchange rate prevailing on the Latest Practicable Date with reference to the rate published by the PBOC. No representation is made that the HK$ amounts have been, could have been or may be converted to RMB, or vice versa, at that rate or any other rates or at all.

(3) The unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of our Company per Share is arrived at on the basis that 104,710,560 Shares were in issue assuming that the Global Offering had been completed on May 31, 2024 and without taking into account of any shares (i) which may be allotted and issued or repurchased by our Company under the general mandates for the allotment; or (ii) which may be issued under the restricted shares schemes.

(4) For the purpose of unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of our Company per Share, the amount stated in RMB is converted into HK$ at the rate of RMB0.9188 to HK$1.00, which was the exchange rate prevailing on the Latest Practicable Date with reference to the rate published by the PBOC. No representation is made that the RMB amounts have been, could have been or may be converted to HK$, or vice versa, at that rate or at all.

(5) Based on the property valuation report as at August 31, 2024 set forth in "Appendix IV — Property Valuation", the property interests of our Group attributable to owners of our Company had a revaluation surplus up to May 31, 2024 of approximately RMB1,324,000 representing the excess of the revalued amounts of these properties (including leasehold lands and buildings) over their carrying amounts to the extent attributable to owners of our Company. The unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of out Company has not taken into account the revaluation surplus of properties held for own use (including leasehold lands and buildings) held by our Group, nor will our Group incorporate the revaluation surplus in its future financial statements. If the revaluation surplus up to May 31, 2024 were to be incorporated in our Group's future financial statements, additional annual depreciation of approximately RMB42,000 (excluding tax impact) would be charged.

(6) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of our Company as of May 31, 2024 to reflect any trading result or other transactions of our Group entered into subsequent to May 31, 2024.

FUTURE PLANS

See the section headed "Business — Our Business Strategies" for a detailed description of our future plans.

USE OF PROCEEDS

The table below sets forth the estimated net proceeds of the Global Offering which we will receive after deduction of underwriting fees and commissions and estimated expenses payable by us in connection with the Global Offering:

Assuming an Offer Price of HK$69.00 per Offer Share (being the mid-point of the Offer Price range stated in this prospectus)	HK$362.7 million
Assuming an Offer Price of HK$73.00 per Offer Share (being the high end of the Offer Price range stated in this prospectus)	HK$385.8 million
Assuming an Offer Price of HK$65.00 per Offer Share (being the low end of the Offer Price range stated in this prospectus)	HK$339.7 million

We intend to use the net proceeds as follows (based on the mid-point of the Offer Price range stated in this prospectus):

Allocation of the Estimated Net Proceeds	Proposed Main Purposes
Approximately 56.1%, or HK$203.5 million	Expand our production capacity for certain products. See the section headed "Business — Our Business Strategies" in this prospectus for details. We intend to expand our production capacity and strengthen our competitive advantages by (i) expanding and upgrading our production facilities in Zhangjiagang, Jiangsu Province; and (ii) purchasing the production equipment for a new production facility in Shanghai. We intend to implement the following specific measures: (i) Approximately 22.5%, or HK$81.5 million, will be used to establish the production lines for water electrolysis hydrogen production equipment in Zhangjiagang Factory Phase III, thereby increasing the production capacity to approximately 500 sets. We intend to expand the annual production capacity of water electrolysis hydrogen production equipment primarily because (A) according to Frost & Sullivan, China's market size of water electrolysis hydrogen production equipment in terms of sales revenue increased from RMB0.8 billion in 2021 to RMB1.9 billion in 2023, representing a CAGR of 55.7%. It is expected to continue to grow in the next five years with a CAGR of 79.9% during this period. We expect customers to have growing demand for water electrolysis hydrogen production equipment in the near future; and (B) there are only a few leading companies in China that simultaneously possess the ALK and PEM technologies for water electrolysis hydrogen production equipment. We are one of such few companies who are capable of dynamically choosing between ALK and PEM technologies to cater to customer demand. By increasing our production capacity of electrolysis hydrogen production equipment, we aim to further realize cost effectiveness and efficiency of hydrogen production. Leveraging the above, we believe that we are able to further capitalize on the rising opportunities involving green hydrogen in China.

Allocation of the Estimated Net Proceeds	Proposed Main Purposes
	(ii) Approximately 16.8%, or HK$61.0 million, will be used to establish the production lines of Type-III cylinders in Zhangjiagang Factory Phase III, thereby increasing the annual production capacity of Type-III cylinders to 60,000 units (equivalent to approximately 24.6 million liters). We intend to expand the production capacity of Type-III cylinders mainly because (A) our utilization rate of Type-III cylinders increased significantly from 2021 to 2023 and reached 121.1% in the second half year of 2023; (B) we experienced a rapid increase in customer demand during the Track Record Period. For example, our sales volume of Type-III cylinders increased from 1,432,761 liters in 2021 to 2,271,123 liters in 2022, and further to 2,577,477 liters in 2023. We expect the customer demand to continue to grow in the near future; (C) our customer demand for vehicle-mounted high-pressure hydrogen supply systems with larger hydrogen storage capacity increased significantly during the Track Record Period. For example, we received increased orders for 410L hydrogen storage cylinders in 2023, as vehicle-mounted high-pressure hydrogen supply systems with larger hydrogen storage capacity became more popular in the market; and (D) we anticipate a large-scale commercialization of hydrogen fuel cell vehicles and hydrogen fuel cell heavy trucks in China in the foreseeable future. According to Frost & Sullivan, the market size of vehicle-mounted hydrogen storage cylinders in terms of sales amount is expected to reach RMB9.3 billion in 2028, at a CAGR of 70.7% from 2024 to 2028. Considering the importance of hydrogen storage cylinders (and the vehicle-mounted high-pressure hydrogen storage systems) to hydrogen fuel cell vehicles, we plan to increase our production capacity of hydrogen storage cylinders in advance to capture potential increasing customer demand.

Allocation of the Estimated Net Proceeds	Proposed Main Purposes
	(iii) Approximately 16.8%, or HK$61.0 million, will be used to purchase the relevant production equipment for a new production facility of Type-IV cylinders in Qingpu District, Shanghai, which will enable us to have an annual production capacity of 50,000 units. We intend to establish a new production line of Type-IV cylinders mainly because (A) through independent R&D efforts, we have gained a series of scientific and technological R&D achievements in relation to Type-IV cylinders, and we plan to transform these R&D achievements into the technological advantages of our products; and (B) according to Frost & Sullivan, Type-IV cylinders are more widely applied in hydrogen fuel cell vehicles in overseas markets compared to that in China. However, according to Frost & Sullivan, the popularity of Type-IV cylinders has been gaining traction in China in recent years, as Type-IV cylinders are more suitable for and commonly used in passenger vehicles due to lightweight design. Considering that (i) China approved the production of Type-IV cylinders in 2023; and (ii) the rising demand for longer range and larger storage capacity of hydrogen fuel cell vehicles caused the specification for vehicle-mounted high-pressure hydrogen storage cylinders in China to gradually expand from 35MPa Type-III cylinders to 70MPa Type-III and Type-IV cylinders, we anticipate that customer demand for Type-IV cylinders will increase in China in the future due to a series of technological and use advantages of Type-IV cylinders. To maintain our first-mover advantage in Type-IV cylinders and to capture new business opportunities of Type-IV cylinders in China, establishing the production capacity of Type-IV cylinders has been one of our forward-looking strategic layouts in our business of vehicle-mounted high-pressure hydrogen supply systems.

Allocation of the Estimated Net Proceeds	Proposed Main Purposes
	(iv) We intend to promote the construction of integrated hydrogen production and refueling stations through investment and cooperation in certain areas in China where the supply of hydrogen refueling station resources is limited or scarce. In addition, we will actively explore the use of the synergistic advantages of liquid hydrogen technology and hydrogen refueling stations for relevant equipment upgrades based on the newly built high-pressure gaseous hydrogen refueling stations, so as to promote the commercialization of liquid hydrogen refueling stations and liquid hydrogen vehicles.
	We select investment targets based on a variety of factors, including, among others, (i) the availability of the project to receive favorable government policy support. Specifically, we pay close attention to national strategic plannings of energy development and make reference to a series of national or industry policies, such as the Guiding Opinions on Promoting the Integration of Electric Power Source, Network, Storage and Multi-Energy Complementary Development (《關於推進電力源網荷儲一體化和多能互補發展的指導意見》), 14th Five-year Renewable Energy Development Plan (《"十四五"可再生能源發展規劃》) and 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)》); (ii) the abundance of new energy resources where the project is located. In particular, we choose the regions rich in renewable energy sources, such as wind energy, photovoltaic and water resources to establish our project; (iii) the level of infrastructure and the abundance in labor resources. We also study the public, auxiliary works, storage and transportation facilities in the region where our project is located, so that we are able to expedite the project construction progress if necessary, and reduce construction costs; and (iv) the strategic significance of the project and the technologies used thereof (such as liquid hydrogen plant and liquid hydrogen technologies) to our Group's business and growth potential.

Allocation of the Estimated Net Proceeds	Proposed Main Purposes
	We will determine the shareholding of our minority interests in suitable targets based on the specific circumstances of the transaction, such as transaction structure arrangement and valuation of targets. We determine the amount of the estimated net proceeds to be used for investments primarily based on (i) our amount of funds we used in our historical investments; and (ii) our strategy of continuously seeking investment targets that fit in our business development plan. We believe that such proposed strategic alliances, investments or acquisitions will enable us to capitalize on abundant natural resources by taking advantage of the preferential policies and cooperating with experienced business partners in the local markets. These intended strategic cooperation will also help us gain a deeper understanding of the local hydrogen energy needs and capture the demand for hydrogen energy core equipment, which we believe will increase the sales of our products and extend the geographic reach of our business. In the next three to five years, we expect to make minority equity investments in five to eight suitable Chinese domestic companies. We also plan to use our internal funds and funds to be obtained from other financing activities to finance our equity investments in the future, as appropriate, in addition to using the net proceeds from the Global Offering. As of the Latest Practicable Date, we had not identified any specific investment targets and we did not expect to pursue any imminent investments.

Allocation of the Estimated Net Proceeds	Proposed Main Purposes
Approximately 33.9%, or HK$123.0 million	Enhance our R&D capabilities and pursue continuous technology upgrades and product iterations. See the section headed "Business — Our Business Strategies" in this prospectus for details. We intend to implement the following measures: (i) Approximately 8.7%, or HK$31.7 million, will be used to (a) refine the features and functionality of our existing products, such as Type-III cylinders, vehicle-mounted hydrogen supply systems and high-pressure hydrogen refueling stations; and (b) improve the performance of our new products to be launched, such as Type-IV cylinders to achieve large-scale commercialization. (ii) Approximately 9.5%, or HK$34.4 million, will be used to develop hydrogen liquefaction equipment with an estimated production capacity of 15 tons per day or above, the technologies for hydrogen expander production, liquid hydrogen storage tanks and multimodal transportation of liquid hydrogen tankers, and the technologies in relation to liquid hydrogen refueling and trans-injection and gasification in order to achieve cost reduction in the production and use of liquid hydrogen. (iii) Approximately 7.5%, or HK$27.2 million, will be used to continuously optimize our proprietary technology in relation to hydrogen production including ALK, AEM and SOEC water electrolysis hydrogen production, research and develop large-scale proton exchange membrane water electrolysis hydrogen production technology. (iv) Approximately 8.2%, or HK$29.7 million, will be used for the R&D of renewable energy off-grid hydrogen production systems and hydrogen equipment IoT technologies to promote the digitalization and intelligence of the green hydrogen industry.

Allocation of the Estimated Net Proceeds	Proposed Main Purposes
Approximately 10.0%, or HK$36.2 million	Working capital and general corporate purposes to support our business operation and growth.

The following table sets forth the estimated timeline for our use of the net proceeds from the Global Offering:

Use of Proceeds	2024	2025	2026	Sub-total
	(HK$ in million)	*(HK$ in million)*	*(HK$ in million)*	*(HK$ in million)*
Expanding our production capacity for certain products:				
– Establishing the production lines for water electrolysis hydrogen production equipment in Zhangjiagang Factory Phase III....	16.2	65.3	–	81.5
– Establishing the production lines of Type-III cylinders in Zhangjiagang Factory Phase III....	12.2	30.5	18.3	61.0
– Purchasing the relevant production equipment for a new production facility of Type-IV cylinders in Qingpu District, Shanghai	12.2	30.5	18.3	61.0
Enhancing our R&D capabilities and pursue continuous technology upgrades and product iterations:				
– Refining the features and functionality of our existing products and improve the performance of our new products to be launched........................	8.5	14.0	9.2	31.7
– Developing hydrogen liquefaction equipment and other relevant technologies related to liquid hydrogen..............................	7.7	13.4	13.3	34.4

Use of Proceeds	2024	2025	2026	Sub-total
	(HK$ in million)	*(HK$ in million)*	*(HK$ in million)*	*(HK$ in million)*
– Optimizing our proprietary technology in relation to hydrogen production	8.6	9.8	8.8	27.2
– Developing renewable energy off-grid hydrogen production systems and hydrogen equipment IoT technologies	10.4	11.2	8.1	29.7
Working capital and general corporate purpose	12.1	12.1	12.0	36.2
Total				**362.7**

Note:

* Subject to the market condition and the availability of investment targets suitable for our business strategy, we may use the net proceeds from the Global Offering to pursue investments in the relevant new energy or hydrogen energy companies and establish subsidiaries in the next three years from time to time.

The above allocation of the proceeds will be adjusted on a pro rata basis in the event that the Offer Price is fixed at a higher or lower level compared to the mid-point of the estimated offer price range of HK$65.00 to HK$73.00 per Offer Share.

To the extent our net proceeds are either more or less than expected, we will increase or decrease the allocation of the net proceeds to the above purposes on a pro-rata basis.

In addition, to the extent that the net proceeds of the Global Offering are not immediately applied to the above purposes and to the extent permitted by the relevant law and regulations, the unused net proceeds will only be held in short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance or the applicable laws and regulations in other jurisdictions). We will make an appropriate announcement if there is any material change to the above proposed use of proceeds.

HONG KONG UNDERWRITERS

Haitong International Securities Company Limited

CLSA Limited

CCB International Capital Limited

China Securities (International) Corporate Finance Company Limited

Livermore Holdings Limited

Zhongtai International Securities Limited

Fortune Origin Securities Limited

ICBC International Securities Limited

Quam Securities Limited

Soochow Securities International Brokerage Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, our Company is offering 600,000 Hong Kong Offer Shares for subscription by the public in Hong Kong on, and subject to, the terms and conditions set out in this prospectus.

Subject to:

(a) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, our H Shares in issue and to be issued as mentioned in this prospectus and such listing and permission not subsequently being revoked; and

(b) certain other conditions set out in the Hong Kong Underwriting Agreement (including but not limited to the Offer Price being agreed upon between us and the Overall Coordinators (for themselves and on behalf of the other Underwriters)),

the Hong Kong Underwriters have agreed severally, and not jointly, to subscribe for, or procure subscribers for, the Hong Kong Offer Shares which are being offered but are not taken up under the Hong Kong Public Offering, on the terms and conditions set out in this prospectus and the

Hong Kong Underwriting Agreement. If, for any reason, the Offer Price is not agreed between us and the Overall Coordinators (for themselves and on behalf of the other Hong Kong Underwriters), the Global Offering will not proceed and will lapse.

The Hong Kong Underwriting Agreement is conditional upon and subject to the International Underwriting Agreement having been signed and becoming unconditional and not having been terminated.

Grounds for termination

The obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Hong Kong Offer Shares will be subject to termination by notice in writing to our Company from the Overall Coordinators at their sole and absolute discretion (for themselves and on behalf of the Hong Kong Underwriters) with immediate effect if any of the following events occur at or prior to 8:00 a.m. on the Listing Date:

(a) there has come to the notice of the Joint Sponsors and/or the Overall Coordinators:

(i) that any statement contained in any Offer Documents (as defined in the Hong Kong Underwriting Agreement) and/or any notices, announcements, advertisements, communications or other documents in connection with the Global Offering (including any supplement or amendments thereto) (collectively, the "Relevant Documents") was, when it was issued, or has become, untrue, incorrect, inaccurate, incomplete in any material respect, or misleading or deceptive in any respect or that any forecast, expression of opinion, intention or expectation expressed in any of the Relevant Documents is not, in the sole and absolute opinion of the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters), fair and honest and based on reasonable assumptions, when taken as a whole; or

(ii) that any matter has arisen or has been discovered which would or might, had it arisen or been discovered immediately before the respective dates of the publication of the Relevant Documents, constitute a material omission therefrom; or

(iii) any material breach of any of the obligations imposed or to be imposed upon any party to the Hong Kong Underwriting Agreement or the International Underwriting Agreement (including any supplemental or amendment thereto, as applicable) (in each case, other than on the part of any of the Underwriters); or

(iv) any event, act or omission which gives or is likely to give rise to any liability of any of our Company, New Cloud Technology, Mr. Wu and Mr. Wang (collectively, the "Warrantors") pursuant to the indemnities given by them under the Hong Kong Underwriting Agreement or under the International Underwriting Agreement; or

(v) any material adverse change or development involving a prospective material adverse change in the assets, liabilities, general affairs, management, business prospects, shareholders' equity, profits, losses, results of operations, position or conditions (financial, trading or otherwise) or performance of any member of our Group ("Group Company"); or

(vi) any breach of, or any event or circumstance rendering untrue or incorrect in any respect, any of the representations, warranties, agreements and undertakings to be given by the Warrantors respectively in terms set out in the Hong Kong Underwriting Agreement; or

(vii) the approval by the Listing Committee of the Stock Exchange of the listing of, and permission to deal in, the H Shares is refused or not granted, or is qualified (other than subject to customary conditions), on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or

(viii) our Company withdraws any of the Relevant Documents or the Global Offering; or

(ix) any expert named in this prospectus (other than the Hong Kong Underwriters) has withdrawn or sought to withdraw its consent to being named in any of the Relevant Documents or to the issue of any of the Relevant Documents; or

(x) a material portion of the orders in the bookbuilding process or the investment commitments by any cornerstone investors after signing of agreements with such cornerstone investors, have been withdrawn, terminated or cancelled; or

(xi) any Director or member of senior management of our Company is vacating his or her office, is being charged with an indictable offence or is prohibited by operation of any law(s), rule(s), regulation(s), guideline(s), opinion(s), notice(s), circular(s), order(s), code(s), policy(ies), consent(s), judgment(s), decree(s) or ruling(s) of any governmental authority whether national, federal, provincial, regional, state, municipal or local, domestic or foreign (including but not limited to the CSRC, the Stock Exchange and the SFC) of all relevant jurisdictions (including but not limited to Hong Kong and the PRC) (including but not limited to the CSRC Rules (as defined in the Hong Kong Underwriting Agreement), the Listing Rules, the Code of Conduct for Persons Licensed by or Registered with the SFC, the Companies Ordinance, the Companies (WUMP Ordinance) ("Law(s)") or otherwise disqualified from taking part in the management or taking directorship of a company;

(b) there shall develop, occur, exist or come into effect:

(i) any local, national, regional, international event or circumstance, or series of events or circumstances, beyond the reasonable control of the Underwriters (including, without limitation, any acts of government or orders of any courts, strikes, calamity, crisis, lock-outs, fire, explosion, flooding, earthquake, tsunami, volcanic eruption, civil commotion, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God, acts of terrorism, declaration of a local, regional, national or international emergency, riot, public disorder, economic sanctions, outbreaks of diseases, pandemics or epidemics (including, without limitation, Severe Acute Respiratory Syndrome, avian influenza A (H5N1), Swine Flu (H1N1), H7N9, Middle East Respiratory Syndrome, coronavirus or such related or mutated forms) or interruption or delay in transportation); or

(ii) any change or development involving a prospective change, or any event or circumstance or series of events or circumstances likely to result in any change or development involving a prospective change, in any local, regional, national, international, financial, economic, political, military, industrial, fiscal, legal regulatory, currency, credit or market conditions, equity securities or exchange control or any monetary or trading settlement system or other financial markets (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets); or

(iii) any moratorium, suspension or restriction on trading in securities generally (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) on the Stock Exchange, the New York Stock Exchange, the London Stock Exchange, the NASDAQ Global Market, the Shanghai Stock Exchange, the Shenzhen Stock Exchange and the Singapore Stock Exchange; or

(iv) any new Laws, or any change or development involving a prospective change in existing Laws, or any event or circumstance or series of events or circumstances likely to result in any change or development involving a prospective change in the interpretation or application of existing Laws by any court or other competent authority, in each case, in or affecting any of Hong Kong, the PRC, the United States, the United Kingdom, the European Union (or any member thereof), Germany, Singapore, Dubai or any other jurisdictions relevant to any Group Company or the Global Offering (the "Specific Jurisdictions"); or

(v) any general moratorium on commercial banking activities, or any disruption in commercial banking activities, foreign exchange trading or securities settlement or clearance services or procedures or matters, in or affecting any of the Specific Jurisdictions; or

(vi) the imposition of economic sanctions, in whatever form, directly or indirectly, by or for any of the Specific Jurisdictions; or

(vii) a change or development involving a prospective change in or affecting taxation or exchange control (or the implementation of any exchange control), currency exchange rates or foreign investment Laws (including, without limitation, any change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States or a fluctuation in the exchange rate of the Hong Kong dollar or the Renminbi against any foreign currency) in or affecting any of the Specific Jurisdictions or affecting an investment in the H Shares; or

(viii) any change or development involving a prospective change in, or a materialisation of, any of the risks set out in the section headed "Risk Factors" in this prospectus; or

(ix) any litigation or claim of any third party being threatened or instigated against any Group Company, any of New Cloud Technology, Mr. Wu and Mr. Wang (collectively, the "Warranting Shareholders") or any Directors or senior management of our Company; or

(x) any contravention by any member of our Group or any Director or any member of senior management of our Company of any applicable Laws, the Listing Rules or the CSRC Rules; or

(xi) the commencement by any public, regulatory, taxing, administrative or governmental, agency or authority, any self-regulatory organisation or any securities exchange authority, other authority and any court at the national, provincial, municipal or local level of the jurisdictions in which our Company is incorporated or our H Shares are to be listed or our Group's business is carried out or our Group's asset is held, including (without limitation) the PRC and Hong Kong (as the case may be) ("Governmental Authority"), of any action or investigation against any Director or member of senior management of our Company in his or her capacity as such or any member of our Group or an announcement by any Governmental Authority that it intends to take any such action; or

(xii) a contravention by any Group Company or any Director of the Listing Rules, the Companies Ordinance or any other Laws applicable to the Global Offering; or

(xiii) a prohibition on our Company for whatever reason from allotting, issuing or selling the Offer Shares; or

(xiv) non-compliance of this prospectus, the CSRC Filings and the other Relevant Documents or any aspect of the Global Offering with the Listing Rules or any other Laws applicable to the Global Offering; or

(xv) the issue or requirement to issue by our Company of a supplement or amendment to this prospectus and/or any other Relevant Documents pursuant to the Companies (WUMP Ordinance, the Listing Rules or any requirement or request of the Stock Exchange, the CSRC and/or the SFC; or

(xvi) a demand by any creditor for repayment or payment of any indebtedness of any Group Company or in respect of which any Group Company is liable prior to its stated maturity, or an order or petition for the winding up or liquidation of any Group Company or any composition or arrangement made by any Group Company with its creditors or a scheme of arrangement entered into by any Group Company or any resolution for the winding-up of any Group Company or the appointment of a provisional liquidator, receiver or manager over all or part of the assets or undertaking of any Group Company or anything analogous thereto occurring in respect of any Group Company;

which in each case individually or in aggregate at the sole and absolute opinion of the Joint Sponsors and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters):

(a) has or is or will or may have or is likely to have a material adverse change, or any development likely to involve a prospective material adverse change, in or affecting the position or condition (financial, operational or otherwise), on the due incorporation, or in the trading position, earnings, affairs or prospects, assets, business, general affairs, management, shareholders' equity, profits, losses, results of operations, operations or liabilities (actual or contingent), financial or otherwise, of our Group as a whole ("Material Adverse Effect"); or

(b) has or will or may have or could be expected to have an adverse effect on the success, marketability or pricing of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of interest under the International Placing; or

(c) makes or will make or may make it inadvisable, inexpedient or impracticable for any part of the Hong Kong Underwriting Agreement or the Global Offering to be performed or implemented or proceeded with as envisaged or to market the Global Offering or the delivery or distribution of the Offer Shares on the terms and manner contemplated by the Offer Documents shall otherwise result in an interruption to or delay thereof; or

(d) has or will or may have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or which prevents the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof.

Undertakings given by our Company to the Stock Exchange pursuant to the Listing Rules

We have undertaken to the Stock Exchange that we shall not issue any further Shares or securities convertible into our equity securities (whether or not of a class already listed) or enter into any agreement to issue any such Shares or securities within six months from the Listing Date (whether or not such issue of Shares will be completed within six months from the Listing Date), except in certain circumstances prescribed by Rule 10.08 of the Listing Rules.

Undertakings given to the Hong Kong Underwriters

Undertakings by our Company

Our Company has undertaken to each of the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters and the Capital Market Intermediaries that except pursuant to the Global Offering, during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the date that is six months after the Listing Date (the "First Six-Month Period"), we will not, and will procure each other Group Company not to, without the prior written consent of the Joint Sponsors and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

(a) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create any pledge, charge, lien, mortgage, option, restriction, right of first refusal, equitable right, power of sale, hypothecation, retention of title, security interest, claim, pre-emption rights, equity interest, third party rights or interests or rights of the same nature as that of the foregoing or other encumbrances or security interest of any kind or another type of preferential arrangement (including without limitation, retention arrangement) having similar effect ("Encumbrance") over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of our

Company, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any other warrants or other rights to purchase, any Shares, as applicable), or deposit any Shares or other securities of our Company as applicable, with a depositary in connection with the issue of depositary receipts; or repurchase any Shares or other securities of our Company, as applicable; or

(b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or other securities of our Company, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other securities of our Company, as applicable); or

(c) enter into any transaction with the same economic effect as any transactions specified in (a) or (b) above; or

(d) offer to or agree to or announce any intention to effect any transaction specified in (a), (b) or (c) above,

in each case, whether any of the transactions specified in (a), (b) or (c) above is to be settled by delivery of Shares or other securities of our Company, as applicable, or in cash or otherwise (whether or not the issue of such Shares or other shares or securities will be completed within the First Six-Month Period).

In the event that, during the period of six months immediately following the expiry of the First Six Month Period (the "Second Six Month Period"), our Company enters into any of the transactions specified in (a), (b) or (c) above or offers to or agrees to or announces any intention to effect any such transaction, our Company shall take all reasonable steps to ensure that it will not create a disorderly or false market in any Shares or other securities of our Company.

Underwriters' interests in our Group

Save for their respective obligations under the Hong Kong Underwriting Agreement and the International Underwriting Agreement or as otherwise disclosed in this prospectus, as of the Latest Practicable Date, none of the Underwriters was interested directly or indirectly in any of our Shares or securities or any shares or securities of any other member of our Group or had any right or option (whether legally enforceable or not) to subscribe for, or to nominate persons to subscribe for, any of our Shares or securities or any shares or securities of any other member of our Group.

Following the completion of the Global Offering, the Underwriters and their affiliated companies may hold a certain portion of our Shares as a result of fulfilling their respective obligations under the Hong Kong Underwriting Agreement and International Underwriting Agreement.

The Joint Sponsors' Independence

The Joint Sponsors satisfy the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

The International Placing

International Placing

In connection with the International Placing, we expect to enter into the International Underwriting Agreement on the Price Determination Date with, among others, the International Underwriters. Under the International Underwriting Agreement, the International Underwriters would, subject to certain conditions, severally and not jointly, agree to purchase the International Placing Shares or procure purchasers for the International Placing Shares initially being offered pursuant to the International Placing. Please refer to the section headed "Structure and Conditions of the Global Offering — the International Placing" in this prospectus.

Commission and Expenses

Syndicate members involved in the Global Offering (including all Underwriters) will receive an underwriting commission of 3.0% of the aggregate Offer Price of the Offer Shares ("Fixed Fees"). In addition, we may, at our discretion, pay an additional incentive fee of up to 1.0% of the aggregate Offer Price of the Offer Shares to the syndicate members involved in the Global Offering ("Discretionary Fees"). Assuming the Discretionary Fees are paid in full, the ratio of the Fixed Fees and the Discretionary Fees is therefore 75:25.

Based on an Offer Price of HK$69.00 (being the mid-point of the stated range of the Offer Price between HK$65.00 and HK$73.00), the aggregate commissions and estimated expenses, together with the Stock Exchange listing fee, SFC transaction levy, AFRC transaction levy, Stock Exchange trading fee, legal and other professional fees, printing and other fees and expenses relating to the Global Offering, are estimated to amount to approximately HK$51.3 million in total.

Indemnity

We have undertaken to indemnify and keep indemnified on demand (on an after-tax basis) and hold harmless each of the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters and the Capital Market Intermediaries (for themselves and on trust for their directors, officers, employees, agents, assignees and affiliates) from and against certain losses which they may suffer, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by us or any of the other Warrantors of the Hong Kong Underwriting Agreement.

ACTIVITIES BY SYNDICATE MEMBERS

The underwriters of the Hong Kong Public Offering and the International Placing (together, the "**Syndicate Members**") and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting process.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In relation to our H Shares, those activities could include acting as agent for buyers and sellers of our H Shares, entering into transactions with those buyers and sellers in a principal capacity, proprietary trading in our H Shares and entering into over the counter or listed derivative transactions or listed or unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have our H Shares as their underlying assets or part of their underlying assets. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of our H Shares. All such activities could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in our H Shares, in baskets of securities or indices including our H Shares, in units of funds that may purchase our H Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having our H Shares as their or part of their underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the stock exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in our H Shares in most cases.

Such activities may affect the market price or value of our H Shares, the liquidity or trading volume in our H Shares and the volatility of the price of our H Shares, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

(a) the Syndicate Members must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and

(b) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

No stabilizing manager will be appointed, and it is anticipated that no stabilization activities will be carried out in relation to the Global Offering.

Restrictions on the Offer Shares

No action has been taken to permit a public offering of the Offer Shares, other than in Hong Kong, or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation.

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises:

- the Hong Kong Public Offering of initially 600,000 Offer Shares (subject to reallocation) in Hong Kong as described below in "The Hong Kong Public Offering" in this section; and

- the International Placing of initially 5,400,000 Offer Shares (subject to reallocation) outside the United States (including to professional, institutional and corporate investors and other investors anticipated to have a sizeable demand for the Offer Shares in Hong Kong) in offshore transactions in reliance on Regulation S.

Investors may either:

- apply for the Hong Kong Offer Shares under the Hong Kong Public Offering; or

- apply for or indicate an interest for the International Placing Shares under the International Placing,

but may not do both.

The 6,000,000 Offer Shares in the Global Offering will represent 5.7% of our enlarged share capital immediately after the completion of the Global Offering.

References to applications, application monies or procedure for applications relate solely to the Hong Kong Public Offering.

THE HONG KONG PUBLIC OFFERING

Number of Offer Shares initially offered

We are initially offering for subscription by the public in Hong Kong 600,000 Offer Shares, representing approximately 10% of the total number of Offer Shares initially available under the Global Offering. Subject to the reallocation of Offer Shares between the International Placing and the Hong Kong Public Offering, the number of Offer Shares offered under the Hong Kong Public Offering will represent approximately 0.6% of our enlarged issued share capital immediately after completion of the Global Offering.

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions as set forth below in "Conditions of the Global Offering".

Allocation

Allocation of Hong Kong Offer Shares to investors under the Hong Kong Public Offering will be based on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary depending on the number of Hong Kong Offer Shares validly applied for by applicants. We may, if necessary, allocate the Hong Kong Offer Shares on the basis of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

For allocation purposes only, the total number of Offer Shares available under the Hong Kong Public Offering is to be divided equally into two pools:

- ***Pool A***: The Hong Kong Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for the Hong Kong Offer Shares with an aggregate subscription price of HK$5 million or less (excluding brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee payable); and

- ***Pool B***: The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for the Hong Kong Offer Shares with an aggregate subscription price of more than HK$5 million and up to the value of pool B (excluding brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee payable).

Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If the Hong Kong Offer Shares in one (but not both) of the pools are under-subscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in the pool and be allocated accordingly. For the purpose of this subsection only, the "subscription price" for the Hong Kong Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B but not from both pools. Multiple or suspected multiple applications under the Hong Kong Public Offering and any application for more than 300,000 Hong Kong Offer Shares (being approximately 50% of the Hong Kong Offer Shares initially available under the Hong Kong Public Offering) will be rejected.

Reallocation

The allocation of the Offer Shares between the Hong Kong Public Offering and the International Placing is subject to reallocation at the discretion of the Overall Coordinators, subject to the following:

(a) where the International Placing Shares are fully subscribed or oversubscribed:

(i) if the Hong Kong Offer Shares are undersubscribed, the Overall Coordinators have the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Placing, in such proportions as the Overall Coordinators deem appropriate;

(ii) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents less than 15 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then up to 600,000 Offer Shares may be reallocated to the Hong Kong Public Offering from the International Placing, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be increased to 1,200,000 Offer Shares, representing approximately 20% of the total number of the Offer Shares initially available under the Global Offering;

(iii) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents (1) 15 times or more but less than 50 times, (2) 50 times or more but less than 100 times, and (3) 100 times or more of the number of Offer Shares initially available under the Hong Kong Public Offering, the Offer Shares will be reallocated to the Hong Kong Public Offering from the International Placing in accordance with the clawback requirements set forth in paragraph 4.2 of Practice Note 18 of the Listing Rules, so that the total number of Hong Kong Offer Shares will be increased to 1,800,000 Offer Shares (in the case of (1)), 2,400,000 Offer Shares (in the case of (2)) and 3,000,000 Offer Shares (in the case of (3)), representing approximately 30%, 40% and 50% of the Offer Shares initially available under the Global Offering, respectively;

(b) where the International Placing Shares are undersubscribed:

(i) if the Hong Kong Offer Shares are also undersubscribed, the Global Offering will not proceed unless the Underwriters would subscribe for or procure subscribers for their respective applicable proportions of the Offer Shares being offered which are not taken up under the Global Offering on the terms and conditions of this Prospectus and the Underwriting Agreements; and

(ii) if the Hong Kong Offer Shares are fully subscribed or oversubscribed (irrespective of the extent of over-subscription), then up to 600,000 Offer Shares may be reallocated to the Hong Kong Public Offering from the International Placing, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be increased to 1,200,000 Offer Shares, representing approximately 20% of the total number of the Offer Shares initially available under the Global Offering.

In the event of reallocation of Offer Shares from the International Placing to the Hong Kong Public Offering in the circumstances described in paragraph (a)(ii) or (b)(ii) above, the final Offer Price shall be fixed at the bottom end of the Offer Price range (i.e. HK$65.00 per Offer Share) according to Chapter 4.14 of the Guide for New Listing Applicants published by the Stock Exchange.

In all cases of reallocation of Offer Shares from the International Placing to the Hong Kong Public Offering, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B, and the number of Offer Shares allocated to the International Placing will be correspondingly reduced in such manner as the Overall Coordinators may, at their sole and absolute discretion, determine. The Offer Shares to be offered in the Hong Kong Public Offering and the International Placing may be reallocated as between these offerings at the discretion of the Overall Coordinators.

Applications

Each applicant under the Hong Kong Public Offering will be required to give an undertaking and confirmation in the application submitted by him that he and any person(s) for whose benefit he is making the application has not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Placing Shares under the International Placing, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated International Placing Shares under the International Placing.

Applicants under the Hong Kong Public Offering are required to pay, on application, maximum price of HK$73.00 per Offer Share in addition to brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565% on each Offer Share, amounting to a total of HK$7,373.62 for one board lot of 100 H Shares. If the Offer Price, as finally determined on the Price Determination Date in the manner as described below in "Pricing and Allocation" in this section, is less than the maximum price of HK$73.00 per H Share, appropriate refund payments (including brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. For further details, see "How to Apply for Hong Kong Offer Shares" in this prospectus.

THE INTERNATIONAL PLACING

Number of Offer Shares Initially Offered

We will be initially offering for subscription under the International Placing 5,400,000 Offer Shares, representing approximately 90% of the Offer Shares under the Global Offering. Subject to the reallocation of Offer Shares between the International Placing and the Hong Kong Public Offering, the number of Offer Shares offered under the International Placing will represent approximately 5.2% of our enlarged issued share capital immediately after completion of the Global Offering.

Allocation

The International Placing Shares will conditionally be offered to selected professional, institutional and corporate investors and other investors anticipated to have a sizeable demand for our Offer Shares in Hong Kong and other jurisdictions outside the United States in offshore transactions in reliance on Regulation S. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Prospective professional, institutional and other investors will be required to specify the number of the International Placing Shares under the International Placing they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building," is expected to continue up to the Price Determination Date.

Allocation of the International Placing Shares pursuant to the International Placing will be determined by the Overall Coordinators and will be based on a number of factors including the level and timing of demand, total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further, and/or hold or sell its H Shares, after the listing of the H Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the International Placing Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and our Shareholders as a whole.

The Overall Coordinators (for themselves and on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Placing and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Overall Coordinators so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any applications of Hong Kong Offer Shares under the Hong Kong Public Offering.

Reallocation and clawback

The total number of Offer Shares to be issued pursuant to the International Placing may change as a result of the clawback arrangement as described above in "The Hong Kong Public Offering — Reallocation" in this section and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering.

PRICING AND ALLOCATION

The Offer Price is expected to be fixed by agreement between the Overall Coordinators (for themselves and on behalf of the Underwriters) and our Company on the Price Determination Date, when market demand for the Offer Shares will be determined. The Price Determination Date is expected to be on or around Wednesday, November 13, 2024 and in any event, no later than 12:00 noon on Wednesday, November 13, 2024.

The Offer Price will not be more than HK$73.00 per Offer Share and is expected to be not less than HK$65.00 per Offer Share, unless otherwise announced, as further explained below. If you apply for the Offer Shares under the Hong Kong Public Offering, you must pay the maximum price of HK$73.00 per Offer Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565%, amounting to a total of HK$7,373.62 for one board lot of 100 H Shares. **Prospective investors should be aware that the Offer Price as finally determined on the Price Determination Date may be, but is not expected to be, lower than the Offer Price range stated in this prospectus.**

If the Offer Price, as finally determined on the Price Determination Date in the manner as described below in "Pricing and Allocation" in this section, is less than the maximum price of HK$73.00 per Offer Share, appropriate refund payments (including brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants who applied through the **White Form eIPO** service, without interest. For further details, see "How to Apply for Hong Kong Offer Shares" in this prospectus.

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Placing. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Placing they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building", is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offering.

The Overall Coordinators (for themselves and on behalf of the Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective investors during the book-building process, and with the consent of our Company, reduce the number of Offer Shares and/or the Offer Price range below that stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, our Company will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering, cause there to be published on the website of the Stock Exchange at **www.hkexnews.hk** and our website at **www.guofuhee.com** notices of the reduction, and the cancellation of the Global Offering and relaunch of the offer at the revised number of Offer Shares and/or the revised Offer Price. In the absence of any such notices, the number of Offer Shares will not be reduced and the Offer Price, if agreed upon by the Overall Coordinators (for themselves and on behalf of the Underwriters), and our Company, will under no circumstances be set outside the Offer Price range as stated in this prospectus.

If there is any change to the offer size due to change in the number of Offer Shares offered in the Global Offering, or change to the Offer Price which leads to the resulting price falling outside the indicative Offer Price range as stated in this prospectus, or if our Company becomes aware that there has been a significant change affecting any matter contained in this prospectus or a significant new matter has arisen, the inclusion of information in respect of which would have been required to be in this prospectus if it had arisen before this prospectus was issued, after the issue of this prospectus and before the commencement of dealings in our H Shares as prescribed under Rule 11.13 of the Listing Rules, we are required to cancel the Global Offering and relaunch the offer and issue a supplemental prospectus or a new prospectus, and complete the requisite associated settlement processes on the FINI platform afresh.

The Offer Shares to be offered in the International Placing and the Offer Shares to be offered in the Hong Kong Public Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Overall Coordinators.

The final Offer Price, the level of indication of interest in the International Placing, the basis of allotment of Offer Shares available under the Hong Kong Public Offering are expected to be made available on Thursday, November 14, 2024 in a variety of channels in the manner described in "How to Apply for Hong Kong Offer Shares — B. Publication of Results" in this prospectus.

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Offer Shares is conditional on:

- the Listing Committee granting approval for the listing of, and permission to deal in, our H Shares in issue and to be issued as described in this prospectus, and such approval and permission not subsequently having been revoked prior to the commencement of dealings in our H Shares on the Stock Exchange;
- the Offer Price having been agreed between us and the Overall Coordinators (for themselves and on behalf the Underwriters);
- the execution and delivery of the International Underwriting Agreement on or about the Price Determination Date; and
- the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the Hong Kong Underwriting Agreement and/or the International Underwriting Agreement, as the case may be (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than Saturday, December 7, 2024, being the 30th day after the date of this prospectus.

If, for any reason, the Offer Price is not agreed between us and the Overall Coordinators (for themselves and on behalf of the Underwriters) by 12:00 noon on Wednesday, November 13, 2024, the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Placing is conditional upon, among other things, each other offering becoming unconditional and not having been terminated in accordance with its respective terms.

If the above conditions are not fulfilled or waived by the dates and times specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. A notice will be published on the website of the Stock Exchange at **www.hkexnews.hk** and our website at **www.guofuhee.com**, on or before the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in "How to Apply for Hong Kong Offer Shares" in this prospectus.

H Share certificates for the Offer Shares are expected to be issued on Thursday, November 14, 2024, but will only become valid evidence of title at 8:00 a.m. on Friday, November 15, 2024, provided that (i) the Global Offering has become unconditional in all respects and (ii) right of termination described in "Underwriting" in this prospectus has not been exercised. Investors who trade H Shares prior to the receipt of H Share certificates or the H Share certificates becoming valid do so entirely at their own risk.

UNDERWRITING AGREEMENTS

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to, among other conditions, us and the Overall Coordinators (for themselves and on behalf of the Underwriters) agreeing on the Offer Price on the Price Determination Date.

We expect to enter into the International Underwriting Agreement relating to the International Placing on the Price Determination Date.

Certain terms of the underwriting arrangements, the Hong Kong Underwriting Agreement and the International Underwriting Agreement, are summarised in "Underwriting" in this prospectus.

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Friday, November 15, 2024, it is expected that dealings in our H Shares on the Stock Exchange will commence at 9:00 a.m. on Friday, November 15, 2024.

Our H Shares will be traded in board lots of 100 H Shares each.

IMPORTANT NOTICE TO INVESTORS:
FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide any printed copies of this prospectus for use by the public.

This prospectus is available at the website of the Stock Exchange at www.hkexnews.hk under the "HKEXnews > New Listings > New Listing Information" section, and our website at www.guofuhee.com. If you require a printed copy of this prospectus, you may download and print from the website addresses above.

The contents of the electronic version of this prospectus are identical to the printed prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

A. APPLICATION FOR HONG KONG OFFER SHARES

1. Who Can Apply

You can apply for Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying for:

- are 18 years of age or older;
- have a Hong Kong address *(for the **White Form eIPO** service only).*

Unless permitted by the Listing Rules or a waiver and/or consent has been granted by the Stock Exchange to us, you cannot apply for any Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying for:

- are an existing Shareholder or close associates; or
- are a Director or a Supervisor or any of his/her close associates.

2. Application Channels

The Hong Kong Public Offering period will begin at 9:00 a.m. on Thursday, November 7, 2024 and end at 12:00 noon on Tuesday, November 12, 2024 (Hong Kong time).

To apply for Hong Kong Offer Shares, you may use one of the following application channels:

Application Channel	Platform	Target Investors	Application Time
White Form eIPO service	via the **White Form eIPO** service at **www.eipo.com.hk**;	Applicants who would like to receive a physical H Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in your own name.	From 9:00 a.m. on Thursday, November 7, 2024 to 11:30 a.m. on Tuesday, November 12, 2024, Hong Kong time. The latest time for completing full payment of application monies will be 12:00 noon on Tuesday, November 12, 2024, Hong Kong time.
HKSCC EIPO channel	Your broker or custodian who is a HKSCC Participant will submit electronic application instructions on your behalf through HKSCC's FINI system in accordance with your instruction.	Applicants who would not like to receive a physical H Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in the name of HKSCC Nominees, deposited directly into CCASS and credited to your designated HKSCC Participant's stock account.	Contact your broker or custodian for the earliest and latest time for giving such instructions, as this may vary by broker or custodian.

The **White Form eIPO** service and the **HKSCC EIPO** channel are facilities subject to capacity limitations and potential service interruptions and you are advised not to wait until the last day of the application period to apply for Hong Kong Offer Shares.

For those applying through the **White Form eIPO** service, once you complete payment in respect of any application instructions given by you or for your benefit through the **White Form eIPO** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. If you are a person for whose benefit the electronic application instructions are given, you shall be deemed to have declared that only one set of electronic application instructions has been given for your benefit. If you are an agent for another person, you shall be deemed to have declared that you have only given one set of electronic application instructions for the benefit of the person for whom you are an agent and that you are duly authorized to give those instructions as an agent.

For the avoidance of doubt, giving an application instruction under the **White Form eIPO** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you apply through the **White Form eIPO** service, you are deemed to have authorized the **White Form eIPO** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **White Form eIPO** service.

By instructing your broker or custodian to apply for the Hong Kong Offer Shares on your behalf through the **HKSCC EIPO** channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to apply for Hong Kong Offer Shares on your behalf and to do on your behalf all the things stated in this prospectus and any supplement to it.

For those applying through **HKSCC EIPO** channel, an actual application will be deemed to have been made for any application instructions given by you or for your benefit to HKSCC (in which case an application will be made by HKSCC Nominees on your behalf) provided such application instruction has not been withdrawn or otherwise invalidated before the closing time of the Hong Kong Public Offering.

HKSCC Nominees will only be acting as a nominee for you and neither HKSCC nor HKSCC Nominees shall be liable to you or any other person in respect of any actions taken by HKSCC or HKSCC Nominees on your behalf to apply for Hong Kong Offer Shares or for any breach of the terms and conditions of this prospectus.

3. Information Required to Apply

You must provide the following information with your application:

For Individual/Joint Applicants	For Corporate Applicants
• Full name(s)[2] as shown on your identity document	• Full name(s)[2] as shown on your identity document
• Identity document's issuing country or jurisdiction	• Identity document's issuing country or jurisdiction
• Identity document type, with order of priority:	• Identity document type, with order of priority:
i. HKID card; or	i. LEI registration document; or
ii. National identification document; or	ii. Certificate of incorporation; or
iii. Passport; and	iii. Business registration certificate; or
	iv. Other equivalent document; and
• Identity document number	• Identity document number

Notes:

1. If you are applying through the **White Form eIPO** service, you are required to provide a valid e-mail address, contact telephone number and a Hong Kong address. You are also required to declare that the identity information provided by you follows the requirements as described in Note 2 below. In particular, where you cannot provide a HKID number, you must confirm that you do not hold a HKID card.

2. The applicant's full name as shown on their identity document must be used. If an applicant's identity document contains both an English and Chinese name, both English and Chinese names must be used. Otherwise, either English or Chinese names will be accepted. The order of priority of the applicant's identity document type must be strictly followed and where an individual applicant has a valid HKID card, the HKID number must be used when making an application to subscribe for Hong Kong Offer Shares. Similarly for corporate applicants, a LEI number must be used if an entity has a LEI certificate.

3. If the applicant is a trustee, the client identification data ("CID") of the trustee, as set out above, will be required. If the applicant is an investment fund (i.e. a collective investment scheme, or CIS), the CID of the asset management company or the individual fund, as appropriate, which has opened a trading account with the broker will be required, as above.

4. The maximum number of joint applicants on FINI is capped at four in accordance with market practice.

5. If you are applying as a nominee, you must provide: (i) the full name (as shown on the identity document), the identity document's issuing country or jurisdiction, the identity document type; and (ii), the identity document number, for each of the beneficial owners or, in the case(s) of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

6. If you are applying as an unlisted company and (i) the principal business of that company is dealing in securities; and (ii) you exercise statutory control over that company, then the application will be treated as being for your benefit and you should provide the required information in your application as stated above. "Unlisted company" means a company with no equity securities listed on the Stock Exchange or any other stock exchange. "Statutory control" means you:

   - control the composition of the board of directors of our company;
   - control more than half of the voting power of our company; or
   - hold more than half of the issued share capital of our company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

For those applying through **HKSCC EIPO** channel, and making an application under a power of attorney, we and the Overall Coordinators, as our agents, have discretion to consider whether to accept it on any conditions we think fit, including evidence of the attorney's authority.

Failing to provide any required information may result in your application being rejected.

4. Permitted Number of Hong Kong Offer Shares for Application

Board lot size	:	100 H Shares
Permitted number of Hong Kong Offer Shares for application and amount payable on application/ successful allotment	:	Hong Kong Offer Shares are available for application in specified board lot sizes only. Please refer to the amount payable associated with each specified board lot size in the table below.

The maximum Offer Price is HK$73.00 per H Share.

If you are applying through the **HKSCC EIPO** channel, you are required to prefund your application based on the amount specified by your broker or custodian, as determined based on the applicable laws and regulations in Hong Kong.

By instructing your broker or custodian to apply for the Hong Kong Offer Shares on your behalf through the **HKSCC EIPO** channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to arrange payment of the final Offer Price, brokerage, SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy by debiting the relevant nominee bank account at the designated bank for your broker or custodian.

If you are applying through the **White Form eIPO** service, you may refer to the table below for the amount payable for the number of Shares you have selected. You must pay the respective maximum amount payable on application in full upon application for Hong Kong Offer Shares.

No. of Hong Kong Offer Shares applied for	Amount payable(2) on application	No. of Hong Kong Offer Shares applied for	Amount payable(2) on application	No. of Hong Kong Offer Shares applied for	Amount payable(2) on application	No. of Hong Kong Offer Shares applied for	Amount payable(2) on application
	HK$		*HK$*		*HK$*		*HK$*
100	7,373.62	1,500	110,604.31	8,000	589,889.65	50,000	3,686,810.26
200	14,747.23	2,000	147,472.41	9,000	663,625.85	60,000	4,424,172.30
300	22,120.86	2,500	184,340.51	10,000	737,362.06	70,000	5,161,534.36
400	29,494.48	3,000	221,208.61	15,000	1,106,043.08	80,000	5,898,896.40
500	36,868.10	3,500	258,076.72	20,000	1,474,724.10	90,000	6,636,258.46
600	44,241.72	4,000	294,944.82	25,000	1,843,405.13	100,000	7,373,620.50
700	51,615.35	4,500	331,812.92	30,000	2,212,086.16	150,000	11,060,430.76
800	58,988.97	5,000	368,681.03	35,000	2,580,767.18	200,000	14,747,241.00
900	66,362.58	6,000	442,417.24	40,000	2,949,448.20	250,000	18,434,051.26
1,000	73,736.20	7,000	516,153.44	45,000	3,318,129.23	300,000(1)	22,120,861.50

(1) Maximum number of Hong Kong Offer Shares you may apply for.

(2) The amount payable is inclusive of brokerage, the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) while the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy will be paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC; and in the case of the AFRC transaction levy, collected by the Stock Exchange on behalf of the AFRC).

5. Multiple Applications Prohibited

You or your joint applicant(s) shall not make more than one application for your own benefit, except where you are a nominee and provide the information of the underlying investor in your application as required under the paragraph headed "— A. Application for Hong Kong Offer Shares — 3. Information Required to Apply" in this section. If you are suspected of submitting or cause to submit more than one application, all of your applications will be rejected.

Multiple applications made either through (i) the **White Form eIPO** service, (ii) **HKSCC EIPO** channel, or (iii) both channels concurrently are prohibited and will be rejected. If you have made an application through the **White Form eIPO** service or **HKSCC EIPO** channel, you or the person(s) for whose benefit you have made the application shall not apply further for any Offer Shares in the Global Offering.

6. Terms and Conditions of an Application

By applying for Hong Kong Offer Shares through the **White Form eIPO** service or **HKSCC EIPO** channel, you (or as the case may be, HKSCC Nominees will do the following things on your behalf):

(i) undertake to execute all relevant documents and instruct and authorise us and/or the Overall Coordinators, as our agents, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association, and (if you are applying through the **HKSCC EIPO** channel) to deposit the allotted Hong Kong Offer Shares directly into CCASS for the credit of your designated HKSCC Participant's stock account on your behalf;

(ii) confirm that you have read and understand the terms and conditions and application procedures set out in this prospectus and the designated website of the **White Form eIPO** service (or as the case may be, the agreement you entered into with your broker or custodian), and agree to be bound by them;

(iii) (if you are applying through the **HKSCC EIPO** channel) agree to the arrangements, undertakings and warranties under the participant agreement between your broker or custodian and HKSCC and observe the General Rules of HKSCC and the HKSCC Operational Procedures for giving application instructions to apply for Hong Kong Offer Shares;

(iv) confirm that you are aware of the restrictions on offers and sales of shares set out in this prospectus and they do not apply to you, or the person(s) for whose benefit you have made the application;

(v) confirm that you have read this prospectus and any supplement to it and have relied only on the information and representations contained therein in making your application (or as the case may be, causing your application to be made) and will not rely on any other information or representations;

(vi) agree that the Relevant Persons[*Note*], the H Share Registrar and HKSCC will not be liable for any information and representations not in this prospectus and any supplement to it;

(vii) agree to disclose the details of your application and your personal data and any other personal data which may be required about you and the person(s) for whose benefit you have made the application to us, the Relevant Persons, the H Share Registrar, HKSCC, HKSCC Nominees, the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, for the purposes under the paragraph headed "— G. Personal Data — 3. Purposes" and "— G. Personal Data — 4. Transfer of personal data" in this section;

(viii) agree (without prejudice to any other rights which you may have once your application (or as the case may be, HKSCC Nominees' application) has been accepted) that you will not rescind it because of an innocent misrepresentation;

(ix) agree that subject to Section 44A(6) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any application made by you or HKSCC Nominees on your behalf cannot be revoked once it is accepted, which will be evidenced by the notification of the result of the ballot by the H Share Registrar by way of publication of the results at the time and in the manner as specified in the paragraph headed "— B. Publication of Results" in this section;

(x) confirm that you are aware of the situations specified in the paragraph headed "— C. Circumstances in which you will not be allocated Hong Kong Offer Shares" in this section;

(xi) agree that your application or HKSCC Nominees' application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong;

(xii) agree to comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Articles of Association and laws of any place outside Hong Kong that apply to your application and that neither we nor the Relevant Persons will breach any law inside and/or outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus;

(xiii) confirm that (a) your application or HKSCC Nominees' application on your behalf is not financed directly or indirectly by our Company, any of the directors, chief executives, substantial Shareholder(s) or existing shareholder(s) of our Company or any of its subsidiaries or any of their respective close associates; and (b) you are not accustomed or will not be accustomed to taking instructions from our Company, any of the directors, chief executives, substantial shareholder(s) or existing shareholder(s) of our Company or any of its subsidiaries or any of their respective close associates in relation to the acquisition, disposal, voting or other disposition of the H Shares registered in your name or otherwise held by you;

(xiv) warrant that the information you have provided is true and accurate;

(xv) confirm that you understand that we and the Overall Coordinators will rely on your declarations and representations in deciding whether or not to allocate any Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

(xvi) agree to accept Hong Kong Offer Shares applied for or any lesser number allocated to you under the application;

(xvii) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit by giving electronic application instructions to HKSCC directly or indirectly or through the application channel of the H Share Registrar or by any one as your agent or by any other person; and

(xix) (if you are making the application as an agent for the benefit of another person) warrant that (1) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person by giving electronic application instructions to HKSCC and (2) you have due authority to give electronic application instructions on behalf of that other person as its agent.

Note: The Relevant Persons would include the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, the Capital Market Intermediaries, any of their or our Company's respective directors, supervisors, officers, employees, partners, agents, advisors and any other parties involved in the Global Offering.

B. PUBLICATION OF RESULTS

Results of Allocation

You can check whether you are successfully allocated any Hong Kong Offer Shares through:

Platform		Date/Time
Applying through the **White Form eIPO** service or **HKSCC EIPO** channel:		
Website	The designated results of allocation at **www.iporesults.com.hk** (alternatively: **www.eipo.com.hk/eIPOAllotment**) with a with a "search by ID" function.	24 hours, from 11:00 p.m. on Thursday, November 14, 2024 to 12:00 midnight on Wednesday, November 20, 2024 (Hong Kong time).
	The full list of (i) wholly or partially successful applicants using the **White Form eIPO** service and **HKSCC EIPO** channel, and (ii) the number of Hong Kong Offer Shares conditionally allotted to them, among other things, will be displayed on the "Allotment Results" page of the **White Form eIPO** service at **www.iporesults.com.hk** (alternatively: **www.eipo.com.hk/eIPOAllotment**).	

Platform		Date/Time
	The Stock Exchange's website at **www.hkexnews.hk** and our website at **www.guofuhee.com** which will provide links to the abovementioned websites of the H Share Registrar.	No later than 11:00 p.m. on Thursday, November 14, 2024 (Hong Kong time).
Telephone	+852 2862 8555 — the allocation results telephone enquiry line provided by the H Share Registrar.	Between 9:00 a.m. and 6:00 p.m., on Friday, November 15, 2024, Monday, November 18, 2024, Tuesday, November 19, 2024 and Wednesday, November 20, 2024 (Hong Kong time).

For those applying through **HKSCC EIPO** channel, you may also check with your **broker** or **custodian** from 6:00 p.m. on Wednesday, November 13, 2024 (Hong Kong time).

HKSCC Participants can log into FINI and review the allotment result from 6:00 p.m. on Wednesday, November 13, 2024 (Hong Kong time) on a 24-hour basis and should report any discrepancies on allotments to HKSCC as soon as practicable.

Allocation Announcement

We expect to announce the results of the final Offer Price, the level of indications of interest in the International Placing, the level of applications in the Hong Kong Public Offering and the basis of allocations of Hong Kong Offer Shares on the Stock Exchange's website at **www.hkexnews.hk** and our website at **www.guofuhee.com** by no later than 11:00 p.m. on Thursday, November 14, 2024 (Hong Kong time).

C. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED HONG KONG OFFER SHARES

You should note the following situations in which Hong Kong Offer Shares will not be allocated to you or the person(s) for whose benefit you are applying for:

1. If your application is revoked:

Your application or the application made by HKSCC Nominees on your behalf may be revoked pursuant to Section 44A(6) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

2. If we or our agents exercise our discretion to reject your application:

We, the Overall Coordinators, the H Share Registrar and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

3. If the allocation of Hong Kong Offer Shares is void:

The allocation of Hong Kong Offer Shares will be void if the Stock Exchange does not grant permission to list the H Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Stock Exchange notifies us of that longer period within three weeks of the closing date of the application lists.

4. If:

- you make multiple applications or suspected multiple applications. You may refer to the paragraph headed "— A. Application for Hong Kong Offer Shares — 5. Multiple Applications Prohibited" in this section on what constitutes multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Placing Shares;
- your application instruction is incomplete;
- your electronic application instructions through the **White Form eIPO** service are not completed in accordance with the instructions, terms and conditions on the designated website;

- your payment (or confirmation of funds, as the case may be) is not made correctly;
- the Underwriting Agreements do not become unconditional or are terminated;
- we or the Overall Coordinators believe that by accepting your application, we or they would violate applicable securities or other laws, rules or regulations.

5. If there is money settlement failure for allotted H Shares:

Based on the arrangements between HKSCC Participants and HKSCC, HKSCC Participants will be required to hold sufficient application funds on deposit with their Designated Bank before balloting. After balloting of Hong Kong Offer Shares, the Receiving Bank will collect the portion of these funds required to settle each HKSCC Participant's actual Hong Kong Offer Share allotment from their Designated Bank.

There is a risk of money settlement failure. In the extreme event of money settlement failure by a HKSCC Participant (or its designated bank), who is acting on your behalf in settling payment for your allotted shares, HKSCC will contact the defaulting HKSCC Participant and its Designated Bank to determine the cause of failure and request such defaulting HKSCC Participant to rectify or procure to rectify the failure.

However, if it is determined that such settlement obligation cannot be met, the affected Hong Kong Offer Shares will be reallocated to the International Placing. Hong Kong Offer Shares applied for by you through the broker or custodian may be affected to the extent of the settlement failure. In the extreme case, you will not be allocated any Hong Kong Offer Shares due to the money settlement failure by such HKSCC Participant. None of us, the Relevant Persons, the H Share Registrar and HKSCC is or will be liable if Hong Kong Offer Shares are not allocated to you due to the money settlement failure.

D. DESPATCH/COLLECTION OF H SHARE CERTIFICATES AND REFUND OF APPLICATION MONIES

You will receive one H Share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made through the **HKSCC EIPO** channel where the H Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the H Shares. No receipt will be issued for sums paid on application.

H Share certificates will only become valid evidence of title at 8:00 a.m. on Friday, November 15, 2024 (Hong Kong time), provided that the Global Offering has become unconditional and the right of termination described in the section headed "Underwriting" has not been exercised. Investors who trade H Shares prior to the receipt of H Share certificates or the H Share certificates becoming valid do so entirely at their own risk.

The right is reserved to retain any H Share certificate(s) and (if applicable) any surplus application monies pending clearance of application monies.

The following sets out the relevant procedures and time:

	White Form eIPO service	HKSCC EIPO channel
Despatch of H Share certificate[3]		
For physical share certificates of equal or over 200,000 Hong Kong Offer Shares issued under your own name	**Collection in person:** from H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.	H Share certificate(s) will be issued in the name of HKSCC Nominees, deposited into CCASS and credited to your designated HKSCC Participant's stock account.
	Time: from 9:00 a.m. to 1:00 p.m. on Friday, November 15, 2024 (Hong Kong time).	No action by you is required.
	If you are an individual, you must not authorise any other person to collect for you. If you are a corporate applicant, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation's chop.	
	Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the H Share Registrar.	
	Note: If you do not collect your H Share certificate(s) personally within the time above, it/they will be sent to the address specified in your application instructions by ordinary post at your own risk.	

3. Except in the event of any Severe Weather Signals (as defined below) in force in Hong Kong on the business day before the Listing Date rendering it impossible for the relevant share certificates to be despatched to HKSCC in a timely manner, our Company shall procure the H Share Registrar to arrange for delivery of the supporting documents and share certificates in accordance with the contingency arrangements as agreed between them. You may refer to "— E. Severe Weather Arrangements" in this section.

	White Form eIPO service	HKSCC EIPO channel
For physical share certificates of less than 200,000 Hong Kong Offer Shares issued under your own name	Your H Share certificate(s) will be sent to the address specified in your application instructions by ordinary post at your own risk. **Time:** Thursday, November 14, 2024.	
Refund mechanism for surplus application monies paid by you		
Date	Friday, November 15, 2024.	Subject to the arrangement between you and your **broker** or **custodian**.
Responsible party	H Share Registrar	Your **broker** or **custodian**.
Application monies paid through single bank account	**White Form** e-Refund payment instructions to your designated bank account.	Your **broker** or **custodian** will arrange refund to your designated bank account subject to the arrangement between you and it.
Application monies paid between you and it through multiple bank accounts	Refund cheque(s) will be despatched to the address as specified in your application instructions by ordinary post at your own risk.	

E. SEVERE WEATHER ARRANGEMENTS

The Opening and Closing of the Application Lists

The application lists will not open or close on Tuesday, November 12, 2024 if, there is/are:

- a tropical cyclone warning signal number 8 or above;
- a black rainstorm warning; and/or
- Extreme Conditions (collectively, "**Severe Weather Signals**"),

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, November 12, 2024.

Instead they will open between 11:45 a.m. and 12:00 noon and/or close at 12:00 noon on the next business day which does not have **Severe** Weather Signals in force at any time between 9:00 a.m. and 12:00 noon.

Prospective investors should be aware that a postponement of the opening/closing of the application lists may result in a delay in the listing date. Should there be any changes to the dates mentioned in the section headed "Expected Timetable" in this prospectus, an announcement will be made and published on the Stock Exchange's website at **www.hkexnews.hk** and our website at **www.guofuhee.com** of the revised timetable.

If a **Severe** Weather Signal is hoisted on Thursday, November 14, 2024, the H Share Registrar will make appropriate arrangements for the delivery of the H Share certificates to the CCASS Depository's service counter so that they would be available for trading on Friday, November 15, 2024.

If a **Severe** Weather Signal is hoisted on Friday, November 15, 2024:

- for physical H Share certificates of equal or more than 200,000 offer shares issued under your own name, you may collect the physical H Share certificates from the H Share Registrar's office after the Severe Weather Signal is lowered or cancelled (e.g. in the afternoon of Friday, November 15, 2024 or on Monday, November 18, 2024).

If a Severe Weather Signal is hoisted on Thursday, November 14, 2024:

- for physical H Share certificates of less than 200,000 offer shares issued under your own name, despatch will be made by ordinary post when the post office re-opens after the Severe Weather Signal is lowered or cancelled (e.g. in the afternoon of Thursday, November 14, 2024 or on Friday, November 15, 2024).

Prospective investors should be aware that if they choose to receive physical H Share certificates issued in their own name, there may be a delay in receiving the H Share certificates.

F. ADMISSION OF THE H SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the H Shares on the Stock Exchange and we comply with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants is required to take place in CCASS on the second settlement day after any trading day.

All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time.

All necessary arrangements have been made enabling the H Shares to be admitted into CCASS.

You should seek the advice of your broker or other professional advisor for details of the settlement arrangement as such arrangements may affect your rights and interests.

G. PERSONAL DATA

The following Personal Information Collection Statement applies to any personal data collected and held by our Company, the H Share Registrar, the receiving banks and the Relevant Persons about you in the same way as it applies to personal data about applicants other than HKSCC Nominees. This personal data may include client identifier(s) and your identification information. By giving application instructions to HKSCC, you acknowledge that you have read, understood and agree to all of the terms of the Personal Information Collection Statement below.

1. Personal Information Collection Statement

This Personal Information Collection Statement informs the applicant for, and holder of, Hong Kong Offer Shares, of the policies and practices of our Company and the H Share Registrar in relation to personal data and the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

2. Reasons for the collection of your personal data

It is necessary for applicants and registered holders of Hong Kong Offer Shares to ensure that personal data supplied to our Company or its agents and the H Share Registrar is accurate and up-to-date when applying for Hong Kong Offer Shares, or transferring Hong Kong Offer Shares into or out of their names or in procuring the services of the H Share Registrar.

Failure to supply the requested data or supplying inaccurate data may result in your application for Hong Kong Offer Shares being rejected, or in the delay or the inability of our Company or the H Share Registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfers of Hong Kong Offer Shares which you have successfully applied for and/or the despatch of H Share certificate(s) to which you are entitled.

It is important that applicants for and holders of Hong Kong Offer Shares inform our Company and the H Share Registrar immediately of any inaccuracies in the personal data supplied.

3. Purposes

Your personal data may be used, held, processed, and/or stored (by whatever means) for the following purposes:

- processing your application and refund cheque and **White Form** e-Refund payment instruction(s), where applicable, verification of compliance with the terms and application procedures set out in this prospectus and announcing results of allocation of Hong Kong Offer Shares;
- compliance with applicable laws and regulations in Hong Kong and elsewhere;

- registering new issues or transfers into or out of the names of the holders of the H Shares including, where applicable, HKSCC Nominees;
- maintaining or updating the register of members of our Company;
- verifying identities of applicants for and holders of the H Shares and identifying any duplicate applications for the H Shares;
- facilitating Hong Kong Offer Shares balloting;
- establishing benefit entitlements of holders of the H Shares, such as dividends, rights issues, bonus issues, etc.;
- distributing communications from our Company and its subsidiaries;
- compiling statistical information and profiles of the holder of the H Shares;
- disclosing relevant information to facilitate claims on entitlements; and
- any other incidental or associated purposes relating to the above and/or to enable our Company and the H Share Registrar to discharge their obligations to applicants and holders of the H Shares and/or regulators and/or any other purposes to which applicants and holders of the H Shares may from time to time agree.

4. Transfer of personal data

Personal data held by our Company and the H Share Registrar relating to the applicants for and holders of Hong Kong Offer Shares will be kept confidential but our Company and the H Share Registrar may, to the extent necessary for achieving any of the above purposes, disclose, obtain or transfer (whether within or outside Hong Kong) the personal data to, from or with any of the following:

- our Company's appointed agents such as financial advisors and receiving bank;
- HKSCC or HKSCC Nominees, who will use the personal data and may transfer the personal data to the H Share Registrar for the purposes of providing its services or facilities or performing its functions in accordance with its rules or procedures and operating FINI and CCASS (including where applicants for the Hong Kong Offer Shares request a deposit into CCASS);
- any agents, contractors or third-party service providers who offer administrative, telecommunications, computer, payment or other services to our Company or the H Share Registrar in connection with their respective business operation;

- the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, including for the purpose of the Stock Exchange's administration of the Listing Rules and the SFC's performance of its statutory functions; and

- any persons or institutions with which the holders of Hong Kong Offer Shares have or propose to have dealings, such as their bankers, solicitors, accountants or brokers etc.

5. Retention of personal data

Our Company and the H Share Registrar will keep the personal data of the applicants and holders of Hong Kong Offer Shares for as long as necessary to fulfil the purposes for which the personal data were collected. Personal data which is no longer required will be destroyed or dealt with in accordance with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

6. Access to and correction of personal data

Applicants for and holders of Hong Kong Offer Shares have the right to ascertain whether our Company or the H Share Registrar hold their personal data, to obtain a copy of that data, and to correct any data that is inaccurate. Our Company and the H Share Registrar have the right to charge a reasonable fee for the processing of such requests. All requests for access to data or correction of data should be addressed to our Company and the H Share Registrar, at their registered address disclosed in the section headed "Corporate information" in this prospectus or as notified from time to time, for the attention of our company secretary, or the H Share Registrar for the attention of the privacy compliance officer.

The following is the text of a report set out on pages I-1 to I-92, received from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this Prospectus.

Deloitte. 德勤

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF JIANGSU GUOFU HYDROGEN ENERGY EQUIPMENT CO., LTD., HAITONG INTERNATIONAL CAPITAL LIMITED AND CITIC SECURITIES (HONG KONG) LIMITED.

Introduction

We report on the historical financial information of Jiangsu Guofu Hydrogen Energy Equipment Co., Ltd. ("江蘇國富氫能技術裝備股份有限公司") (the "Company") and its subsidiaries (together, the "Group") set out on pages I-3 to I-92, which comprises the consolidated statements of financial position of the Group as at December 31, 2021, 2022 and 2023 and May 31, 2024, the statements of financial position of the Company as at December 31, 2021, 2022 and 2023 and May 31, 2024, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the three years ended December 31, 2023 and the five months ended May 31, 2024 (the "Track Record Period") and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-3 to I-92 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated November 7, 2024 (the "Prospectus") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgment, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Group's financial position as at December 31, 2021, 2022 and 2023 and May 31, 2024, of the Company's financial position as at December 31, 2021, 2022 and 2023 and May 31, 2024 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the five months ended May 31, 2023 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the preparation of the Stub Period Comparative Financial Information in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our 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 HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with 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. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing of the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-3 have been made.

Dividends

We refer to Note 15 to the Historical Financial Information which states that no dividend was declared or paid by the Company in respect of the Track Record Period.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
November 7, 2024

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with International Financial Reporting Standards ("IFRSs") issued by International Accounting Standards Board ("IASB") and were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended December 31,			Five Months ended May 31,	
	NOTES	**2021**	**2022**	**2023**	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (*unaudited*)	*RMB'000*
Revenue	*6*	329,278	359,492	522,442	45,155	64,289
Cost of sales		(297,506)	(320,470)	(429,077)	(42,537)	(63,035)
Gross profit		31,772	39,022	93,365	2,618	1,254
Other income	*7*	16,176	13,112	25,288	3,732	3,100
Other gains and losses	*8*	(957)	(213)	318	294	(393)
Impairment losses under expected credit loss model, net of reversal	*9*	(21,549)	(2,378)	(6,125)	5,141	(14,723)
Selling expenses		(20,518)	(22,185)	(43,530)	(9,462)	(16,485)
Research and development expenses		(41,724)	(42,740)	(39,063)	(9,955)	(17,050)
Administrative expenses		(47,153)	(88,405)	(90,888)	(32,445)	(49,365)
Listing expenses		–	–	(3,223)	–	(8,060)
Share of results of associates	*20*	(419)	(333)	(2,105)	(951)	(1,761)
Finance costs	*10*	(5,177)	(11,970)	(22,846)	(11,118)	(13,532)
Loss before tax	*11*	(89,549)	(116,090)	(88,809)	(52,146)	(117,015)
Income tax credit	*12*	14,300	19,872	13,766	7,928	20,179
Loss for the year/period		(75,249)	(96,218)	(75,043)	(44,218)	(96,836)
Other comprehensive income (expense)						
Item that will not be reclassified to profit or loss:						
Fair value gain on investments in equity instruments at fair value through other comprehensive income ("FVTOCI")		–	16,333	–	–	714

		Year ended December 31,			Five Months ended May 31,	
	NOTE	**2021**	**2022**	**2023**	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (*unaudited*)	*RMB'000*
Items that may be reclassified subsequently to profit or loss:						
Exchange differences arising on translation of foreign operations		–	–	(495)	(27)	(48)
Fair value (loss)/gain on debt instruments at fair value through other comprehensive income, net of income tax		–	(493)	238	–	–
		–	(493)	(257)	(27)	(48)
Other comprehensive income (expense) for the year/period, net of income tax		–	15,840	(257)	(27)	666
Total comprehensive expense for the year/period		(75,249)	(80,378)	(75,300)	(44,245)	(96,170)
Loss for the year/period attributable to						
– Owners of the Company		(71,187)	(93,857)	(73,303)	(43,676)	(96,548)
– Non-controlling interests		(4,062)	(2,361)	(1,740)	(542)	(288)
		(75,249)	(96,218)	(75,043)	(44,218)	(96,836)
Total comprehensive expense for the year/period attributable to:						
– Owners of the Company		(71,187)	(78,017)	(73,560)	(43,703)	(95,882)
– Non-controlling interests		(4,062)	(2,361)	(1,740)	(542)	(288)
		(75,249)	(80,378)	(75,300)	(44,245)	(96,170)
Loss per share						
– Basic (RMB)	*14*	(0.87)	(1.04)	(0.81)	(0.49)	(0.98)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	NOTES	At December 31, 2021	At December 31, 2022	At December 31, 2023	At May 31, 2024
		RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets					
Property, plant and equipment	16	271,247	565,722	690,023	705,352
Right-of-use assets	17	20,282	56,516	55,310	81,205
Intangible assets	18	16,309	14,548	12,787	12,052
Investments in associates	20	22,000	25,212	36,277	146,763
Equity instruments at FVTOCI	22	3,000	34,333	34,333	35,047
Contract assets	27	6,373	13,646	11,644	8,393
Deferred tax assets	23	35,284	55,246	68,970	89,179
Prepayment for acquisition of property, plant and equipment		12,578	21,548	21,455	30,619
Prepayment for acquisition of non-controlling interests		2,174	–	–	–
Loan receivables	25	–	–	1,760	1,320
Trade receivables	26	4,296	5,850	12,938	18,636
		393,543	792,621	945,497	1,128,566
Current assets					
Inventories	24	167,596	290,615	178,387	197,228
Loan receivables	25	–	–	10,440	11,109
Trade and other receivables	26	320,589	395,109	486,611	426,489
Contract assets	27	13,975	11,048	24,310	26,428
Debt instruments at FVTOCI	28	15,601	69,662	33,530	40,573
Amounts due from associates	34	12,546	2,468	63,816	62,862
Amount due from a related party	34	432	430	427	427
Restricted bank deposits	29	16,862	26,471	21,219	9,840
Cash and cash equivalents	29	168,153	76,897	333,298	135,762
		715,754	872,700	1,152,038	910,718

	NOTES	At December 31, 2021	At December 31, 2022	At December 31, 2023	At May 31, 2024
		RMB'000	RMB'000	RMB'000	RMB'000
Current liabilities					
Trade and other payables	30	211,243	444,258	626,492	393,984
Borrowings	31	54,922	233,629	447,989	480,111
Lease liabilities		452	204	770	1,253
Provisions	33	–	2,619	3,718	3,348
Contract liabilities	32	8,780	17,721	13,850	10,927
Amounts due to associates	34	7,080	9,002	–	–
Amounts due to related parties	34	167	167	1,777	1,087
Amount due to a shareholder	34	826	–	–	–
Deferred income	35	–	3,882	1,341	12,104
		283,470	711,482	1,095,937	902,814
Net current assets		432,284	161,218	56,101	7,904
Total assets less current liabilities		825,827	953,839	1,001,598	1,136,470
Capital and reserves					
Share capital	36	90,044	90,044	92,829	98,710
Reserves		604,489	521,823	472,562	620,175
Equity attributable to owners of the Company		694,533	611,867	565,391	718,885
Non-controlling interests		(1,643)	(29)	231	(57)
Total equity		692,890	611,838	565,622	718,828
Non-current liabilities					
Borrowings	31	113,060	300,620	389,160	372,660
Lease liabilities		438	150	372	888
Provisions	33	3,364	2,753	6,810	6,704
Deferred income	35	16,075	38,478	39,634	37,390
		132,937	342,001	435,976	417,642
		825,827	953,839	1,001,598	1,136,470

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		At December 31,			At May 31,
	NOTES	**2021**	**2022**	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets					
Property, plant and equipment	*16*	237,152	523,817	651,609	653,484
Right-of-use assets	*17*	20,143	56,516	55,310	54,082
Intangible assets	*18*	14,691	13,059	11,427	10,747
Investments in associates	*20*	22,000	25,212	30,636	129,562
Investments in subsidiaries	*21*	30,162	39,806	77,746	114,046
Contract assets	*27*	6,373	13,646	11,644	8,393
Deferred tax assets	*23*	35,284	55,246	68,970	89,179
Prepayment for acquisition of property, plant and equipment		11,842	18,677	21,455	30,619
Prepayment for acquisition of non-controlling interests		2,174	–	–	–
Loan receivables	*25*	–	–	1,760	1,320
Trade receivables	*26*	4,296	5,850	12,938	18,636
		384,117	751,829	943,495	1,110,068
Current assets					
Inventories	*24*	167,552	290,348	178,431	197,645
Loan receivables	*25*	–	–	10,440	11,109
Trade and other receivables	*26*	316,987	389,826	477,384	420,116
Contract assets	*27*	13,975	11,048	24,310	26,428
Debt instruments at FVTOCI	*28*	15,601	69,662	33,530	40,573
Amounts due from associates	*34*	12,546	2,468	63,816	62,862
Amounts due from subsidiaries	*34*	56,000	88,623	55,378	74,919
Restricted bank deposits	*29*	16,862	26,471	21,219	7,760
Cash and cash equivalents	*29*	142,550	43,214	300,934	103,331
		742,073	921,660	1,165,442	944,743

	NOTES	At December 31, 2021	At December 31, 2022	At December 31, 2023	At May 31, 2024
		RMB'000	RMB'000	RMB'000	RMB'000
Current liabilities					
Trade and other payables	30	208,347	438,349	614,844	384,476
Borrowings	31	54,922	233,629	447,989	480,111
Lease liabilities		399	204	770	643
Provisions	33	–	2,619	3,718	3,348
Contract liabilities	32	8,780	17,721	13,850	10,927
Amounts due to associates	34	7,080	9,002	–	–
Amounts due to related parties	34	167	167	1,777	1,087
Amount due to a shareholder	34	826	–	–	–
Amounts due to subsidiaries	34	1,962	2,941	5,233	5,979
Deferred income	35	–	3,594	1,341	12,104
		282,483	708,226	1,089,522	898,675
Net current assets		459,590	213,434	75,920	46,068
Total assets less current liabilities		843,707	965,263	1,019,415	1,156,136
Capital and reserves					
Share capital	36	90,044	90,044	92,829	98,710
Reserves	47	621,097	536,718	494,642	644,582
Total equity		711,141	626,762	587,471	743,292
Non-current liabilities					
Borrowings	31	113,060	300,620	389,160	372,660
Lease liabilities		355	150	372	122
Provisions	33	3,364	2,753	6,810	6,704
Deferred income	35	15,787	34,978	35,602	33,358
		132,566	338,501	431,944	412,844
		843,707	965,263	1,019,415	1,156,136

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company									
	Share capital	Share premium	Capital reserve	FVTOCI reserve	Translation reserve	Share-based payments reserve	Accumulated losses	Sub-total	Non-controlling interests	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2021	72,217	304,441	(609)	–	–	–	(55,329)	320,720	919	321,639
Loss and total comprehensive expense for the year	–	–	–	–	–	–	(71,187)	(71,187)	(4,062)	(75,249)
Issue of shares *(Note 36)*	17,827	427,173	–	–	–	–	–	445,000	–	445,000
Capital contribution from non-controlling shareholders	–	–	–	–	–	–	–	–	1,500	1,500
At December 31, 2021	90,044	731,614	(609)	–	–	–	(126,516)	694,533	(1,643)	692,890
Loss for the year	–	–	–	–	–	–	(93,857)	(93,857)	(2,361)	(96,218)
Other comprehensive income for the year	–	–	–	15,840	–	–	–	15,840	–	15,840
Total comprehensive income (expense) for the year	–	–	–	15,840	–	–	(93,857)	(78,017)	(2,361)	(80,378)
Acquisition of non-controlling interests *(Note)*	–	–	(4,902)	–	–	–	–	(4,902)	2,728	(2,174)
Capital contribution from non-controlling shareholders	–	–	253	–	–	–	–	253	1,247	1,500
At December 31, 2022	90,044	731,614	(5,258)	15,840	–	–	(220,373)	611,867	(29)	611,838
Loss for the year	–	–	–	–	–	–	(73,303)	(73,303)	(1,740)	(75,043)
Other comprehensive income (expense) for the year	–	–	–	238	(495)	–	–	(257)	–	(257)
Total comprehensive income (expense) for the year	–	–	–	238	(495)	–	(73,303)	(73,560)	(1,740)	(75,300)
Issue of restricted shares *(Note 36)*	2,785	19,495	–	–	–	–	–	22,280	–	22,280
Capital contribution from non-controlling shareholders	–	–	–	–	–	–	–	–	2,000	2,000

	Attributable to owners of the Company									
	Share capital	Share premium	Capital reserve	FVTOCI reserve	Translation reserve	Share-based payments reserve	Accumulated losses	Sub-total	Non-controlling interests	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Recognition of equity-settled share-based payments *(Note 37)*	–	–	–	–	–	4,804	–	4,804	–	4,804
At December 31, 2023	92,829	751,109	(5,258)	16,078	(495)	4,804	(293,676)	565,391	231	565,622
Loss for the period	–	–	–	–	–	–	(96,548)	(96,548)	(288)	(96,836)
Other comprehensive income (expense) for the period	–	–	–	714	(48)	–	–	666	–	666
Total comprehensive income (expense) for the period	–	–	–	714	(48)	–	(96,548)	(95,882)	(288)	(96,170)
Issue of shares *(Note 36)*	5,881	219,480	–	–	–	–	–	225,361	–	225,361
Recognition of equity-settled share-based payments *(Note 37)*	–	–	–	–	–	24,015	–	24,015	–	24,015
At May 31, 2024	98,710	970,589	(5,258)	16,792	(543)	28,819	(390,224)	718,885	(57)	718,828
At January 1, 2023	90,044	731,614	(5,258)	15,840	–	–	(220,373)	611,867	(29)	611,838
Loss for the period (unaudited)	–	–	–	–	–	–	(43,676)	(43,676)	(542)	(44,218)
Other comprehensive expense for the period (unaudited)	–	–	–	–	(27)	–	–	(27)	–	(27)
Total comprehensive expense for the period (unaudited)	–	–	–	–	(27)	–	(43,676)	(43,703)	(542)	(44,245)
At May 31, 2023 (unaudited)	90,044	731,614	(5,258)	15,840	(27)	–	(264,049)	568,164	(571)	567,593

Note: In January 2022, the Company acquired non-controlling interests of Zhangjiagang Hydrogen Cloud New Energy Research Institute Co., Ltd. (張家港氫雲新能源研究院有限公司) ("Hydrogen Cloud Research Institute"), a subsidiary of the Company, with a total consideration of RMB2,174,000 from one of the non-controlling shareholders. On the acquisition date, the non-controlling deficit was RMB2,728,000 and the difference of RMB4,902,000 between the non-controlling deficit and the consideration was recorded in capital reserve.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,			Five Months ended May 31,	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
OPERATING ACTIVITIES					
Loss before tax	(89,549)	(116,090)	(88,809)	(52,146)	(117,015)
Adjustments for:					
Bank interest income	(1,609)	(1,341)	(1,397)	(562)	(890)
Interest income on loan receivables	–	–	–	–	(229)
Finance costs	5,177	11,970	22,846	11,118	13,532
Loss on disposal/write-off of property, plant and equipment	978	711	–	–	–
Loss on termination of lease contract	–	6	–	–	7
Depreciation of property, plant and equipment	11,758	22,097	28,738	10,588	18,039
Depreciation of right-of-use assets	896	2,408	2,448	908	1,428
(Reversal of) write-down of inventories	(224)	(261)	488	1,125	3,103
Amortisation of intangible assets	1,626	1,761	1,761	735	735
Release of assets-related government subsidies	(574)	(624)	(621)	(259)	(721)
Impairment losses under expected credit loss model, net of reversal	21,549	2,378	6,125	(5,141)	14,723
Share of results of associates	419	333	2,105	951	1,761
Unrealised gains relating to transactions with associates, net of reversal	122	8	7,471	–	5
Gain on disposal of an associate	–	(178)	–	–	–
Equity-settled share-based payment expenses	–	–	4,804	–	24,015
Operating cash flow before movements in working capital	(49,431)	(76,822)	(14,041)	(32,683)	(41,507)

	Year ended December 31,			Five Months ended May 31,	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
(Increase) decrease in inventories	(73,130)	(122,758)	111,740	(26,316)	(21,944)
(Increase) decrease in debt instruments at FVTOCI	(624)	(54,641)	36,412	(53,621)	(7,043)
(Increase) decrease in trade and other receivables	(133,237)	(78,373)	(103,620)	111,276	43,790
(Increase) decrease in contract assets	(6,509)	(4,323)	(10,717)	6,780	990
Decrease in amount due from a related party	358	–	–	–	–
(Increase) decrease in amounts due from associates	(8,982)	10,578	(62,185)	230	55
Decrease in tax recoverable	172	–	–	–	–
Increase (decrease) in provisions	277	2,008	5,156	(1,680)	(476)
Increase (decrease) in trade and other payables	21,219	112,688	57,643	(98,926)	(20,815)
(Decrease) increase in amounts due to related parties	(39)	–	1,610	119	(690)
Increase (decrease) in amount due to an associate	7,080	1,922	(9,002)	37,260	–
(Decrease) increase in contract liabilities	(12,889)	8,941	(3,871)	14,926	(2,923)
Increase (decrease) in deferred income	1,375	26,909	(764)	(289)	9,240
Cash (used in) from operations	(254,360)	(173,871)	8,361	(42,924)	(41,323)
Income tax paid	(2)	(3)	–	–	(30)
Net cash (used in) from operating activities	(254,362)	(173,874)	8,361	(42,924)	(41,353)

	Year ended December 31,			Five Months ended May 31,	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
INVESTING ACTIVITIES					
Interest received from banks	1,609	1,341	1,397	562	890
Proceeds on disposal of an associate	–	–	100	–	–
Purchase of equity instruments at FVTOCI	(3,000)	(15,000)	–	–	–
Purchase of property, plant and equipment	(112,738)	(204,854)	(222,601)	(50,354)	(55,241)
Payments for right-of-use assets	(8,746)	(38,771)	–	–	(25,925)
Proceeds from disposal of property, plant and equipment	524	1,706	–	–	–
Investments in associates	(18,100)	(3,975)	(20,641)	–	(112,252)
Placement of restricted bank deposits	(100,200)	(47,730)	(121,964)	(53,360)	(11,799)
Withdraw of restricted bank deposits	91,268	38,121	127,216	68,025	23,178
Loan to a third party	–	–	(10,000)	–	–
Loan to a staff	–	–	(2,200)	(2,200)	–
Net cash used in investing activities	(149,383)	(269,162)	(248,693)	(37,327)	(181,149)
FINANCING ACTIVITIES					
Interest paid	(7,794)	(14,672)	(29,291)	(8,221)	(10,210)
Deposit for acquisition of partial interest of a subsidiary	(2,174)	–	–	–	–
Contribution from non-controlling shareholders	1,500	1,500	2,000	–	–
Proceeds from issue of restricted shares	7,500	–	22,280	–	–
Proceeds from issue of shares	445,000	–	–	–	28,600
Payments for transaction costs for the issue of new ordinary shares	–	–	–	–	(3,239)
New borrowing raised	122,000	445,060	576,715	307,675	185,000
Repayment of borrowings	(79,901)	(78,869)	(274,000)	(101,000)	(172,675)
Advanced receipt of investment	–	–	200,000	–	–

	Year ended December 31,			Five Months ended May 31,	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (*unaudited*)	*RMB'000*
Repayment of loan from a shareholder	–	(826)	–	–	–
Payments of lease liabilities	(371)	(413)	(454)	(106)	(431)
Issue cost paid	–	–	(700)	–	(1,995)
Net cash from financing activities	485,760	351,780	496,550	198,348	25,050
Net increase (decrease) in cash and cash equivalents	82,015	(91,256)	256,218	118,097	(197,452)
Cash and cash equivalents at beginning of the year/period	86,138	168,153	76,897	76,897	333,298
Effect of foreign exchange rate changes	–	–	183	76	(84)
Cash and cash equivalents at the end of the year/period	168,153	76,897	333,298	195,070	135,762

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company, formerly known as Jiangsu Guofu Hydrogen Energy Technology Equipment Company Limited (江蘇國富氫能技術裝備有限公司) and Zhangjiagang Furui Hydrogen Energy Equipment Company Limited (張家港富瑞氫能裝備有限公司), was established in the People's Republic of China (the "PRC") on June 13, 2016 as a limited liability company. On August 31, 2020, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC. The respective address of the registered office and the principal place of business of the Company are set out in the section headed "Corporate Information" in the Prospectus.

The principal activities of the Company and its subsidiaries (collectively referred to as the "Group") are production and sale of hydrogen equipment throughout the Track Record Period. Particulars and principal activities of the subsidiaries are disclosed in Note 45.

The Historical Financial Information is presented in Renminbi ("RMB"), which is the same as the functional currency of the Company.

2. BASIS OF PREPARATION OF THE HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared based on the accounting policies set out in Note 4 which conform with IFRSs issued by the IASB.

The statutory financial statements of the Company for the year ended December 31, 2021 were prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC and were audited by 致同會計師事務所(特殊普通合夥), a certified public accountant registered in the PRC.

3. APPLICATION OF NEW AND AMENDMENTS TO IFRSs

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has consistently applied the accounting policies which conform with IFRSs, amendments to IFRSs and the related interpretations issued by the IASB, which are effective for the accounting periods beginning on or after January 1, 2024, throughout the Track Record Period.

New and amendments to IFRSs in issue but not yet effective

At the date of this report, the following new and amendments to IFRSs have been issued which are not yet effective:

Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to IAS 21.	Lack of Exchangeability[2]
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
IFRS 18	Presentation and Disclosure in Financial Statements[4]

[1] Effective for annual periods beginning on or after a date to be determined.

[2] Effective for annual periods beginning on or after January 1, 2025.

[3] Effective for annual periods beginning on or after January 1, 2026.

[4] Effective for annual periods beginning on or after January 1, 2027.

The directors of the Company anticipate that the application of these new and amendments to IFRSs will have no material impact on the Group's financial position and performance in foreseeable future.

4. MATERIAL ACCOUNTING POLICY INFORMATION

The Historical Financial Information has been prepared in accordance with the following accounting policies which conform with IFRSs issued by the IASB. For the purpose of preparation of the Historical Financial Information, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the Historical Financial Information includes the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statements of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Investments in subsidiaries

Investments in subsidiaries are stated in the statements of financial position of the Company at cost less identified impairment loss, if any.

Investments in associates

An associate is an entity over which the Group 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.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. Changes in net assets of the associates other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Changes in the Group's interests in associates

Acquisition of additional interests in associates

When the Group increases its ownership interest in an associate but the Group continues to use the equity method, goodwill is recognised at acquisition date if there is excess of the consideration paid over the share of carrying amount of net assets attributable to the additional interests in associates acquired. Any excess of share of carrying amount of net assets attributable to the additional interests in associates acquired over the consideration paid are recognised in the profit or loss in the period in which the additional interest are acquired.

Revenue from contracts with customers

Information about the Group's accounting policies relating to contracts with customers is provided in Note 6, 27 and 32.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes other than construction in progress as described below. Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Properties and equipment in the course of construction for production, supply or administrative purpose are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statements of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognized so as to write off the cost of assets other than properties under construction less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined on a weighted average method. Net realizable value represents the estimate selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Leases

Definition of 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.

For contracts entered into or modified on or after the date of initial application of IFRS 16, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception or modification date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Non-lease components are separated from lease component and are accounted for by applying other applicable standards.

Short-term leases

The Group applies the short-term lease recognition exemption to leases of offices and staff apartments that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability; and
- any lease payments made at or before the commencement date, less any lease incentives received.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statements of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 *Financial Instruments* and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognizes and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments are fixed payments (including in-substance fixed payments) less any lease incentives receivable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

The Group presents lease liabilities as a separate line item on the consolidated statements of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Sale and leaseback transactions

The Group applies the requirements of IFRS 15 to assess whether sale and leaseback transaction constitutes a sale by the Group.

The Group as a seller-lessee

For a transfer that does not satisfy the requirements as a sale, the Group as a seller-lessee continues to recognise the assets and accounts for the transfer proceeds as borrowings within the scope of IFRS 9.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Research and development expenditures

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities is recognized if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible assets so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible assets;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

Impairment on property, plant and equipment, right-of-use assets and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash generating units. In allocating the impairment loss, the impairment loss is allocated to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or a cash-generating unit or the group of cash-generating units) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred income in the consolidated statements of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statements of financial position include:

(a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and

(b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Employee benefits

Retirement benefit costs

Payments to defined contribution retirement benefit plans including state-managed retirement benefit schemes in the PRC are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognized at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognized as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognized for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Share-based payments

Equity-settled share-based payment transactions

Restricted shares granted to employees

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve. For shares that vest immediately at the date of grant, the fair value of the shares granted is expensed immediately to profit or loss.

When shares granted are vested, the amount previously recognised in share-based payments reserve will be transferred to share premium.

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from loss before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 *Income Taxes* requirements to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income tax levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Provisions for the expected cost of assurance-type warranty obligations under the relevant contracts with customers for sales of products are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Group's obligation.

Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributed to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets the Group hold are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies.

(i) Amortised cost and interest income

Interest income is recognized using the effective interest method for financial assets measured subsequently at amortized cost and debt instruments subsequently measured at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Debt instruments classified as at FVTOCI

Subsequent changes in the carrying amounts for debt instruments classified as at FVTOCI as a result of interest income calculated using the effective interest method are recognised in profit or loss. All other changes in the carrying amount of these debt instruments are recognised in other comprehensive income and accumulated under the heading of FVTOCI reserve. Impairment allowances are recognised in profit or loss with corresponding adjustment to other comprehensive income without reducing the carrying amounts of these debt instruments. When these debt instruments are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

(iii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the FVTOCI reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to accumulated losses.

Impairment of financial assets and contract assets subject to impairment assessment under IFRS 9

The Group performs impairment assessment under expected credit losses ("ECL") model on financial assets (including loan receivables, trade and other receivables, amount due from a related party, amounts due from associates, debt instruments at FVTOCI, restricted bank deposits and cash and cash equivalents) and contract assets which are subject to impairment under IFRS 9. The amount of ECL is updated at each reporting dates to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after each reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables and contract assets.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognizes lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at each reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognized in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for trade receivables and contract assets are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment of trade receivables, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status; and
- Nature, size and industry of debtors.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortized cost of the financial asset.

Except for investments in debt instruments that are measured at FVTOCI, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade and other receivables, contract assets, amount due from a related party, and amounts due from associates where the corresponding adjustment is recognised through a loss allowance account. For investments in receivables that are measured at FVTOCI, the loss allowance is recognised in other comprehensive income and accumulated in the FVTOCI reserve without reducing the carrying amount of these receivables. Such amount represents the changes in the FVTOCI reserve in relation to accumulated loss allowance.

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the assets expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

On derecognition of an investment in debt instruments classified as at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is reclassified to profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is not reclassified to profit or loss, but is transferred to accumulated losses.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortized cost using the effective interest method.

Financial liabilities at amortized cost

Financial liabilities including trade and other payables, borrowings, amount due to an associate, amount due to a shareholder and amounts due to related parties are subsequently measured at amortized cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognized at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognized in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting periods, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the coming twelve months, are described below.

Estimated impairment of property, plant and equipment, right-of-use assets and intangible assets

Property, plant and equipment, right-of-use assets and intangible assets are stated at costs less accumulated depreciation/amortization and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the assets belongs, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of cash generating units, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

Detail of the carrying amounts of property, plant and equipment, right-of-use assets and intangible assets are disclosed in Notes 16, 17 and 18 respectively, and no impairment loss was recognized by the management of the Group during the Track Record Period.

Provision of ECL for trade receivables and contract assets

Trade receivables and contract assets with credit-impaired are assessed for ECL individually. In addition, the Group uses practical expedient in estimating ECL on trade receivables and contract assets, which are not assessed individually using a provision matrix. The provision rates are based on internal credit ratings as groupings of various debtors that have similar loss patterns taking into consideration the Group's historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables and contract assets are disclosed in Note 26, Note 27 and Note 43 respectively.

Deferred tax assets

As at December 31, 2021, 2022 and 2023 and May 31, 2024, deferred tax assets of RMB35,284,000, RMB55,246,000, RMB68,970,000 and RMB86,770,000 in relation to deductible temporary differences and unused tax losses for certain operating subsidiaries have been recognized in the consolidated statement of financial position. No deferred tax asset has been recognized on the tax losses of RMB34,250,000, RMB54,891,000, RMB73,960,000 and RMB84,093,000, respectively, for certain subsidiaries due to the unpredictability of future profit streams. The realizability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future taxable profits generated are less or more than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, a material reversal or further recognition of deferred tax assets may arise, which would be recognized in profit or loss for the period in which such a reversal or further recognition takes place.

6. REVENUE AND SEGMENT INFORMATION

(i) Disaggregation of revenue from contracts with customers

	Year ended December 31,			Five Months ended May 31,	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
At a point in time recognition:					
– vehicle-mounted high-pressure hydrogen supply systems and related products	189,424	275,835	301,060	32,420	26,247
– equipment for hydrogen refueling stations and related products	139,854	83,657	123,036	10,939	38,042
– equipment for hydrogen liquefaction and the storage and transportation of liquid hydrogen	–	–	82,782	–	–
– water electrolysis hydrogen production equipment and related products	–	–	15,564	1,796	–
	329,278	359,492	522,442	45,155	64,289

(ii) Performance obligations for contracts with customers and revenue recognition policies

Information about the Group's performance obligations is summarised below:

The Group sells vehicle-mounted high-pressure hydrogen supply systems and related products, equipment for hydrogen refueling stations and related products, equipment for hydrogen liquefaction and the storage and transportation of liquid hydrogen, water electrolysis hydrogen production equipment and related products directly to customers.

Revenue is recognised when control of the goods has transferred, being when the goods have been delivered to customers and accepted by customers. Transportation and handling activities that occur before customers obtain control are considered as fulfilment activities. Following the customer acceptance, the customer has ability to direct the use of the products and bears the risks of obsolescence and loss in relation to the products. The normal credit term is within one year upon acceptance.

Retention receivables, prior to expiration of defect liability period, are classified as contract assets, which ranges from 1 to 8 years related to vehicle-mounted high-pressure hydrogen supply systems and related products and 1 to 2 years related to the remaining products from the date of the acceptance of the products. The contract assets are transferred to trade receivables when the rights become unconditional. The Group typically transfers a contract asset to trade receivables when the defect liability period expires. The defect liability period serves as an assurance that the products comply with agreed-upon specifications and such assurance cannot be purchased separately.

Sales-related warranties cannot be purchased separately and they serve as an assurance type of warranty that the products sold comply with agreed-upon specifications. Accordingly, the Group accounts for warranties in accordance with IAS 37. Please refer to Note 33 for details.

A contract liability represents the Group's obligation to transfer goods to a customer for which the Group has received consideration from the customer.

(iii) Transaction price allocated to the remaining performance obligation for contract with customers

Contracts with customers were for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

(iv) Segment information

Information is reported to the executive directors of the Company, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and performance assessment focuses on revenue analysis of all products as a whole. The accounting policies are the same as the Group's accounting policies described in Note 4. No other discrete financial information is provided to the CODM for review other than the Group's results and financial position as a whole. Accordingly, the CODM has identified one operating segment and only entity-wide disclosures, major customers and geographical information are presented in accordance with IFRS 8 *Operating Segments*.

Geographical information

The Group primarily operates in the PRC. The Group's non-current assets are all located in the PRC.

Information about major customers

During the Track Record Period, revenue from customers of the corresponding years/periods contributing over 10% of the total revenue of the Group are as follows:

	Year ended December 31,			Five Months ended May 31,	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Customer A	43,679	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Customer B	N/A[1]	94,467	57,476	8,413	N/A[1]
Customer C	N/A[1]	N/A[1]	79,981	N/A[1]	N/A[1]
Customer D	N/A[1]	N/A[1]	54,785	N/A[1]	11,215
Customer E	N/A[1]	N/A[1]	85,969	N/A[1]	N/A[1]
Customer F	N/A[1]	N/A[1]	N/A[1]	N/A[1]	20,814
Customer G	N/A[1]	N/A[1]	N/A[1]	6,947	N/A[1]
Customer H	N/A[1]	N/A[1]	N/A[1]	6,487	N/A[1]
Customer I	N/A[1]	N/A[1]	N/A[1]	N/A[1]	6,476

1 The corresponding revenue did not contribute over 10% of total revenue of the Group for the relevant year/period.

7. OTHER INCOME

	Year ended December 31,			Five Months ended May 31,	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Government grants *(Note)*	14,205	10,133	22,135	2,860	1,780
Interest income on bank deposits	1,609	1,341	1,397	562	890
Rental income	362	–	44	44	–
Sales of scrap materials	–	1,638	1,712	266	201
Interest income on loan receivables	–	–	–	–	229
	16,176	13,112	25,288	3,732	3,100

Note: The amounts represent government grants received from various PRC government authorities as incentives for the Group's research and development activities and acquisition of property, plant and equipment. Some subsidies had certain conditions imposed by the respective PRC government authorities. The relevant conditions have been fully met upon recognition.

8. OTHER GAINS AND LOSSES

	Year ended December 31,			Five Months ended May 31,	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Loss on disposal/write off of property, plant and equipment	(978)	(711)	–	–	–
Net foreign exchange gains (losses)	55	307	98	214	(348)
Gain on disposal of an associate *(Note 20)*	–	178	–	–	–
Others	(34)	13	220	80	(45)
	(957)	(213)	318	294	(393)

9. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	Year ended December 31,			Five Months ended May 31,	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Impairment losses, net of reversal, recognised on:					
trade receivables	20,099	3,481	5,566	(5,855)	13,492
contract assets	587	(23)	(543)	728	143
other receivables	223	(582)	262	16	189
amounts due from associates	590	(500)	837	(30)	899
amount due from a related party	50	2	3	–	–
	21,549	2,378	6,125	(5,141)	14,723

Details of impairment assessment are set out in Note 43.

10. FINANCE COSTS

	Year ended December 31,			Five Months ended May 31,	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Interest on borrowings	7,832	14,724	29,447	14,177	13,507
Interest on lease liabilities	18	24	29	6	25
	7,850	14,748	29,476	14,183	13,532
Less: amounts capitalization in the cost of construction in progress	(2,673)	(2,778)	(6,630)	(3,065)	–
	5,177	11,970	22,846	11,118	13,532

Borrowing costs capitalised during the Track Record Period arose on the specific borrowings and are calculated by applying a capitalisation rate of 5.00%, 4.20%, 3.90%, 3.90% (unaudited) and Nil per annum to expenditure on qualifying assets for the years ended December 31, 2021, 2022 and 2023 and the five months ended May 31, 2023 and 2024 respectively.

11. LOSS BEFORE TAX

Loss before tax for the year/period has been arrived at after charging:

	Year ended December 31,			Five Months ended May 31,	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Directors' and supervisors' emoluments *(Note 13)*	3,394	3,825	5,386	1,640	8,581
Other staff costs:					
– salaries and other benefits	44,765	60,773	70,723	26,419	29,325
– discretionary bonuses	4,661	4,988	4,072	1,658	848
– retirement benefit scheme contributions	6,160	11,634	12,825	5,278	6,579
– equity-settled share-based payments	–	–	3,425	–	17,117
Total staff costs	58,980	81,220	96,431	34,995	62,450
Capitalised in inventories	(15,201)	(18,835)	(21,323)	(7,460)	(9,255)
	43,779	62,385	75,108	27,535	53,195
Depreciation of property, plant and equipment	11,758	22,097	28,738	10,588	18,039
Depreciation of right-of-use assets	896	2,408	2,448	908	1,428
Amortisation of intangible assets	1,626	1,761	1,761	735	735
Total depreciation and amortization	14,280	26,266	32,950	12,231	20,202

	Year ended December 31,			Five Months ended May 31,	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Capitalised in inventories	(7,639)	(12,763)	(12,781)	(5,061)	(5,250)
Capitalised in property, plant and equipment	(535)	(1,101)	(1,077)	(538)	–
	6,106	12,402	19,092	6,632	14,952
Auditors' remuneration	1,677	3,941	1,575	872	1,252
Cost of inventories recognized as expenses (including (reversal) write-down of inventories amounting to RMB(224,000), RMB(261,000), RMB488,000 RMB1,125,000 (unaudited) and RMB3,103,000 for the years ended December 31, 2021, 2022 and 2023 and five months ended May 31, 2023 and 2024, respectively)	297,506	320,470	429,077	42,537	63,035

12. INCOME TAX CREDIT

	Year ended December 31,			Five Months ended May 31,	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Current tax	2	3	–	–	30
Deferred tax *(Note 23)*	(14,302)	(19,875)	(13,766)	(7,928)	(20,209)
	(14,300)	(19,872)	(13,766)	(7,928)	(20,179)

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the statutory tax rate of the Company and the PRC subsidiaries is 25% during the Track Record Period.

The Company was accredited as a "New and High Technical Enterprise" in October 2018 and renewed its qualification in November 2021. Hydrogen Cloud Research Institute was accredited as a "New and High Technical Enterprise" in December 2020 and renewed the certificate in November 2023. So the Company and Hydrogen Cloud Research Institute were both entitled to a preferential income tax rate of 15% during the Track Record Period.

According to the relevant laws and regulations promulgated by the State Administration of Taxation of the PRC that has been effective from 2018 onwards, enterprise engaging in research and development activities are entitled to claim 175% and 200% of their research and development expenditures incurred as tax deductible expenses when determining their assessable profits for the period from January 1, 2021 to September 30, 2022 and for the period from October 1, 2022 to May 31, 2024, respectively.

Guofu Hydrogen Technology Equipment (Zhangjiakou) Co., Ltd. (國富氫能技術裝備(張家口)有限公司) ("Zhangjiakou Guofu"), Beijing Guofu Wanjia Hydrogen Energy Technology Co., Ltd. (北京國富萬家氫能科技有限公司) ("Beijing Guofu"), Sichuan Guofu Hydrogen Energy Technology Co., Ltd. (四川國富氫能科技有限公司) ("Sichuan Guofu"), Shanghai Guofu Hydrogen Energy Technology Equipment Co., Ltd. (上海國富氫能技術裝備有限公司) ("Shanghai Guofu"), Shanghai Qingping Technology Equipment Co., Ltd. (上海氫平技術裝備有限公司) ("Shanghai Qingping") and Shanghai Qingmai Engineering Technology Co., Ltd. (上海氫邁工程技術有限公司) ("Shanghai Qingmai"), subsidiaries of the Group, were subject to "small and thin-profit enterprises" and would benefit from a preferential tax rate of 20% under the EIT Law. During the Track Record Period, the qualifying group entities enjoyed 87.5% reduction on annual taxable income on first RMB1,000,000 and 50% reduction between the annual taxable income of RMB1,000,000 to RMB3,000,000, respectively.

The tax credit for the Track Record Period can be reconciled to the loss before tax as follows:

	Year ended December 31,			**Five Months ended May 31,**	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Loss before tax	(89,549)	(116,090)	(88,809)	(52,146)	(117,015)
Income tax expense calculated at 25%	(22,387)	(29,023)	(22,202)	(13,037)	(29,254)
Tax effect of expenses that are not deductible for tax purpose	2,755	1,396	3,052	453	809
Additional deduction of research and development expenses and other qualified expenditures	(9,626)	(10,766)	(8,634)	(2,240)	(4,087)
Tax effect of deductible temporary differences not recognized	(169)	83	35	16	2
Tax effect of tax losses not recognized	5,637	5,160	4,767	2,219	1,563
Income tax at concessionary rates	9,490	13,278	9,216	4,661	10,788
	(14,300)	(19,872)	(13,766)	(7,928)	(20,179)

13. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE OFFICER'S EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES

Executive and non-executive directors and supervisors

Name	Position	Date of appointment
Mr. Wu	Executive Director	March 23, 2020
Mr. Wang	Executive Director	October 13, 2017
Mr. Shi Jian	Executive director	April 10, 2021
Mr. Zhou Lin	Non-executive director	September 18, 2019
Mr. Gu Yanjun	Non-executive director	October 13, 2017
Ms. Liu Yilin	Non-executive director	January 2, 2024
Mr. He Guangliang	Supervisor	August 12, 2020
Mr. Fu Jiong	Supervisor	August 12, 2020 (Resigned on February 21, 2023)
Ms. Cai Yan	Supervisor	August 12, 2020 (Resigned on February 21, 2023)
Ms. Zhao Jing	Supervisor	February 21, 2023
Mr. Kuang Kaifeng	Supervisor	February 21, 2023
Mr. Zhang Yongjun	Independent non-executive director	August 20, 2021
Mr. Zou Jiasheng	Independent non-executive director	August 20,2021
Mr. Chen Heping	Independent non-executive director	April 20, 2021 (Resigned on February 18, 2024)
Ms. Tong Sze Wan	Independent non-executive director	February 18, 2024

Details of the emoluments paid or payable to the directors and supervisors of the Company for the service provided to the Group during the Track Record Period are as follows:

	Salaries and other benefits	Retirement benefit scheme contributions	Share-based payments	Discretionary bonuses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended December 31, 2021					
Executive directors:					
Mr. Wu	558	–	–	200	758
Mr. Wang	554	34	–	200	788
Mr. Shi Jian	416	34	–	208	658
Non-executive directors:					
Mr. Zhou Lin	52	–	–	–	52
Mr. Gu Yanjun	52	–	–	–	52
Independent non-executive directors:					
Mr. Zhang Yongjun	33	–	–	–	33
Mr. Zou Jiasheng	33	–	–	–	33
Mr. Chen Heping	60	–	–	–	60
Supervisors:					
Mr. He Guangliang	213	21	–	116	350
Mr. Fu Jiong	338	29	–	36	403
Ms. Cai Yan	175	22	–	10	207
	2,484	140	–	770	3,394

	Salaries and other benefits	Retirement benefit scheme contributions	Share-based payments	Discretionary bonuses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended December 31, 2022					
Executive directors:					
Mr. Wu	675	–	–	200	875
Mr. Wang	622	72	–	200	894
Mr. Shi Jian	422	72	–	52	546
Non-executive directors:					
Mr. Zhou Lin	70	–	–	–	70
Mr. Gu Yanjun	70	–	–	–	70
Independent non-executive directors:					
Mr. Zhang Yongjun	80	–	–	–	80
Mr. Zou Jiasheng	80	–	–	–	80
Mr. Chen Heping	80	–	–	–	80
Supervisors:					
Mr. He Guangliang	199	39	–	162	400
Mr. Fu Jiong	371	61	–	26	458
Ms. Cai Yan	207	39	–	26	272
	2,876	283	–	666	3,825

	Salaries and other benefits	Retirement benefit scheme contributions	Share-based payments	Discretionary bonuses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended December 31, 2023					
Executive directors:					
Mr. Wu	671	–	742	200	1,613
Mr. Wang	623	109	–	100	832
Mr. Shi Jian	422	109	17	50	598
Non-executive directors:					
Mr. Zhou Lin	70	–	–	–	70
Mr. Gu Yanjun	70	–	–	–	70
Independent non-executive directors:					
Mr. Zhang Yongjun	80	–	–	–	80
Mr. Zou Jiasheng	80	–	–	–	80
Mr. Chen Heping	80	–	–	–	80
Supervisors:					
Mr. He Guangliang	200	60	431	81	772
Mr. Fu Jiong	62	16	–	–	78
Ms. Cai Yan	35	10	–	–	45
Ms. Zhao Jing	240	79	172	55	546
Mr. Kuang Kaifeng	360	80	17	65	522
	2,993	463	1,379	551	5,386

	Salaries and other benefits	Retirement benefit scheme contributions	Share-based payments	Discretionary bonuses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
For the five months ended May 31, 2023 (unaudited)					
Executive directors:					
Mr. Wu	280	–	–	83	363
Mr. Wang	260	30	–	42	332
Mr. Shi Jian	176	30	–	21	227
Non-executive directors:					
Mr. Zhou Lin	29	–	–	–	29
Mr. Gu Yanjun	29	–	–	–	29
Independent non-executive directors:					
Mr. Zhang Yongjun	33	–	–	–	33
Mr. Zou Jiasheng	33	–	–	–	33
Mr. Chen Heping	33	–	–	–	33
Supervisors:					
Mr. He Guangliang	83	16	–	34	133
Mr. Fu Jiong	26	7	–	–	33
Ms. Cai Yan	15	4	–	–	19
Ms. Zhao Jing	103	26	–	23	152
Mr. Kuang Kaifeng	171	26	–	27	224
	1,271	139	–	230	1,640

	Salaries and other benefits	Retirement benefit scheme contributions	Share-based payments	Discretionary bonuses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
For the five months ended May 31, 2024					
Executive directors:					
Mr. Wu	280	–	3,708	71	4,059
Mr. Wang	260	31	–	39	330
Mr. Shi Jian	176	31	86	20	313
Non-executive directors:					
Mr. Zhou Lin	29	–	–	–	29
Mr. Gu Yanjun	29	–	–	–	29
Ms. Liu Yilin	29	–	–	–	29
Independent non-executive directors:					
Mr. Zhang Yongjun	33	–	–	–	33
Mr. Zou Jiasheng	33	–	–	–	33
Mr. Chen Heping	33	–	–	–	33
Ms. Tong Sze Wan	48	–	–	–	48
Supervisors:					
Mr. He Guangliang	109	18	2,156	45	2,328
Ms. Zhao Jing	180	30	862	15	1,087
Mr. Kuang Kaifeng	102	17	86	25	230
	1,341	127	6,898	215	8,581

The executive director's emoluments shown above were for his services in connection with the management of the affairs of the Company and the Group during the Track Record Period. The discretionary bonuses are determined based on the duties and performances of the relevant individuals and the operating result of the Group. None of the directors of the Company waived or agreed to waive any emoluments during the Track Record Period.

During the Track Record Period, certain directors and supervisors were granted restricted shares, in respect of their services to the Group, details are set out in Note 37 to the Historical Financial Information.

Five highest paid employees

The five highest paid individuals of the Group included 3, 2 and 2 directors of the Company during the years ended December 31, 2021, 2022 and 2023 respectively; 2 directors (unaudited), 1 director and 2 supervisors of the Company during the five months ended May 31, 2023 and 2024, respectively. Details of whose remuneration are set out above. Details of the remuneration for the remaining 2, 3, 3, 3 (unaudited) and 2 highest paid employees for the Track Record Period are as follows:

	Year ended December 31,			**Five Months ended May 31,**	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Salaries and other benefits	1,072	1,683	795	522	438
Discretionary bonuses	167	387	968	403	39
Retirement benefit scheme contributions	110	223	231	68	74
Share-based payments	–	–	824	–	4,550
	1,349	2,293	2,818	993	5,101

The emoluments of the five highest paid individuals for the years ended December 31, 2021, 2022 and 2023 and the five months ended May 31, 2023 (unaudited) and 2024 are within the following bands:

	Year ended December 31,			**Five Months ended May 31,**	
	2021	**2022**	**2023**	**2023**	**2024**
	No. of individuals	*No. of individuals*	*No. of individuals*	*No. of individuals* *(unaudited)*	*No. of individuals*
Nil to HK$1,000,000	5	2	2	5	1
HK$1,000,001 to HK$1,500,000	–	3	2	–	1
HK$1,500,001 to HK$2,000,000	–	–	1	–	1
HK$4,000,001 to HK$4,500,000	–	–	–	–	1
HK$4,500,001 to HK$5,000,000	–	–	–	–	1
	5	5	5	5	5

During the Track Record Period, no emoluments were paid by the Group to any of the executive director, non-executive directors, independent non-executive directors, or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

14. LOSS PER SHARE

	Year ended December 31,			Five Months ended May 31,	
	2021	2022	2023	2023	2024
				(unaudited)	
Loss:					
Loss for the year/period attributable to the owners of the Company (RMB'000)	(71,187)	(93,857)	(73,303)	(43,676)	(96,548)
Number of shares ('000):					
Weighted average number of ordinary shares for the purpose of basic loss per share calculation	81,774	90,044	90,075	90,044	98,532
Loss per share (RMB)					
– Basic	(0.87)	(1.04)	(0.81)	(0.49)	(0.98)

No diluted loss per share for the years ended December 31, 2021, 2022 and 2023 and five months ended May 31, 2023 (unaudited) and 2024 was presented as there was no potential ordinary shares in issue for the years ended December 31, 2021, 2022 and 2023 and five months ended May 31, 2023 (unaudited) and 2024.

15. DIVIDENDS

No dividend was paid or declared by the Company during the Track Record Period, nor has any dividend been proposed since the end of the Track Record Period.

16. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings and structures	Machinery and equipment	Furniture and fixture	Motor vehicles	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
COST						
At January 1, 2021	75,496	37,654	4,060	1,636	55,096	173,942
Additions	31,113	7,825	7,353	2,867	67,021	116,179
Transfers	51,918	14,925	–	–	(66,843)	–
Disposals	(43)	(1,027)	(25)	(646)	–	(1,741)
At December 31, 2021	158,484	59,377	11,388	3,857	55,274	288,380
Additions	2,561	19,498	4,862	474	291,594	318,989
Transfers	56,035	2,991	3,456	–	(62,482)	–
Disposals	–	(2,884)	(8)	(487)	–	(3,379)
At December 31, 2022	217,080	78,982	19,698	3,844	284,386	603,990
Additions	3,906	11,315	3,028	77	134,713	153,039
Transfers	321,256	7,129	372	–	(328,757)	–
At December 31, 2023	542,242	97,426	23,098	3,921	90,342	757,029
Additions	190	203	451	–	32,524	33,368
Transfers	–	1,522	–	–	(1,522)	–
At May 31, 2024	542,432	99,151	23,549	3,921	121,344	790,397

	Buildings and structures	Machinery and equipment	Furniture and fixture	Motor vehicles	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
DEPRECIATION						
At January 1, 2021	(484)	(4,017)	(833)	(280)	–	(5,614)
Provided for the year	(5,343)	(4,700)	(1,371)	(344)	–	(11,758)
Eliminated on disposals	9	214	6	10	–	239
At December 31, 2021	(5,818)	(8,503)	(2,198)	(614)	–	(17,133)
Provided for the year	(10,235)	(7,653)	(3,550)	(659)	–	(22,097)
Eliminated on disposals	–	935	7	20	–	962
At December 31, 2022	(16,053)	(15,221)	(5,741)	(1,253)	–	(38,268)
Provided for the year	(14,652)	(8,131)	(5,241)	(714)	–	(28,738)
At December 31, 2023	(30,705)	(23,352)	(10,982)	(1,967)	–	(67,006)
Provided for the period	(11,497)	(4,080)	(2,162)	(300)	–	(18,039)
At May 31, 2024	(42,202)	(27,432)	(13,144)	(2,267)	–	(85,045)
CARRYING AMOUNTS						
At December 31, 2021	152,666	50,874	9,190	3,243	55,274	271,247
At December 31, 2022	201,027	63,761	13,957	2,591	284,386	565,722
At December 31, 2023	511,537	74,074	12,116	1,954	90,342	690,023
At May 31, 2024	500,230	71,719	10,405	1,654	121,344	705,352

The Company

	Buildings and structures	Machinery and equipment	Furniture and fixture	Motor vehicles	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
COST						
At January 1, 2021	75,496	37,608	3,443	1,636	54,303	172,486
Additions	1,748	7,828	7,043	704	64,229	81,552
Transfers	51,918	14,092	–	–	(66,010)	–
Disposals	(43)	(171)	–	–	–	(214)
At December 31, 2021	129,119	59,357	10,486	2,340	52,522	253,824
Additions	2,561	19,614	2,214	473	284,042	308,904
Transfers	49,187	2,991	–	–	(52,178)	–
Disposals	–	(2,884)	(8)	(389)	–	(3,281)
At December 31, 2022	180,867	79,078	12,692	2,424	284,386	559,447
Additions	4,199	11,262	2,905	77	134,449	152,892
Transfers	321,256	7,129	372	–	(328,757)	–
At December 31, 2023	506,322	97,469	15,969	2,501	90,078	712,339
Additions	190	203	294	–	17,689	18,376
Transfers	–	1,522	–	–	(1,522)	–
At May 31, 2024	506,512	99,194	16,263	2,501	106,245	730,715
DEPRECIATION						
At January 1, 2021	(484)	(4,017)	(738)	(280)	–	(5,519)
Provided for the year	(5,227)	(4,493)	(1,283)	(209)	–	(11,212)
Eliminated on disposals	9	50	–	–	–	59

	Buildings and structures	Machinery and equipment	Furniture and fixture	Motor vehicles	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At December 31, 2021	(5,702)	(8,460)	(2,021)	(489)	–	(16,672)
Provided for the year	(8,783)	(7,613)	(3,146)	(378)	–	(19,920)
Eliminated on disposals	–	935	7	20	–	962
At December 31, 2022	(14,485)	(15,138)	(5,160)	(847)	–	(35,630)
Provided for the year	(12,609)	(8,423)	(3,619)	(449)	–	(25,100)
At December 31, 2023	(27,094)	(23,561)	(8,779)	(1,296)	–	(60,730)
Provided for the period	(10,538)	(4,063)	(1,710)	(190)	–	(16,501)
At May 31, 2024	(37,632)	(27,624)	(10,489)	(1,486)	–	(77,231)
CARRYING AMOUNTS						
At December 31, 2021	123,417	50,897	8,465	1,851	52,522	237,152
At December 31, 2022	166,382	63,940	7,532	1,577	284,386	523,817
At December 31, 2023	479,228	73,908	7,190	1,205	90,078	651,609
At May 31, 2024	468,880	71,570	5,774	1,015	106,245	653,484

The above items of property, plant and equipment, other than construction in progress, are depreciated on a straight-line basis, after taking into account of the residual value, over the following period:

Buildings and structures	10 – 20 years
Machinery and equipment	8 – 10 years
Motor vehicles	5 years
Furniture and fixture	3 – 5 years

As at December 31, 2021, 2022 and 2023 and May 31, 2024, the Group has pledged buildings with carrying amounts of RMB117,699,000, RMB158,930,000, RMB457,224,000 and RMB448,480,000 respectively, and equipment with carrying amounts of RMB40,567,000, RMB12,470,000, Nil and Nil respectively to secure general banking facilities granted to the Group.

17. RIGHT-OF-USE ASSETS

The Group

	Leasehold lands	Leased properties	Total
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2021	11,133	380	11,513
Addition for the year	8,746	919	9,665
Depreciation charge for the year	(632)	(264)	(896)
At December 31, 2021	19,247	1,035	20,282
Addition for the year	38,771	–	38,771
Termination of lease contract	–	(129)	(129)
Depreciation charge for the year	(1,867)	(541)	(2,408)
At December 31, 2022	56,151	365	56,516
Addition for the year	–	1,242	1,242
Depreciation charge for the year	(1,973)	(475)	(2,448)
At December 31, 2023	54,178	1,132	55,310
Addition for the period	25,925	1,525	27,450
Termination of lease contract	–	(127)	(127)
Depreciation charge for the period	(1,038)	(390)	(1,428)
At May 31, 2024	79,065	2,140	81,205

The Company

	Leasehold lands	Leased properties	Total
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2021	11,133	380	11,513
Addition for the year	8,746	757	9,503
Depreciation charge for the year	(632)	(241)	(873)
At December 31, 2021	19,247	896	20,143
Addition for the year	38,771	–	38,771
Depreciation charge for the year	(1,867)	(531)	(2,398)
At December 31, 2022	56,151	365	56,516
Addition for the year	–	1,242	1,242
Depreciation charge for the year	(1,973)	(475)	(2,448)
At December 31, 2023	54,178	1,132	55,310
Addition for the period	–	28	28
Termination of lease contract	–	(127)	(127)
Depreciation charge for the period	(822)	(307)	(1,129)
At May 31, 2024	53,356	726	54,082

	Year ended December 31,			Five Months ended May 31,	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Expenses relating to short-term leases	647	382	242	192	165
Total cash outflow for leases	1,036	819	725	304	621

During the Track Record Period, the leasehold lands of the Group represented the prepaid lease payment for lands located in the PRC with the fixed period of 30 years to 50 years. The remaining lease term is 26 years to 48 years as at May 31, 2024.

During the Track Record Period, the Group leased various properties for its operating activities. Lease contracts were entered into for fixed terms of 14 months to 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

As at December 31, 2021, 2022 and 2023 and May 31, 2024, the Group has pledged leasehold lands with carrying amounts of RMB19,247,000, RMB45,798,000, RMB54,178,000 and RMB53,356,000 respectively to secure general banking facilities granted to the Group.

As at December 31, 2021, 2022 and 2023 and May 31, 2024, the Group's lease liabilities of RMB890,000, RMB354,000, RMB1,142,000 and RMB2,141,000 are recognized with related right-of-use assets of RMB1,035,000, RMB365,000, RMB1,132,000 and RMB2,140,000 respectively. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Except for the leasehold lands, leased assets may not be used as security for borrowing purposes.

The Group regularly entered into short-term leases for various properties. As at 31 December 2021, 2022 and 2023 and May 31, 2024, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

Sale and leaseback transactions — seller-lessee

To better manage the Group's capital structure and financing needs, the Group sometimes enters into sale and leaseback arrangements in relation to machinery leases. These legal transfers do not satisfy the requirements of IFRS 15 to be accounted for as a sale of the machinery. During the years ended December 31, 2021, 2022 and 2023 and five months ended May 31, 2024, the Group has raised borrowings of RMB9,869,000, Nil, Nil and Nil respectively in respect of such sale and leaseback arrangements. Details of the borrowings are set out in Note 31.

18. INTANGIBLE ASSETS

The Group

	Non-patented technologies	Patent	Total
	RMB'000	*RMB'000*	*RMB'000*
COST			
At January 1, 2021 and December 31, 2021, 2022 and 2023 and May 31, 2024	16,324	1,941	18,265
AMORTISATION			
At January 1, 2021	(136)	(194)	(330)
Charge for the year	(1,497)	(129)	(1,626)
At December 31, 2021	(1,633)	(323)	(1,956)
Charge for the year	(1,632)	(129)	(1,761)
At December 31, 2022	(3,265)	(452)	(3,717)
Charge for the year	(1,632)	(129)	(1,761)
At December 31, 2023	(4,897)	(581)	(5,478)
Charge for the period	(680)	(55)	(735)
At May 31, 2024	(5,577)	(636)	(6,213)
CARRYING AMOUNTS			
At December 31, 2021	14,691	1,618	16,309
At December 31, 2022	13,059	1,489	14,548
At December 31, 2023	11,427	1,360	12,787
At May 31, 2024	10,747	1,305	12,052

The Company

	Non-patented technologies
	RMB'000
COST	
At January 1, 2021 and December 31, 2021, December 31, 2022 and 2023 and May 31, 2024	16,324
AMORTISATION	
At January 1, 2021	(136)
Provided for the year	(1,497)
At December 31, 2021	(1,633)
Provided for the year	(1,632)
At December 31, 2022	(3,265)
Provided for the year	(1,632)
At December 31, 2023	(4,897)
Charge for the period	(680)
At May 31, 2024	(5,577)
CARRYING AMOUNTS	
At December 31, 2021	14,691
At December 31, 2022	13,059
At December 31, 2023	11,427
At May 31, 2024	10,747

The above intangible assets have finite useful lives. Such intangible assets are amortised on a straight-line basis over the following periods:

Non-patented technologies	10 years
Patent	15 years

19. IMPAIRMENT ASSESSMENT ON PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND INTANGIBLE ASSETS

For the purpose of impairment testing, property, plant and equipment, right-of-use assets and intangible assets as set out in Note 16, 17 and 18 respectively, belong to a single cash-generating unit ("CGU") according to the operating segment the Group has identified.

Due to the loss of the CGU throughout each of the three years ended December 31, 2023, the management of the Group concluded there was indication of impairment loss and conducted impairment assessment on property, plant and equipment, right-of-use assets and intangible assets with carrying amounts of RMB307,838,000, RMB636,786,000 and RMB758,120,000 as at December 31, 2021, 2022 and 2023 respectively.

The recoverable amount of the CGU has been determined based on a value in use calculation, which uses cash flow projections based on financial budgets approved by the management of the Group. The financial budgets covered a seven-year period (the "Period") since the management anticipated a longer time for the Group to reach a stable growth state, especially taking into account the fact that the hydrogen energy industry is in its early developing stage with fast growth and the Group is going to develop rapidly in the coming years. The key assumptions of the financial budgets included annual growth rates within the Period, growth rate to extrapolate cash flows beyond the Period and pre-tax discount rate. The values to the assigned key assumptions were determined based on the CGU's past performance and management expectations for the market development. During the Period, the annual growth rates ranged from 2.88% to 55.50%, 5.77% to 72.80% and 6.33% to 76.65% as at December 31, 2021, 2022 and 2023 respectively. The cash flows beyond the Period are extrapolated using 2% growth rate, which is based on the industry growth forecasts and does not exceed the long-term average growth rate for the relevant industry. Pre-tax discount rate of 12.81%, 12.57% and 12.52% were used to reflect market assessment of time value and the specific risks relating to the CGU for the impairment review as at December 31, 2021, 2022 and 2023 respectively.

As at December 31, 2021, 2022 and 2023, management of the Group determined that there was no impairment on the CGU. The recoverable amount of the CGU exceeded its carrying amount by RMB35,510,000, RMB78,032,000 and RMB359,758,000 as at December 31, 2021, 2022 and 2023 respectively.

As at May 31, 2024, management of the Group was not aware of any significant changes on the respective property, plant and equipment, right-of-use assets and intangible assets, that indicated the carrying amounts of these assets exceeded their recoverable amounts. As a result, no impairment assessments as at May 31, 2024 was performed.

20. INVESTMENTS IN ASSOCIATES

The Group

	At December 31,			At May 31,
	2021	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost of investments in associates	23,100	26,475	47,116	159,368
Share of loss and total comprehensive expenses	(978)	(1,133)	(3,238)	(4,999)
Unrealised gains relating to transactions with associates, net of reversal	(122)	(130)	(7,601)	(7,606)
	22,000	25,212	36,277	146,763

Details of each of the Group's principal associates during the Track Record Period are as follows:

Name of associate	Country of incorporation	Principal place of business	Proportion of ownership interest and voting rights held by the Group				Principal activity
			As at December 31,			As at May 31,	
			2021	**2022**	**2023**	**2024**	
Jiangsu Jiahua hydrogen Technology Co., Ltd. (江蘇嘉化氫能科技有限公司) ("Jiahua Hydrogen") *(Note i)*	China	Jiangsu	10%	10%	10%	10%	Sales of hydrogen-related equipment
Qilu Hydrogen Energy (Shandong) Development Co., Ltd. (齊魯氫能(山東)發展有限公司) ("Qilu Hydrogen") *(Note ii)*	China	Shandong	15%	15%	22.50%	22.50%	Sales of hydrogen and hydrogen-related equipment

Name of associate	Country of incorporation	Principal place of business	Proportion of ownership interest and voting rights held by the Group				Principal activity
			As at December 31,			As at May 31,	
			2021	2022	2023	2024	
Huajiu Hydrogen Energy (Henan) Co., Ltd. (華久氫能源(河南)有限公司) ("Huajiu Hydrogen") *(Note iii)*	China	Henan	12.66%	13.02%	13.02%	13.02%	Sales of chemical products
Manas Longshengda Yudu Hydrogen Technology Co., Ltd. (瑪納斯隆盛達玉都氫能科技有限公司) ("Yudu Hydrogen") *(Note iv)*	China	Xinjiang	–	–	40.00%	40.00%	Sales of hydrogen-related equipment
Shenzhen Pufa hydrogen Technology Co., Ltd. (深圳普發氫能科技有限公司) ("Shenzhen Pufa") *(Note v)*	China	Shenzhen	15%	–	–	–	Sales of hydrogen refueling stations equipment and related products
Inner Mongolia Mengfa Guofu Hydrogen Energy Technology Co., Ltd. (內蒙古蒙發國富氫能科技有限公司) ("Mengfa Guofu") *(Note vi)*	China	Inner Mongolia	–	–	–	40.00%	Sales of hydrogen refueling stations equipment and related products
Broaden Energy Hydrogen Solutions-L.L.C ("Broaden Energy") *(Note vii)*	United Arab Emirates	Abu Dhabi	–	–	–	20%	Sales of hydrogen-related equipment

The Company

	At December 31,			At May 31,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost of investments in associates	23,100	26,475	41,475	141,475
Share of loss and total comprehensive expenses	(978)	(1,133)	(3,238)	(4,307)
Unrealised gains relating to transactions with associates, net of reversal	(122)	(130)	(7,601)	(7,606)
	22,000	25,212	30,636	129,562

Details of each of the Company's principal associates during the Track Record Period are as follows:

Name of associate	Country of incorporation	Principal place of business	Proportion of ownership interest and voting rights held by the Company				Principal activity
			As at December 31,			As at May 31,	
			2021	2022	2023	2024	
Jiahua Hydrogen *(Note i)*	China	Jiangsu	10%	10%	10%	10%	Sales of hydrogen-related equipment
Qilu Hydrogen *(Note ii)*	China	Shandong	15%	15%	22.50%	22.50%	Sales of hydrogen and hydrogen-related equipment
Huajiu Hydrogen *(Note iii)*	China	Henan	12.66%	13.02%	13.02%	13.02%	Sales of hydrogen chemical products
Shenzhen Pufa *(Note v)*	China	Shenzhen	15%	–	–	–	Sales of hydrogen refueling stations equipment and related products
Mengfa Guofu (*Note vi*)	China	Inner Mongolia	–	–	–	40.00%	Sales of hydrogen refueling stations equipment and related products

Notes:

i. The Company is able to exercise significant influence over Jiahua Hydrogen because it has the power to appoint one out of the five directors of Jiahua Hydrogen under the articles of association of Jiahua Hydrogen.

ii. The Company is able to exercise significant influence over Qilu Hydrogen because it has the power to appoint one out of the seven directors of Qilu Hydrogen under the articles of association of Qilu Hydrogen. During the year ended December 31, 2023, the Company contributed cash of RMB15,000,000 as additional capital injection in Qilu Hydrogen, and the Company's effective interest in Qilu Hydrogen increased from 15% to 22.5%.

iii. The Company is able to exercise significant influence over Huajiu Hydrogen because it has the power to appoint two out of the five directors of Huajiu Hydrogen under the articles of association of Huajiu Hydrogen. In addition, pursuant to the capital increase agreement in July 2022, the Company contributed cash of RMB3,575,000 as additional capital injection in Huajiu Hydrogen, and the Company' effective interest in Huajiu Hydrogen increased from 12.66% to 13.02%.

iv. In September 2023, Xinjiang Guofu Hydrogen Energy Technology Service Co., Ltd. (新疆國富氫能科技服務有限公司) ("Xinjiang Guofu"), a subsidiary of the Group, entered into an agreement with an independent third party to acquire 40% subscription interest in Yudu Hydrogen with a consideration of Nil. The net assets of Yudu were Nil on the acquisition date as it had no operation since incorporation. Upon completion of the acquisition, Xinjiang Guofu contributed cash of RMB4,240,000 as capital injection in Yudu Hydrogen by December 2023. In January and April 2024, Xinjiang Guofu contributed cash of RMB7,760,000 in total as additional capital injection in Yudu Hydrogen.

v. During the year ended December 31, 2021, the Company is able to exercise significant influence over Shenzhen Pufa because it has the power to appoint one out of the three directors of Shenzhen Pufa under the articles of association of Shenzhen Pufa. In March 2022, the Group disposed of its total interest in Shenzhen Pufa to a third party with proceeds of RMB600,000. This transaction has resulted in the recognition of a gain in profit or loss, calculated as follows.

	RMB'000
Proceeds of disposal	600
Less: carrying amount of the investment on the date of loss of significant influence	(422)
Gain recognised	178

vi. In February 2024, the Company contributed cash of RMB100,000,000 as capital injection in Mengfa Guofu and held 40% of its voting rights as at May 31, 2024.

vii. In May 2024, Guofu Holdings Pte. Ltd., a subsidiary of the Group, contributed cash of United States dollars ("USD") 600,000 (equivalent to RMB4,267,000) as capital injection in Broaden Energy and held 20% of its voting rights as at May 31, 2024.

All of these associates are accounted for using the equity method in these consolidated financial statements.

Summarised financial information of a material associate

Mengfa Guofu

	At December 31,			At May 31,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current assets	–	–	–	205,260
Non-current assets	–	–	–	44,575
Current liabilities	–	–	–	365

	Year ended December 31,			Five months ended May 31,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	–	–	–	–
Loss and total comprehensive expense for the year/period	–	–	–	530

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements.

	At December 31,			At May 31,
	2021	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Net assets of Mengfa Guofu	–	–	–	249,470
Proportion of the Group's ownership interest in Mengfa Guofu	–	–	–	40%
The Group's share of net assets of Mengfa Guofu	–	–	–	99,788
Carrying amount of the Group's interest in Mengfa Guofu	–	–	–	99,788

Aggregate information of associates that are not individually material

The Group

	Year ended December 31,			Five months ended May 31,
	2021	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
The Group's share of loss and total comprehensive expenses	419	333	2,105	1,549
Aggregate carrying amount of the Group's interests in these associates	22,000	25,212	36,277	46,975

The Company

	Year ended December 31,			Five months ended May 31,
	2021	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
The Company's share of loss and total comprehensive expenses	419	333	2,105	857
Aggregate carrying amount of the Group's interests in these associates	22,000	25,212	30,636	29,774

21. INVESTMENTS IN SUBSIDIARIES

The Company

	At December 31,			At May 31,
	2021	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost of investments	30,162	39,806	77,746	114,046

22. EQUITY INSTRUMENT AT FVTOCI

The Group

	At December 31,			At May 31,
	2021	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Unlisted equity investments, at fair value – Lingniu New Energy Technology (Shanghai) Co., Ltd. (羚牛新能源科技(上海)有限公司) ("Lingniu")	3,000	34,333	34,333	35,047

On September 13, 2021, Shanghai Qingping, a wholly-owned subsidiary of the Company, entered into an agreement with the founding shareholder parties, for the injection of new capital to Lingniu. Upon the completion of capital contribution of RMB3,000,000 by Shanghai Qingping on September 29, 2021, the Group held 4.80% of equity interest of Lingniu as at December 31, 2021.

On December 31, 2021, Shanghai Qingping entered into an agreement with the shareholders of Lingniu, for additional capital injection to Lingniu. Upon the completion of capital contribution of RMB5,000,000 and RMB10,000,000 by Shanghai Qingping on March 23, 2022 and June 1, 2022, the Group held 15.61% of equity interest of Lingniu as at December 31, 2022.

As at December 31, 2023, the Group's equity interest in Lingniu was diluted to 14.31% due to additional capital contribution from its investors.

The above investment is not held for trading but for long-term strategic purposes. The directors of the Company have elected to designate the investment in equity instrument at FVTOCI as they believed that recognising short-term fluctuations in these investment's fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising it's performance potential in the long run.

The fair value of the unlisted equity instruments as at December 31, 2021, 2022 and 2023 were determined with reference to the issue price included in Lingniu's investment agreements with independent investors in each year.

The fair value of the unlisted equity instruments as at May 31, 2024 was determined by directors of the Company with reference to valuation reports carried out by an independent qualified professional valuer.

23. DEFERRED TAX ASSETS

The Group and the Company

The followings are the major deferred tax assets recognised and movements thereon during the Track Record Period:

	Fair value change of debt instruments	ECL provision	Tax losses	Accrued expenses	Deferred income	Share based payments	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2021	–	8,309	586	3,765	2,128	5,889	305	20,982
(Charge) credit to profit or loss	–	3,225	10,182	751	240	–	(96)	14,302
At December 31, 2021	–	11,534	10,768	4,516	2,368	5,889	209	35,284
(Charge) credit to profit or loss	–	357	15,399	740	3,418	–	(39)	19,875
Credit to the other comprehensive income	87	–	–	–	–	–	–	87
At December 31, 2022	87	11,891	26,167	5,256	5,786	5,889	170	55,246
(Charge) credit to profit or loss	–	917	11,541	772	(244)	720	60	13,766
Credit to the other comprehensive income	(42)	–	–	–	–	–	–	(42)
At December 31, 2023	45	12,808	37,708	6,028	5,542	6,609	230	68,970
Credit to profit or loss	–	2,207	12,142	515	1,277	3,602	466	20,209
At May 31, 2024	45	15,015	49,850	6,543	6,819	10,211	696	89,179

As at December 31, 2021, 2022 and 2023 and May 31, 2024, the Group had unused tax losses of approximately RMB106,309,000, RMB229,343,000, RMB325,353,000 and RMB412,548,000, respectively, available for offsetting against future profits. No deferred tax asset has been recognised in respect of tax losses of RMB34,250,000, RMB54,891,000, RMB73,960,000 and RMB80,210,000 due to the unpredictability of future profit streams.

The unrecognized tax losses of the Group will be carried forward and expire in years as follows:

	At December 31,			At May 31,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
2025	499	–	–	–
2026	8,821	7,510	7,510	7,291
2027	1,886	19,743	19,743	19,743
2028	5,114	5,114	23,991	23,991
2029	57	57	57	6,526
2030	4,144	4,144	4,144	4,144
2031	13,729	13,729	13,729	13,729
2032	–	4,594	4,594	4,594
2033	–	–	192	192
	34,250	54,891	73,960	80,210

At December 31, 2021, 2022 and 2023 and May 31, 2024, the Group and the Company had no other material unrecognised deductible temporary differences.

24. INVENTORIES

The Group

	At December 31,			At May 31,
	2021	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials and consumables	65,107	107,285	55,868	61,382
Work in progress	41,440	83,378	85,412	87,021
Finished goods	61,049	99,952	37,107	48,825
	167,596	290,615	178,387	197,228

The Company

	At December 31,			At May 31,
	2021	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials and consumables	65,063	107,017	55,912	61,546
Work in progress	41,440	83,378	85,412	87,021
Finished goods	61,049	99,952	37,107	49,078
	167,552	290,348	178,431	197,645

The reversal of write down of inventories of the Group and the Company recognised as cost of sales amounted to RMB224,000 and RMB261,000 during the years ended December 31, 2021 and 2022.

The write down of inventories of the Group and the Company recognised as cost of sales amounted to RMB488,000 and RMB3,103,000 during the year ended December 31, 2023 and the five months ended May 31, 2024.

25. LOAN RECEIVABLES

The Group and the Company

	At December 31,			At May 31,
	2021	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Fixed-rate loan receivables	–	–	12,200	12,429
Analysed as				
current	–	–	10,440	11,109
non-current	–	–	1,760	1,320
	–	–	12,200	12,429

In May 2023, the Company entered into a loan agreement with a staff. Pursuant to the loan agreement, the staff borrowed RMB2,200,000 from the Company with fixed interest rate of 4.75% per annum. The amount would be repaid in a series of five successive equal yearly installments starting from the borrowing date. The installments of RMB1,760,000 and RMB1,320,000 that would be due after one year as at December 31, 2023 and May 31, 2024 were recorded as a non-current asset.

In November 2023, the Company entered into a loan agreement with an independent third party. Pursuant to the loan agreement, The third party borrowed RMB10,000,000 from the Company with fixed interest rate of 4% per annum. The amount would be due in full in November 2024, and were guaranteed by the borrower's controlling shareholder.

Details of impairment assessment of loan receivables are set out in Note 43.

26. TRADE AND OTHER RECEIVABLES

The Group

	At December 31,			At May 31,
	2021	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current				
Trade receivables – contract with customers	341,899	421,545	523,109	469,526
Less: Allowance for credit losses	(69,885)	(71,934)	(74,443)	(86,383)
	272,014	349,611	448,666	383,143
Prepayment to suppliers	34,358	26,911	27,414	21,065
Value added tax recoverable	8,778	14,522	3,993	13,452
Deposits for bidding	5,323	2,795	2,633	2,339
Receivables for disposal of an associate	–	600	500	500
Deferred issue costs	–	–	1,443	4,473
Prepayments for listing expense and issue costs	–	–	429	367
Others	748	720	1,865	1,651
Less: Allowance for credit losses	(632)	(50)	(312)	(501)
	320,589	395,109	486,611	426,489

	At December 31,			At May 31,
	2021	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current				
Trade receivables – contract with customers *(Note)*	6,229	9,215	19,360	26,610
Less: Allowance for credit losses	(1,933)	(3,365)	(6,422)	(7,974)
	4,296	5,850	12,938	18,636

Note: According to the payment terms in the sales contracts with certain customers, certain part of the sales consideration will be collected after one year.

As at 1 January 2021, the carrying amount of trade receivables net of allowance for ECL from contracts with customers amounted to RMB177,554,000.

The following is an aged analysis of trade receivables (net of allowance for credit losses) presented based on invoice dates:

	At December 31,			At May 31,
	2021	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 90 days	158,407	149,113	220,832	26,749
91 to 180 days	9,667	42,088	21,204	142,535
181 to 365 days	25,194	44,266	45,634	68,321
1 to 2 years	32,999	58,626	110,907	93,869
2 to 3 years	36,356	17,690	23,687	30,228
More than 3 years	13,687	43,678	39,340	40,077
	276,310	355,461	461,604	401,779

The normal credit term to the customers is within one year. The Group seeks to maintain strict control over its outstanding receivables to minimize credit risk. Overdue balances are reviewed regularly by management. The Group does not hold any collateral over these balances.

Details of impairment assessment of trade and other receivables are set out in Note 43.

The Company

	At December 31,			At May 31,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current				
Trade receivables – contract with customers	341,861	421,545	523,081	469,336
Less: Allowance for credit losses	(69,885)	(71,934)	(74,443)	(86,381)
	271,976	349,611	448,638	382,955
Prepayment to suppliers	34,189	26,022	22,202	20,398
Value added tax recoverable	5,614	10,216	91	8,152
Deposits for bidding	5,190	2,730	2,575	2,143
Receivables for disposal of an associate	–	600	500	500
Deferred issue costs	–	–	1,443	4,473
Prepayments for listing expense and issue costs	–	–	429	367
Others	650	698	1,819	1,624
Less: Allowance for credit losses	(632)	(51)	(313)	(496)
	316,987	389,826	477,384	420,116

	At December 31,			At May 31,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current				
Trade receivables – contract with customers	6,229	9,215	19,360	26,610
Less: Allowance for credit losses	(1,933)	(3,365)	(6,422)	(7,974)
	4,296	5,850	12,938	18,636

As at 1 January 2021, the carrying amount of trade receivables net of allowance for ECL from contracts with customers amounted to RMB176,994,000.

The following is an aged analysis of trade receivables (net of allowance for credit losses) presented based on invoice dates:

	At December 31,			At May 31,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 90 days	158,407	149,113	220,804	26,591
91 to 180 days	9,667	42,088	21,204	142,505
181 to 365 days	25,194	44,266	45,634	68,321
1 to 2 years	32,961	58,626	110,907	93,869
2 to 3 years	36,356	17,690	23,687	30,228
More than 3 years	13,687	43,678	39,340	40,077
	276,272	355,461	461,576	401,591

27. CONTRACT ASSETS

The Group and the Company

	At December 31,			At May 31,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Retention receivables	23,991	28,314	39,031	38,041
Less: allowance for credit losses	(3,643)	(3,620)	(3,077)	(3,220)
	20,348	24,694	35,954	34,821
Analysed as				
Current	13,975	11,048	24,310	26,428
Non-current	6,373	13,646	11,644	8,393
	20,348	24,694	35,954	34,821

As at 1 January 2021, contract assets of the Group and the Company amounted to RMB15,529,000.

Contract assets of the Group and the Company are unsecured and interest-free and details are set out in Note 6. Contract assets, that are not expected to be settled within the Group's normal operating cycle, are classified as non-current asset based on expected settlement dates.

Details of impairment assessment of contract assets of the Group and the Company are set out in Note 43.

28. DEBT INSTRUMENTS AT FVTOCI

The Group and the Company

	At December 31,			At May 31,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bills receivables	15,601	69,662	33,530	40,573

As at December 31, 2021, 2022 and 2023 and May 31, 2024, certain bills which were held by the Group for the practice of endorsing to suppliers before the bills due for payment were classified as "debt instruments at FVTOCI". All the bills receivables are with a maturity period of less than one year.

The Group considers the credit risk is limited because counterparties are banks with good credit standing and are highly likely to be paid, and the ECL are considered as insignificant.

Details of impairment assessment are set out in Note 43.

29. RESTRICTED BANK DEPOSITS/CASH AND CASH EQUIVALENTS

The Group

Restricted bank deposits and cash and cash equivalents carry interest at prevailing market interest rates ranging from 0.30% to 0.35%, 0.25% to 0.35%, 0.10% to 0.20% and 0.10% to 0.20% per annum as at the end of each reporting period. As at 31 December 2021, 2022 and 2023 and May 31, 2024, the Group holds time deposits amounting to Nil, RMB22,532,000, RMB149,022,000 and Nil with an original maturity of three months or less and carry interests at prevailing market rated which was from Nil, 1.75% to 1.80%, 1.50% to 1.80% and Nil per annum, respectively, included in the cash and cash equivalents.

The Group's restricted bank deposits were pledged to banks for issuing bills.

Details of impairment assessment of bank balances are set out in Note 43.

The Company

Restricted bank deposits and cash and cash equivalents carry interest at prevailing market interest rates ranging from 0.30% to 0.35%, 0.25% to 0.35%, 0.10% to 0.20% and 0.10% to 0.20% per annum as at the end of each reporting period. As at 31 December 2021, 2022 and 2023 and May 31, 2024, the Company holds time deposits amounting to Nil, RMB5,522,000, RMB149,022,000 and Nil with an original maturity of three months or less and carry interests at prevailing market rated which was from Nil, 1.75% to 1.80%, 1.50% to 1.80% and Nil, respectively, included in the cash and cash equivalents.

The Company's restricted bank deposits were pledged to banks for issuing bills.

Details of impairment assessment of bank balances are set out in Note 43.

30. TRADE AND OTHER PAYABLES

The Group

	At December 31,			At May 31,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	107,517	120,908	198,369	147,407
Trade payables under supplier finance arrangements *(Note i)*	–	43,672	69,470	102,180
Bills payables	12,187	63,359	12,064	21,432
	119,704	227,939	279,903	271,019
Payables for property, plant and equipment	61,603	181,930	105,645	92,936
Accrued staff costs and benefits	13,272	15,439	16,162	10,325
Other tax payables	7,776	4,503	3,293	291
Accrued service fee	4,243	5,106	9,347	5,359
Deposits from vendors	1,388	1,769	1,879	1,227
Payables to staff	113	963	1,236	1,459
Payables to research institutions	–	2,666	912	252
Advanced receipt of investment *(Note ii)*	–	–	200,000	–
Accrued listing expenses	–	–	1,957	4,366
Accrued issue costs	–	–	876	1,892
Others	3,144	3,943	5,282	4,858
	91,539	216,319	346,589	122,965
	211,243	444,258	626,492	393,984

Notes:

(i) In order to ensure easy access to credit for its suppliers and facilitate early settlement, the Group has entered into reverse factoring arrangements. The contractual arrangements in place permit the suppliers to obtain the amounts billed less 3.40 per cent discount with the amounts paid by the relevant bank. The Group will repay bank the full invoice amounts on the scheduled payment dates as required by the invoices. As the arrangements do not permit the group to extend finance from bank by paying bank later than the group would have paid its supplier, the Group considers amounts payable to the bank should be classified as trade payables. The reverse factoring arrangements permit the bank to early settle invoices equal to Nil, RMB60,000,000, RMB90,000,000 and RMB120,000,000 per month during the years ended December 31, 2021, 2022 and 2023 and the five months ended May 31, 2024 respectively, and the maximum amount used in a month were Nil, RMB15,417,000, RMB27,083,000 and RMB20,763,000 respectively, during the years ended December 31, 2021, 2022 and 2023 and the five months ended May 31, 2024. As at December 31, 2021, 2022 and 2023 and May 31, 2024, Nil, 26.54%, 25.94% and 40.94% of trade payables were amounts owed under these arrangements.

(ii) The amounts represented advanced receipt from an independent investor related to issue of ordinary shares in January 2024.

The normal credit term to the Group is ranged within one year.

The following is an aging analysis of trade payables/trade payables under supplier finance arrangements of the Group based on the invoice dates at the end of each reporting period:

	At December 31,			At May 31,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 90 days	66,232	97,695	188,764	66,142
91-180 days	14,767	41,765	22,591	103,845
181-365 days	16,070	18,222	5,373	47,583
1 to 2 years	8,485	5,520	44,337	26,407
2 to 3 years	1,262	656	5,454	1,311
More than 3 years	701	722	1,320	4,299
	107,517	164,580	267,839	249,587

The following is an aging analysis of bills payable based on the bill issuance dates at the end of each reporting period.

	At December 31,			At May 31,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
0-180 days	12,187	63,359	12,064	21,432

At the end of each reporting period, the Group's bills payables were issued by banks and were secured by the Group's restricted bank deposits and debt instruments at FVTOCI.

The Company

	At December 31,			At May 31,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	107,203	119,697	195,082	144,464
Trade payables under supplier finance arrangements	–	43,672	69,470	102,180
Bills payables	12,187	63,359	11,607	21,368
	119,390	226,728	276,159	268,012
Payables for property, plant and equipment	61,603	180,313	105,378	91,642
Accrued staff costs and benefits	10,814	12,723	11,049	7,018
Other tax payables	7,743	4,502	3,361	141
Accrued service fee	4,243	5,106	7,877	5,350
Deposits from vendors	1,359	1,769	1,879	1,227
Payables to staff	92	911	1,176	1,459
Payables for research institutions	–	2,666	912	252
Advanced receipt of investment	–	–	200,000	–
Accrued listing expenses	–	–	1,957	4,366
Accrued issue costs	–	–	876	1,892
Others	3,103	3,631	4,220	3,117
	88,957	211,621	338,685	116,464
	208,347	438,349	614,844	384,476

The following is an aging analysis of trade payables/trade payables under supplier finance arrangements of the Company based on the invoice dates at the end of each reporting period:

	At December 31,			At May 31,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 90 days	66,230	96,888	186,467	66,077
91-180 days	14,767	41,687	22,422	103,539
181-365 days	15,951	18,100	5,090	47,221
1 to 2 years	8,439	5,515	44,250	24,210
2 to 3 years	1,115	608	5,219	1,298
More than 3 years	701	571	1,104	4,299
	107,203	163,369	264,552	246,644

The following is an aging analysis of bills payables based on the bill issuance dates at the end of each reporting period:

	At December 31,			At May 31,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
0-180 days	12,187	63,359	11,607	21,368

At the end of each reporting period, the Company's bills payables were issued by banks and were secured by the Company's restricted bank deposits and debt instruments at FVTOCI.

31. BORROWINGS

The Group and the Company

	At December 31,			At May 31,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank borrowings	158,113	534,249	837,149	852,771
Other borrowings *(Note i)*	9,869	–	–	–
	167,982	534,249	837,149	852,771
Secured *(Note ii)*	132,982	254,738	407,555	407,032
Unsecured *(Note iii)*	35,000	279,511	429,594	445,739
	167,982	534,249	837,149	852,771
Fixed-rate borrowings	167,982	329,527	477,665	490,860
Variable-rate borrowings	–	204,722	359,484	361,911
	167,982	534,249	837,149	852,771

	At December 31,			At May 31,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Carrying amount repayable: (based on scheduled payment terms)				
Within one year	54,922	233,629	447,989	480,111
More than one year, but not exceeding two years	12,000	124,600	149,600	191,600
More than two years, but not exceeding five years	101,060	176,020	239,560	181,060
	167,982	534,249	837,149	852,771
Less: Amount due for settlement within 12 months shown under current liabilities	54,922	233,629	447,989	480,111
Amount due for settlement after 12 months shown under non-current liabilities	113,060	300,620	389,160	372,660

Notes:

(i) As at December 31, 2021, other borrowings of the Group and the Company represented for the transfer proceeds received from sale leaseback transactions in 2020. The effective interest rate of other borrowing ranged from 3.65% to 5.71% per annum and were fully repaid in July 2022.

(ii) As at December 31, 2021, 2022 and 2023, the Group's borrowings of RMB106,164,000, RMB62,022,000 and RMB54,139,000 were pledged by the buildings and leasehold lands as disclosed in Note 16 and Note 17, and guaranteed by Hydrogen Cloud Research Institute, a subsidiary of the Company, and New Cloud Technology, a shareholder of the Company. In May 2024, the aforementioned guarantee from Hydrogen Cloud Research Institute and New Cloud Technology were released.

(iii) As at December 31, 2021, the Group's borrowings of RMB5,000,000 was guaranteed by New Cloud Technology, a shareholder of the Company.

The ranges of effective interest rates per annum on the Group's and the Company's borrowings are as follows:

	At December 31,			At May 31,
	2021	2022	2023	2024
Effective interest rate per annum:				
Fixed-rate borrowings	4.30%-6.00%	3.65%-5.00%	3.65%-4.50%	3.45%-4.20%
Variable-rate borrowings	–	3.90%-4.20%	3.90%-5.00%	3.80%-5.00%

32. CONTRACT LIABILITIES

The Group and the Company

	At December 31,			At May 31,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Vehicle-mounted high-pressure hydrogen supply systems and related products	123	319	514	856
Equipment for hydrogen refueling stations and related products	8,657	16,925	12,754	7,583
Water electrolysis hydrogen production equipment and related products	–	477	582	2,488
	8,780	17,721	13,850	10,927

As at 1 January 2021, contract liabilities of the Group and the Company amounted to RMB21,669,000.

Contract liabilities are expected to be settled within the Group's and the Company's normal operating cycle and are classified as current liability based on the Group's and the Company's earliest obligation to transfer goods to the customers.

The contract liabilities of the Group and the Company as at January 1, 2021, 2022, 2023 and 2024, amounted of RMB21,669,000, RMB8,780,000, RMB17,721,000 and RMB13,850,000 were recognized as revenue during the years ended December 31, 2021, 2022 and 2023 and five months ended May 31, 2024, respectively.

The Group usually receives 20% to 30% of the contract value as deposits from customers for majority of the contracts related to vehicle-mounted high-pressure hydrogen supply systems and related products, equipment for hydrogen refueling stations and related products, equipment for hydrogen liquefaction and the storage and transportation of liquid hydrogen and water electrolysis hydrogen production equipment and related products when they sign the sale and purchase agreement. The deposits result in contract liabilities being recognised until the customer obtains control of those products.

33. PROVISIONS

The Group and the Company

	2021	2022	2023	At May 31, 2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Warranty provision				
At beginning of the year/period	3,087	3,364	5,372	10,528
Additional provision	7,098	6,617	11,115	1,520
Utilization	(6,821)	(4,609)	(5,959)	(1,996)
At end of the year/period	3,364	5,372	10,528	10,052

	At December 31,			At May 31,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Analyzed as				
current	–	2,619	3,718	3,348
non-current	3,364	2,753	6,810	6,704
	3,364	5,372	10,528	10,052

The warranty provision represents management's best estimate of the Group's liability under assurance-type warranty granted on products sold which were still under warranty at the end of the reporting period, based on prior experience for defective products.

34. AMOUNT(S) DUE FROM ASSOCIATES/A RELATED PARTY/SUBSIDIARIES/AMOUNT(S) DUE TO ASSOCIATES/RELATED PARTIES/A SHAREHOLDER/SUBSIDIARIES

Amounts due from associates

The Group and the Company

	At December 31,			At May 31,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade related				
Huajiu Hydrogen	840	120	120	120
Shenzhen Pufa	9,958	*	*	*
Jiahua Hydrogen	1,115	1,115	888	888
Qilu Hydrogen	–	–	59,477	59,477
Suzhou Changjia Hydrogen Energy Technology Co., Ltd. (蘇州常嘉氫能源科技有限公司) ("Suzhou Changjia") *(Note i)*	1,440	1,440	1,495	1,440
Huajiu New Energy (Luoyang) Co., Ltd. (華久新能源(洛陽)有限公司) ("Huajiu New Energy") *(Note ii)*	–	100	2,980	2,980
	13,353	2,775	64,960	64,905
Less: Allowance for credit losses	(807)	(307)	(1,144)	(2,043)
	12,546	2,468	63,816	62,862

* Shenzhen Pufa was disposed to a third party in March 2022, and details are disclosed in Note 20. No transactions incurred between the Group and Shenzhen Pufa from January 1, 2022 to the disposal date.

Notes:

(i) The entity is a wholly-owned subsidiary of Jiahua Hydrogen.

(ii) The entity is a wholly-owned subsidiary of Huajiu Hydrogen.

As at 1 January 2021, the carrying amount of amounts due from associates net of allowance for ECL from contracts with customers amounted to RMB4,154,000.

The amounts due from associates are trade in nature and from contract with customers. The following is an aged analysis of amounts due from associates of the Group and the Company, presented based on invoice dates, at the end of each reporting period:

	At December 31,			At May 31,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 90 days	8,920	–	58,839	–
91 – 180 days	24	97	–	56,809
181 – 365 days	1,530	–	2,730	3,967
1 to 2 years	2,072	319	97	97
2 to 3 years	–	2,052	118	112
More than 3 years	–	–	2,032	1,877
	12,546	2,468	63,816	62,862

Amount due from a related party

The Group

	At December 31,			At May 31,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade related				
Jiangsu Huade Hydrogen Energy Technology Co., Ltd. (江蘇鏵德氫能源科技有限公司) ("Jiangsu Huade") *(Note)*	575	575	575	575
Less: Allowance for credit losses	(143)	(145)	(148)	(148)
	432	430	427	427

Note: The entity is significantly influenced by Zhangjiagang Yongyuan Share Equity Investment Partnership (Limited partnership) (張家港涌源鏵能股權投資合夥企業(有限合夥)), a shareholder of the Company.

As at 1 January 2021, the carrying amount of amount due from a related party net of allowance for ECL from contracts with customers amounted to RMB840,000.

The amount due from a related party are in trade nature and from contract with customers. The following is an aged analysis of amount due from a related party based on invoice dates, at the end of each reporting period:

The Group

	At December 31,			At May 31,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
2 to 3 years	432	–	–	–
More than 3 years	–	430	427	427
	432	430	427	427

Amounts due to associates

The Group and the Company

	At December 31,			At May 31,
	2021	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade related				
Qilu Hydrogen	7,080	7,824	–	–
Huajiu New Energy	–	1,178	–	–
	7,080	9,002	–	–

The amount represented contract liability recognised for sales in which revenue has yet been recognised. The contract liabilities of the Group and the Company as at January 1, 2021, 2022 and 2023, amounted of Nil, RMB7,080,000 and RMB9,002,000 were recognized as revenue during the year ended December 31, 2023. The Group usually receives 20% to 30% of the contract value as deposits from associates when they sign the sale and purchase agreement. The deposits result in contract liabilities being recognised until the customer obtains control of those products.

The amount was trade in nature, unsecured, interest-free and repayable on demand.

The following is an aged analysis of trade related balances presented based on the invoice dates:

	At December 31,			At May 31,
	2021	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 90 days	7,080	1,378	–	–
181 – 365 days	–	544	–	–
1 – 2 years	–	7,080	–	–
	7,080	9,002	–	–

Amounts due to related parties

The Group and the Company

	At December 31,			At May 31,
	2021	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade related				
Shanghai Huajing Hydrogen Energy Technology Co., Ltd. (上海華敬氫能科技有限公司) ("Shanghai Huajing") *(Note)*	167	167	167	167
Jiangsu Huade	–	–	1,610	920
	167	167	1,777	1,087

Note: The spouse of Mr. Gu Yanjun, one of the non-executive directors of the Group, is the executive director of Shanghai Huajing.

The amount was trade in nature, unsecured, interest-free and repayable on demand.

The following is an aged analysis of trade related balances presented based on the invoice dates:

	At December 31,			At May 31,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 90 days	–	–	1,610	–
91 – 180 days	–	–	–	920
1 – 2 years	167	–	–	–
2 – 3 years	–	167	–	–
More than 3 years	–	–	167	167
	167	167	1,777	1,087

Amount due to a shareholder

The Group and the Company

	At December 31,			At May 31,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-trade related				
Unsecured loan from New Cloud Technology *(Note)*	826	–	–	–

Note: The loan was unsecured, with the fixed interest rate of 6% per annum, and repaid in full in January 2022. The maximum outstanding balance during the years ended December 31, 2021, 2022 and 2023 and the five months ended May 31, 2024 were RMB826,000, RMB826,000, Nil and Nil, respectively.

The Company

Amounts due from subsidiaries

	At December 31,			At May 31,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade related				
Hydrogen Cloud Research Institute	2,249	5,557	5,628	5,630
Shanghai Qingmai	–	14	–	–
	2,249	5,571	5,628	5,630

The amounts due from subsidiaries were trade in nature, unsecured, interest free and repayable on demand. The following is an aged analysis of trade related balances presented based on invoice dates, at the end of each reporting period:

	At December 31,			At May 31,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
0 – 90 days	1,488	3,322	15	2
91 – 180 days	–	–	–	15
181 – 365 days	–	–	1,641	–
1 – 2 years	761	1,488	2,661	3,149
2 – 3 years	–	761	550	1,703
More than 3 year	–	–	761	761
	2,249	5,571	5,628	5,630

	At December 31,			At May 31,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-trade related				
Hydrogen Cloud Research Institute	43,751	83,052	49,750	63,729
Shanghai Qingmai	10,000	–	–	–
Shanghai Qingping	–	–	–	5,560
	53,751	83,052	49,750	69,289

The balances of non-trade in nature are unsecured, non-interest bearing and repayable on demand. The maximum outstanding balance during the years ended December 31, 2021, 2022 and 2023 and the five months ended May 31, 2024 were RMB53,751,000, RMB90,811,000, RMB110,158,000 and RMB92,750,000, respectively, and the opening balance as at January 1, 2021 was RMB11,031,000.

Amounts due to subsidiaries

	At December 31,			At May 31,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Hydrogen Cloud Research Institute	1,962	2,940	1,609	1,641
Shanghai Qingping	–	1	3,624	–
Shanghai Qingmai	–	–	–	4,338
	1,962	2,941	5,233	5,979

The amounts due to subsidiaries were trade in nature, unsecured, interest free and repayable on demand.

35. DEFERRED INCOME

The Group

	At December 31,			At May 31,
	2021	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Subsidies related to assets *(Note i)*	8,941	8,317	7,696	15,614
Subsidies related to research and development activities *(Note ii)*	7,134	34,043	33,279	33,880
	16,075	42,360	40,975	49,494
Less: current portion	–	(3,882)	(1,341)	(12,104)
Non-current portion	16,075	38,478	39,634	37,390

Notes:

(i) The Group recorded government subsidies related to acquisition of property, plant and equipment as deferred income and amortised it on a systematic basis over the useful lives of the relevant assets.

(ii) During the years ended December 31, 2021, 2022 and 2023 and the five months ended May 31, 2024, the Group received RMB2,175,000, RMB27,129,000, RMB2,497,000 and RMB601,000 in relation to its research and development activities. The amounts were recorded as deferred income and released to profit or loss upon certain conditions are fulfilled. During the years ended December 31, 2021, 2022 and 2023 and the five months ended May 31, 2024, subsidy income of approximately RMB800,000, RMB220,000, RMB3,261,000 and Nil was released to profit or loss.

As at December 31, 2021, 2022 and 2023 and May 31, 2024, subsidy income of approximately Nil, RMB3,882,000, RMB1,341,000 and RMB12,104,000 was categorized as current liabilities because the fulfilment date are reasonably estimated within one year.

The Company

	At December 31,			At May 31,
	2021	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Subsidies related to assets	8,941	8,317	7,696	15,614
Subsidies related to research and development activities *(Note)*	6,846	30,255	29,247	29,848
	15,787	38,572	36,943	45,462
Less: current portion	–	(3,594)	(1,341)	(12,104)
Non-current portion	15,787	34,978	35,602	33,358

Note: During the years ended December 31, 2021, 2022 and 2023 and the five months ended May 31, 2024, the Company received RMB2,175,000, RMB23,629,000, RMB1,965,000 and RMB601,000 in relation to its research and development activities. The amounts were recorded as deferred income and released to profit or loss upon certain conditions are fulfilled. During the years ended 31 December 2021, 2022 and 2023 and the five months ended May 31, 2024, subsidy income of approximately Nil, RMB220,000, RMB2,973,000 and Nil was released to profit or loss.

As at December 31, 2021, 2022 and 2023 and May 31, 2024, and subsidy income of approximately Nil, RMB3,594,000, RMB1,341,000 and RMB12,104,000 was categorized as current liabilities because the fulfilment date are reasonably estimated within one year.

36. SHARE CAPITAL

	Number of shares	Nominal value of shares
		RMB'000
Authorized and issued		
As at January 1, 2021	72,217,577	72,217
Issue of shares *(Note i)*	17,826,911	17,827
As at December 31, 2021 and 2022	90,044,488	90,044
Issue of restricted shares *(Note ii)*	2,784,881	2,785
As at December 31, 2023	92,829,369	92,829
Issue of shares *(Note iii)*	5,881,191	5,881
As at May 31, 2024	98,710,560	98,710

Notes:

(i) In March and April 2021, the Company entered into investment agreements with several independent investors, respectively and issued a total of 17,826,911 ordinary shares at the consideration of RMB445,000,000 to them. RMB17,827,000 were credited to the Company's share capital and the remaining balance was credited as share premium. The Company had received all financing proceeds by May 2021.

(ii) In December 2023, the Company granted 2,784,881 restricted shares to certain eligible employees and directors through two employee stock ownership platforms with total consideration of RMB22,280,000. The Company received all of the subscription amounts in December 2023, in which, RMB2,785,000 was recognised in share capital and RMB19,495,000 was recognised in share premium. Details of the grant of shares are set out in Note 37.

(iii) During the five months ended May 31, 2024, the Company issued a total of 5,881,191 ordinary shares at the consideration of RMB228,600,000 to several independent investors. RMB5,881,000 were credited to the Company's share capital and the remaining balance, after deducting issue cost of RMB3,239,000, was credited as share premium. The Company had received all financing proceeds by February 2024.

37. SHARE-BASED PAYMENT TRANSACTIONS

(a) Restricted Shares Scheme in 2019

To provide incentives to eligible employees and directors of the Group, an employee share incentive plan (the "2019 RS Scheme") was adopted in September 2019. An employee stock ownership platform, namely Zhangjiagang Hydrogen Jie New Energy Technology Partnership (Limited Partnership) (張家港氫捷新能源科技合夥企業(有限合夥) ("Hydrogen Jie"), was established on January 17, 2019 and directly held 1,500,000 ordinary shares of the Company. Eligible employees and directors subscribed for partnership interest of the Hydrogen Jie at a consideration price of RMB1 for RMB1 partnership interest and RMB4 partnership interest of Hydrogen Jie represented 1 ordinary share of the Company.

Details of the restricted shares and share options issued under the 2019 RS Scheme are as follows:

Grant date	Quantity of restricted shares	Grantee	Vesting schedule defined in contract term	Sell back/ repurchase right
January 17, 2019	750,000	Directors and employees	100% fulfillment of requisite service conditions and completion of a qualified initial public offering ("IPO")	Note
November 3, 2019	750,000	Directors and employees	100% fulfillment of requisite service conditions and completion of a qualified IPO	Note

Note: If the grantees voluntarily or involuntarily terminate the labor relationship with the Company within three years since grant date, the general partner of Hydrogen Jie has the right to repurchase the granted shares from the grantees at original consideration or original consideration plus interest at rate of 8% per annum, respectively. If the grantees terminate the labor relationship with the Company after three years from grant date but before completion of IPO, the general partner of Hydrogen Jie has the right to repurchase the granted shares from the grantees at the higher of original consideration plus interest at rate of 8% per annum and 50% of fair value of the Company indirectly held by the grantees. The fair value of the Company would be determined with reference to the latest issue price to independent investors during its financing activities.

The following table summarized the movement of the Group's unvested restricted shares:

	Unvested registered capital	Weighted average grant date fair value per registered capital
	'000	*RMB*
As at January 1, 2021 and December 31, 2021	1,500	6.75
Forfeited	(135)	9.16
Granted	135	34.98
As at December 31, 2022 and 2023 and May 31, 2024	1,500	9.08

Included in the 2019 RS Scheme, 185,000 restricted shares ("RS") were granted to Mr. He Guangliang, 25,000 RSs were granted to Mr. Shi Jian, and 25,000 RSs were granted to Ms. Cai Yan.

The total fair value of restricted shares granted under 2019 RS Scheme in January 2019, November 2019 and January 2022 was RMB3,000,000, RMB6,870,000 and RMB4,718,000 at the grant date, respectively. The fair value of restricted shares granted in January 2019, November 2019 and January 2022 were determined with reference to the equity transfer price set out in the equity transfer agreements between the shareholders of the Company and independent third parties in January 2019, the issue price set out in the Company's investment agreements with independent investors in October 2019 and the equity transfer price set out in the equity transfer agreements between the shareholders of the Company and independent third parties in February 2022, respectively. The Group didn't recognise share-based payment expenses during the Track Record Period as the vesting conditions were not fulfilled.

(b) Restricted Shares Scheme in 2020

In October 2020, the Company granted 3,425,987 restricted shares to Mr. Wu, the executive director of the Company, with a consideration price of RMB4.38 per share ("2020 RS Scheme"). All of the restricted shares issued have been vested upon issuance in October 2020.

The total fair value of restricted shares granted under 2020 RS Scheme was RMB37,652,000 at the grant date which were determined with reference to the issue price set out in the Company's investment agreements with independent investors in December 2020. Share-based payment expenses of RMB22,652,000 were fully recognised during the year ended December 31, 2020.

(c) Restricted Shares Scheme in 2023

To provide incentives to eligible employees and directors of the Group, an employee share incentive plan (the "2023 RS Scheme") was adopted in December 2023. Two employee stock ownership platforms, namely Zhangjiagang Hydrogen Win New Energy Industry Partnership (Limited Partnership) (張家港氫贏新能源產業合夥企業(有限合夥)) ("Hydrogen Win") and Zhangjiagang Hydrogen Ying New Energy Industry Partnership (Limited Partnership) (張家港氫盈新能源產業合夥企業(有限合夥)) ("Hydrogen Ying") were established on December 14, 2023 and directly held 2,784,881 ordinary shares of the Company. Eligible employees and directors subscribed for partnership interest of the Hydrogen Win and Hydrogen Ying at a consideration price of RMB1 for RMB1 partnership interest and RMB8 partnership interest of Hydrogen Jie represented 1 ordinary share of the Company.

Details of the restricted shares issued under the 2023 RS Scheme are as follows:

Grant date	Quantity of restricted shares	Grantee	Vesting schedule defined in contract term	Sell back/repurchase right
December 1, 2023	992,639	Directors and employees	50% 13 months after grant date; 30% 25 months after grant date; 20% 37 months after grant date with the achievement of the Group's performance conditions	Note
December 1, 2023	1,792,242	Directors and employees	50% 13 months after grant date; 30% 25 months after grant date; 20% 37 months after grant date with the achievement of certain individual and the Group's performance conditions	Note

Note: If the grantees voluntarily terminate the labor relationship with the Company, the ultimate controlling shareholders of the Company has the right to repurchase the unvested shares from the grantees at original consideration plus interest at loan prime rate ("LPR") of similar period.

The following table summarized the movement of the Group's unvested restricted shares:

	Unvested registered capital	Weighted average grant date fair value per registered capital
	'000	*RMB*
As at January 1, 2023	–	–
Granted	2,785	38.87
As at December 31, 2023	2,785	38.87
Forfeited	(63)	38.87
Granted	63	38.87
As at May 31, 2024	2,785	38.87

Included in the 2023 RS Scheme, 430,000 RSs were granted to Mr. Wu, 10,000 RSs were granted to Mr. Shi Jian, and 250,000 RSs were granted to Mr. He Guangliang.

The total fair value of restricted shares granted under 2023 RS Scheme was RMB108,247,000 at the grant date which were determined with reference to the issue price set out in the Company's investment agreements with independent investors in January 2024. Share-based payment expenses of RMB4,804,000 and RMB24,015,000 were recognised during the year ended December 31, 2023 and the five months ended May 31, 2024.

38. RELATED PARTY TRANSACTIONS

The Group has the following transactions and balances with the related parties during the Track Record Period.

(a) Related party transactions

Sales of products to associates

	Year ended December 31,			Five months ended May 31,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Shenzhen Pufa	9,707	*	*	*
Huajiu Hydrogen	928	–	40	127
Jiahua Hydrogen	181	–	–	–
Qilu Hydrogen	–	–	85,969	–
Suzhou Changjia	–	102	91	10
Huajiu New Energy	–	–	5,542	–
	10,816	102	91,642	137

* Shenzhen Pufa was disposed to a third party in March 2022, and details are disclosed in Note 20. No transactions incurred between the Group and Shenzhen Pufa from January 1, 2022 to the disposal date.

(b) Related party balances

Details of the outstanding balances with related parties are set out in Note 34.

(c) Compensation of key management personnel

The remuneration of the directors of the Company and other members of key management of the Group during the Track Record Period were as follows:

	Year ended December 31,			Five months ended May 31,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Salaries and other benefits	3,612	4,150	3,792	1,640
Discretionary bonuses	1,103	1,029	701	274
Retirement benefit scheme contributions	254	526	679	189
Share-based payments	–	–	1,544	7,718
	4,969	5,705	6,716	9,821

39. CAPITAL COMMITMENTS

	At December 31,			At May 31,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Capital expenditure contracted for but not provided in the Historical financial Information:				
– Property, plant and equipment	22,942	32,122	68,994	63,175
– An investment in a joint venture	–	–	–	522
	22,942	32,122	68,994	63,697

40. PLEDGE OF OR RESTRICTIONS ON ASSETS

At the end of each reporting period, the Group and the Company had pledged the following assets to banks as securities against general banking facilities, including banks borrowings and bills payables granted to the Group and the Company:

The Group and the Company

	At December 31,			At May 31,
	2021	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Property, plant and equipment	158,266	171,400	457,224	448,480
Right-of-use assets	19,247	45,798	54,178	53,356
Restricted bank deposits	16,862	26,471	21,219	9,840
Debt instruments at FVTOCI	3,000	2,953	–	22,149
	197,375	246,622	532,621	533,825

41. TRANSFER OF FINANCIAL ASSETS

(i) Transferred financial assets that were derecognized in their entirety

The bills accepted by banks with high credit quality were derecognized when they were endorsed to certain suppliers for settlement of trade payables. In the opinion of the directors of the Company, the Group has transferred the significant risks and rewards relating to these bills receivables, and the Group's obligations to the corresponding counterparties were discharged in accordance with the commercial practice in the PRC and the risk of the default in payment of the endorsed bills receivable is low because all endorsed bills receivables are issued and guaranteed by the reputable PRC banks. As a result, the relevant assets and liabilities were derecognised on the consolidated statements of financial position. As at December 31, 2021, 2022 and 2023 and May 31, 2024, the Group had derecognised bills endorsed to certain suppliers amounting to RMB9,728,000, RMB9,338,000, RMB16,444,000 and RMB32,918,000, respectively.

(ii) Transferred financial assets that were not derecognized in their entirety

At December 31, 2021, 2022 and 2023 and May 31, 2024, bills receivable with a total carrying amount of RMB1,920,000, RMB1,776,000, RMB550,000 and RMB868,000 were endorsed to certain suppliers for settlement of trade payables. If the bills are not paid on maturity, the suppliers have the right to request the Group to pay the unsettled balance. As the Group has not transferred the significant risks and rewards relating to the bills receivables to its suppliers upon endorsement, it continues to recognise the full carrying amount of bills receivables and has recognised the payables from the endorsement of the bills with full recourse.

42. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged throughout the Track Record Period.

The capital structure of the Group consists of net debt, which includes the borrowings, amount due to a shareholder, and lease liabilities, net of cash and cash equivalents and equity attributable to owners of the Company, comprising share capital and reserves.

The management of the Group reviews the capital structure regularly. As part of this review, the management of the Group considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management, the Group will balance its overall capital structure through the new share issues as well as the issue of new debt.

43. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The Group

	At December 31,			At May 31,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Amortized cost (including cash and cash equivalents)	479,742	465,792	897,230	627,088
Equity instruments at FVTOCI	3,000	34,333	34,333	35,047
Debt instruments at FVTOCI	15,601	69,662	33,530	40,573
	498,343	569,787	965,093	702,708
Financial liabilities				
Amortized cost	366,250	967,734	1,445,963	1,237,226

The Company

	At December 31,			At May 31,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Amortized cost (including cash and cash equivalents)	509,438	520,223	919,703	666,663
Debt instruments at FVTOCI	15,601	69,662	33,530	40,573
	525,039	589,885	953,233	707,236
Financial liabilities				
Amortized cost	367,807	967,483	1,444,593	1,237,436

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, loan receivables, debt instruments at FVTOCI, equity instrument at FVTOCI, amounts due from associates, restricted bank deposits, cash and cash equivalents, trade and other payables, borrowings, amount due to an associate/a shareholder, amounts due to related parties. The Company's major financial instruments include trade and other receivables, loan receivables, debt instruments at FVTOCI, amounts due from associates, restricted bank deposits, cash and cash equivalents, trade and other payables, borrowings and amounts due to subsidiaries and amount due to an associate/related parties/a shareholder. Details of the financial instruments are disclosed in respective notes.

The risks associated with the financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

The Group's and the Company's activities expose it primarily to currency risk, interest rate risk and other price risk. There has been no change in the Group's and the Company's exposure to these risks or the manner in which it manages and measures the risks.

(i) Currency risk

Certain financial liabilities are denominated in foreign currency of respective group entities which are exposed to foreign currency risk. The Group currently does not have a foreign exchange hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arise.

The carrying amounts of the Group's and the Company's foreign currency denominated monetary assets at the end of each reporting period are mainly as follows:

The Group and the Company

	At December 31,			At May 31,
	2021	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Assets				
USD	10,472	542	15,072	4,850
Singapore dollar ("SGD")	–	–	–	4,689
Euro ("EUR")	–	–	–	3,351
	10,472	542	15,072	12,890

Sensitivity analysis

The following table details the Group's and the Company's sensitivity to a 5% increase and decrease in RMB against the relevant foreign currencies, the foreign currency with which the Group and the Company may have a material exposure. 5% represents management's assessment of the reasonably possible change in foreign exchange rate. The sensitivity analysis includes only outstanding foreign currency denominated monetary items as a base and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive number below indicates a decrease in loss where RMB strengthens 5% against USD/EUR/SGD. For a 5% weakening of RMB against USD/EUR/SGD, there would be an equal and opposite impact on loss for the year/period.

	At December 31,			At May 31,
	2021	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Impact on profit or loss				
The Group and the Company				
USD	(445)	(23)	(641)	(206)
SGD	–	–	–	(199)
EUR	–	–	–	(142)
	(445)	(23)	(641)	(547)

(ii) Interest rate risk

The Group and the Company are primarily exposed to fair value interest rate risk in relation to debt instruments at FVTOCI, borrowings, amount due to a shareholder, lease liabilities and cash flow interest rate risk in relation to cash and cash equivalents and pledged bank deposits. The Group currently does not have an interest rate hedging policy to mitigate interest rate risk; nevertheless, the management monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

The Group considers that the exposure of cash flow interest rate risk arising from variable-rate cash and cash equivalents, pledged bank deposits and variable-rate bank borrowings is insignificant because the current market interest rates are relatively low and stable, therefore no sensitivity analysis on such risk has been prepared.

Credit risk

Credit risk refers to the risk that the Group's and the Company's counterparties default on their contractual obligations resulting in financial losses to the Group and the Company. The Group's and the Company's credit risk exposures are primarily attributable to loan receivables, trade and other receivables, contract assets, restricted bank deposits, amounts due from associates, debt instruments at FVTOCI. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Trade receivables and contract assets (including amounts due from associates and amount due from a related party)

In order to minimize the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In this regard, the management of the Group consider that the Group's credit risk is significantly reduced.

The Group's concentration of credit risk by geographical locations is mainly in the PRC, which accounted for 100%, 100%, 98.83% and 99.34% of all trade receivables and contract assets as at December 31, 2021, 2022 and 2023 and May 31, 2024, respectively.

In addition, the Group performs impairment assessment under ECL model on all trade receivables and contract assets with credit-impaired individually, and the remaining trade receivables and contract assets are grouped based on shared credit risk characteristics by reference to past due exposure and nature, size and industry for the customers.

The table below detail the credit loss allowance provided by the Group based on collective assessment during the Track Record Period:

	At December 31,			At May 31,
	2021	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	2,410	5,549	6,759	7,539
Contract assets	230	374	544	818
Amounts due from associates	807	307	1,144	2,043
Amount due from a related party	143	145	148	148

The table below detail the credit loss allowance provided by the Group based on individual assessment during the Track Record Period:

	At December 31,			At May 31,
	2021	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	69,408	69,750	74,106	86,818
Contract assets	3,413	3,246	2,533	2,402

As at December 31, 2021, 2022 and 2023 and May 31, 2024, the Group individually assessed trade receivables with gross carrying amount of RMB161,845,000, RMB152,338,000, RMB171,612,000 and RMB214,973,000 respectively, and contract assets with gross carrying amount of RMB8,402,000, RMB8,635,000, RMB7,255,000 and RMB7,336,000 respectively.

Other receivables and loan receivables

For other receivables and loan receivables, the management makes periodic individual assessment on the recoverability of other receivables and loan receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The management believes that there are no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL.

Debt instruments at FVTOCI

Debt instruments at FVTOCI were all bank-issued notes. Since the issuers were reputable banks of good credit quality, the management of the Group considered the credit risk of these bank issued bills is insignificant and no impairment was provided on them at the year end.

Restricted bank deposits and cash and cash equivalents

The credit risk on restricted bank deposits and cash and cash equivalents are limited because the counterparties are reputable banks with high credit ratings assigned by credit-rating agencies.

The Group assessed 12m ECL for restricted bank deposits and cash and cash equivalents by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12m ECL on restricted bank deposits and cash and cash equivalents is considered to be insignificant and therefore no loss allowance was recognized.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	**Description**	**Trade receivables/ contract assets/ trade-related amount due from a related party**	**Other financial assets/other items**
Low risk	The counterparty has a low risk of default	Lifetime ECL – not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

The tables below detail the credit risk exposures of the Group's and the Company's financial assets, which are subject to ECL assessment:

The Group

				Gross carrying amount			
				As at December 31,			As at May 31,
	Notes	**Internal credit rating**	**12m or lifetime ECL**	**2021**	**2022**	**2023**	**2024**
				RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at amortised cost							
Cash and cash equivalents	*29*	N/A	12m ECL	168,153	76,897	333,298	135,762
Restricted bank deposits	*29*	N/A	12m ECL	16,862	26,471	21,219	9,840
Amounts due from associates	*34*	Note	Lifetime ECL (collective assessment)	13,353	2,775	64,960	64,905
Amount due from a related party	*34*	Note	Lifetime ECL (collective assessment)	575	575	575	575
Trade receivables	*26*	Note	Lifetime ECL (collective assessment)	186,283	278,422	370,857	281,163
			Credit impaired	161,845	152,338	171,612	214,973
Other receivables	*26*	Low risk	12m ECL	6,071	4,115	4,998	4,490
Loan receivables	*25*	Low risk	12m ECL	–	–	12,200	12,429
Contract assets	*27*	Note	Lifetime ECL (collective assessment)	15,589	19,679	31,776	30,705
			Credit impaired	8,402	8,635	7,255	7,336
Financial assets at FVTOCI							
Debt instruments at FVTOCI	*28*	N/A	12m ECL	15,601	69,662	33,530	40,573

The Company

	Notes	Internal credit rating	12m or lifetime ECL	Gross carrying amount			
				As at December 31,			As at May 31,
				2021	2022	2023	2024
				RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at amortised cost							
Cash and cash equivalents	*29*	N/A	12m ECL	142,550	43,214	300,934	103,331
Restricted bank deposits	*29*	N/A	12m ECL	16,862	26,471	21,219	7,760
Amounts due from associates	*34*	Note	Lifetime ECL (collective assessment)	13,353	2,775	64,960	64,905
Trade receivables	*26*	Note	Lifetime ECL (collective assessment)	186,245	278,422	370,829	280,973
			Credit impaired	161,845	152,338	171,612	214,973
Other receivables	*26*	Low risk	12m ECL	5,840	4,028	4,894	4,267
Loan receivables	*25*	Low risk	12m ECL	–	–	12,200	12,429
Contract assets	*27*	Note	Lifetime ECL (collective assessment)	15,589	19,679	31,776	30,705
			Credit impaired	8,402	8,635	7,255	7,336
Financial assets at FVTOCI							
Debt instruments at FVTOCI	*28*	N/A	12m ECL	15,601	69,662	33,530	40,573

Note: For trade receivables, contract assets, amounts due from associates and amount due from a related party, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with credit-impaired, the Group determines the ECL on these items on a collective basis, grouped by internal credit rating.

Internal credit rating

As part of the Group's credit risk management, the Group applies internal credit rating for its customers in relation to its business operation. The following table provides information about the exposure to credit risk for all trade receivables and contract assets which are assessed on a collective basis within lifetime ECL (not credit-impaired) as at December 31, 2021, 2022 and 2023 and May 31, 2024. Debtors with credit-impaired with gross carrying amounts of RMB170,247,000, RMB160,973,000, RMB178,867,000 and RMB222,309,000 respectively as at December 31, 2021, 2022 and 2023 and May 31, 2024 were assessed individually.

Gross carrying amount

The Group

	Gross carrying amount							
	As at December 31,						As at May 31,	
	2021		2022		2023		2024	
	Average loss rate	Trade receivables and contract assets	Average loss rate	Trade receivables and contract assets	Average loss rate	Trade receivables and contract assets	Average loss rate	Trade receivables and contract assets
		RMB'000		*RMB'000*		*RMB'000*		*RMB'000*
Internal credit rating								
Low risk	1.25%	174,054	1.60%	157,835	1.39%	242,087	1.29%	51,620
Doubtful	2.00%	27,818	2.43%	140,266	2.45%	160,546	2.95%	260,248

The Company

	Gross carrying amount							
	As at December 31,						As at May 31,	
	2021		2022		2023		2024	
	Average loss rate	Trade receivables and contract assets	Average loss rate	Trade receivables and contract assets	Average loss rate	Trade receivables and contract assets	Average loss rate	Trade receivables and contract assets
		RMB'000		*RMB'000*		*RMB'000*		*RMB'000*
Internal credit rating								
Low risk	1.25%	174,016	1.60%	157,835	1.39%	242,059	1.29%	51,430
Doubtful	2.00%	27,818	2.43%	140,266	2.45%	160,546	2.95%	260,248

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated. The contract assets have substantially the same risk characteristics as the trade receivables for the same type of contracts.

In the opinion of the directors of the Company, all trade receivables and contract assets within Group low risk and doubtful at the end of the reporting period which have been past due over 90 days are not considered as in default by considering the historical and expected subsequent repayment from the trade debtors.

The following table shows the movement in lifetime ECL that has been recognised for trade receivables, contract assets, amounts due from associates and amount due from a related party under the simplified approach.

The Group

	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January 2021	1,415	53,670	55,085
Transfer to credit-impaired	(4,468)	4,468	–
Impairment loss recognised	7,787	16,625	24,412
Impairment loss reversed	(1,144)	(1,942)	(3,086)
As at 31 December 2021	3,590	72,821	76,411
Transfer to credit-impaired	(674)	674	–
Impairment loss recognised	5,028	8,262	13,290
Impairment loss reversed	(1,569)	(8,761)	(10,330)
As at 31 December 2022	6,375	72,996	79,371
Transfer to credit-impaired	(4,583)	4,583	–
Impairment loss recognised	9,015	11,390	20,405
Impairment loss reversed	(2,212)	(12,330)	(14,542)
As at 31 December 2023	8,595	76,639	85,234
Transfer to credit-impaired	(909)	909	–
Impairment loss recognised	3,557	12,533	16,090
Impairment loss reversed	(695)	(861)	(1,556)
As at May 31, 2024	10,548	89,220	99,768

The Company

	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January 2021	1,322	53,670	54,992
Transfer to credit-impaired	(4,468)	4,468	–
Impairment loss recognised	7,737	16,625	24,362
Impairment loss reversed	(1,144)	(1,942)	(3,086)
As at 31 December 2021	3,447	72,821	76,268
Transfer to credit-impaired	(674)	674	–
Impairment loss recognised	5,026	8,262	13,288
Impairment loss reversed	(1,569)	(8,761)	(10,330)
As at 31 December 2022	6,230	72,996	79,226
Transfer to credit-impaired	(4,583)	4,583	–
Impairment loss recognised	9,012	11,390	20,402
Impairment loss reversed	(2,212)	(12,330)	(14,542)
As at 31 December 2023	8,447	76,639	85,086
Transfer to credit-impaired	(909)	909	–
Impairment loss recognised	3,555	12,533	16,088
Impairment loss reversed	(695)	(861)	(1,556)
As at May 31, 2024	10,398	89,220	99,618

Liquidity risk

In the management of the liquidity risk, the Group and the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's and the Company's operations and mitigate the effects of fluctuations in cash flows. The Group monitors the utilizations of bank borrowings and relies on issuance of ordinary shares and bank borrowings as significant sources of liquidity.

The following table details the Group's and the Company's remaining contractual maturity for its financial liabilities and lease liabilities based on agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Weighted Average Effective interest rate	Within 1 year and on demand	1 to 2 years	2 to 5 years	Total	Carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
The Group						
At December 31, 2021						
Trade and other payables	–	190,195	–	–	190,195	190,195
Amounts due to associates	–	7,080	–	–	7,080	7,080
Amounts due to related parties	–	167	–	–	167	167
Amount due to a shareholder	–	826	–	–	826	826
Borrowings – fixed rate	5.21	60,285	15,399	113,523	189,207	167,982
Lease liabilities	4.83	481	272	181	934	890
		259,034	15,671	113,704	388,409	367,140

	Weighted Average Effective interest rate	Within 1 year and on demand	1 to 2 years	2 to 5 years	Total	Carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
The Group						
At December 31, 2022						
Trade and other payables	–	424,316	–	–	424,316	424,316
Amounts due to associates	–	9,002	–	–	9,002	9,002
Amounts due to related parties	–	167	–	–	167	167
Bank borrowings – fixed rate	4.05	231,913	41,438	70,895	344,246	329,527
Borrowings – variable rate	4.12	16,764	94,863	122,218	233,845	204,722
Lease liabilities	4.41	215	153	–	368	354
		682,377	136,454	193,113	1,011,944	968,088

	Weighted Average Effective interest rate	Within 1 year and on demand	1 to 2 years	2 to 5 years	Total	Carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
The Group						
At December 31, 2023						
Trade and other payables	–	607,037	–	–	607,037	607,037
Amounts due to related parties	–	1,777	–	–	1,777	1,777
Borrowings – fixed rate	3.91	371,743	61,932	59,637	493,312	477,665
Borrowings – variable rate	4.12	101,430	102,663	200,979	405,072	359,484
Lease liabilities	4.00	798	373	–	1,171	1,142
		1,082,785	164,968	260,616	1,508,369	1,447,105

	Weighted Average Effective interest rate	Within 1 year and on demand	1 to 2 years	2 to 5 years	Total	Carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
The Group						
At May 31, 2024						
Trade and other payables	–	383,368	–	–	383,368	383,368
Amounts due to related parties	–	1,087	–	–	1,087	1,087
Borrowings – fixed rate	3.80	402,008	102,246	–	504,254	490,860
Borrowings – variable rate	4.12	103,817	102,663	200,585	407,065	361,911
Lease liabilities	4.00	1,324	520	398	2,242	2,141
		891,604	205,429	200,983	1,298,016	1,239,367

	Weighted Average Effective interest rate	Within 1 year and on demand	1 to 2 years	2 to 5 years	Total	Carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
The Company						
At December 31, 2021						
Trade and other payables	–	189,790	–	–	189,790	189,790
Amount due to associates	–	7,080	–	–	7,080	7,080
Amount due to related parties	–	167	–	–	167	167
Amount due to a shareholder	–	826	–	–	826	826
Amounts due to subsidiaries	–	1,962	–	–	1,962	1,962
Borrowings – fixed rate	5.21	60,285	15,399	113,523	189,207	167,982
Lease liabilities	4.83	423	210	151	784	754
		260,533	15,609	113,674	389,816	368,561

	Weighted Average Effective interest rate	Within 1 year and on demand	1 to 2 years	2 to 5 years	Total	Carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
The Company						
At December 31, 2022						
Trade and other payables	–	421,124	–	–	421,124	421,124
Amounts due to associates	–	9,002	–	–	9,002	9,002
Amounts due to related parties	–	167	–	–	167	167
Amounts due to subsidiaries	–	2,941	–	–	2,941	2,941
Bank borrowings – fixed rate	4.05	231,913	41,438	70,895	344,246	329,527
Borrowings – variable rate	4.12	16,764	94,863	122,218	233,845	204,722
Lease liabilities	4.41	215	153	–	368	354
		682,126	136,454	193,113	1,011,693	967,837

	Weighted Average Effective interest rate	Within 1 year and on demand	1 to 2 years	2 to 5 years	Total	Carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
The Company						
At December 31, 2023						
Trade and other payables	–	600,434	–	–	600,434	600,434
Amounts due to related parties	–	1,777	–	–	1,777	1,777
Amount due to subsidiaries	–	5,233	–	–	5,233	5,233
Borrowings – fixed rate	3.91	371,743	61,932	59,637	493,312	477,665
Borrowings – variable rate	4.12	101,430	102,663	200,979	405,072	359,484
Lease liabilities	4.00	798	373	–	1,171	1,142
		1,081,415	164,968	260,616	1,506,999	1,445,735

	Weighted Average Effective interest rate	Within 1 year and on demand	1 to 2 years	2 to 5 years	Total	Carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
The Company						
At May 31, 2024						
Trade and other payables	–	377,599	–	–	377,599	377,599
Amounts due to related parties	–	1,087	–	–	1,087	1,087
Amounts due to subsidiaries	–	5,979	–	–	5,979	5,979
Borrowings – fixed rate	3.80	402,008	102,246	–	504,254	490,860
Borrowings – variable rate	4.12	103,817	102,663	200,585	407,065	361,911
Lease liabilities	4.00	660	122	–	782	765
		891,150	205,031	200,585	1,296,766	1,238,201

(c) Fair value measurements of financial instruments

Some of the Group's and the Company's financial instruments are measured at fair value for financial reporting purposes. The directors of the Company are responsible to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value, the Group and the Company use market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group and the Company engage third party qualified valuers to perform the valuation and works closely with the qualified valuer to establish the appropriate valuation techniques and inputs to the model.

(i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's and the Company's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

The Group and the Company

	Fair value as at December 31, 2021	Fair value as at December 31, 2022	Fair value as at December 31, 2023	Fair value as at May 31, 2024	Fair value hierarchy	Valuation technique(s) and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*				
Debt instruments at FVTOCI	15,601	69,662	33,530	40,573	Level 2	Discounted cash flow method. Future cash flows are estimated based on discount rate observed in the available market.	N/A	N/A
Equity instruments at FVTOCI	3,000	34,333	34,333	35,047	As at December 31, 2021, 2022 and 2023: Level 2;	Recent transaction price.	N/A	N/A
					As at May 31, 2024: Level 3	Market approach	Discounts for lack of marketability ("DLOM")	The higher the DLOM, the lower the fair value *(Note)*

Note: A 1% increase or decrease in DLOM holding all other variables keep constant would decrease or increase the carrying amount of the equity instruments at FVTOCI as at May 31, 2024 by RMB487,000.

There were no transfers between level 1 and level 2 during the Track Record Period.

The Group owns 4.80%, 15.61%, 14.31% and 14.31% equity interest in Lingniu as at December 31, 2021, 2022 and 2023 and May 31, 2024 respectively that is classified as investment at FVTOCI and is measured at fair value at each reporting date. The fair value of the investment as at December 31, 2021, 2022 and 2023 and May 31, 2024 amounted to RMB3,000,000, RMB34,333,000, RMB34,333,000 and RMB35,047,000 respectively. The fair value of the investment as at December 31, 2021, 2022 and 2023 were measured using recent transaction price and hence were classified as Level 2 of the fair value hierarchy. Recent transaction price of Lingniu was not available for its fair value determination as at May 31, 2024, therefore, the fair value of the investment as at May 31, 2024 was determined based on market approach and was classified as Level 3 of the fair value hierarchy.

(ii) Reconciliation of Level 3 fair value measurements

	Equity instruments at FVTOCI
	RMB'000
At December 31, 2023	–
Total gains in other comprehensive income	714
Transfers into level 3 due to change of valuation technique	34,333
At May 31, 2024	35,047

Included in other comprehensive income is an amount of RMB714,000 gain relating to unlisted equity investments classified as equity instruments at FVTOCI held as at May 31, 2024 and is reported as changes of FVTOCI reserve.

(iii) Fair value of financial assets and financial liabilities that are not measured at fair value

The directors of the Company consider that the carrying amount of the Group's and the Company's financial assets and financial liabilities recorded at amortized cost in the Historical Financial Information approximate to their fair values.

44. RETIREMENT BENEFIT PLANS

The employees of the Group entities in the PRC are members of the state-sponsored retirement benefit scheme organized by the relevant local government authority in the PRC. The PRC entities are required to contribute, based on a certain percentage of the payroll costs of their employees, to the retirement benefit scheme and have no further obligations for the actual payment of pensions or post-retirement benefits beyond the annual contributions. The total amount provided by the Group to the scheme in the PRC and charged to profit or loss are RMB6,301,000, RMB11,917,000, RMB13,288,000, RMB5,417,000 (unaudited) and RMB6,706,000 for the year ended December 31, 2021, 2022 and 2023 and the five months ended May 31, 2023 and 2024, respectively.

45. PARTICULARS OF SUBSIDIARIES

As at December 31, 2021, 2022 and 2023 and the date of this report, the Group's subsidiaries are as follows:

Name of subsidiaries	Place and date of establishment/ incorporation	Issued and fully paid-in/ registered capital	Equity interest attributable to the Company					Principal activities
			December 31, 2021	December 31, 2022	December 31, 2023	May 31, 2024	Date of the report	
			%	%	%	%		
Directly held								
Hydrogen Cloud Research Institute	PRC August 10, 2017	RMB20,341,100	70.79	90.46	90.46	90.46	90.46	Research and development activities
Zhangjiakou Guofu *(Note i)*	PRC April 24, 2020	RMB1,929,500	100	–	–	–	–	Sales of hydrogen equipment
Beijing Guofu	PRC April 25, 2021	RMB1,240,000	100	100	100	100	100	Special equipment manufacturing
Shanghai Qingping	PRC January 14, 2021	RMB56,600,000	100	100	100	100	100	Special equipment manufacturing
Sichuan Guofu	PRC August 13, 2021	Nil	100	100	100	100	100	Science and technology application services
Inner Mongolia Guofu Hydrogen Energy Technology Co., Ltd. (內蒙古國富氫能科技有限公司)	PRC November 29, 2022	Nil	–	100	100	100	100	Sales of hydrogen equipment
Shanghai Guofu	PRC January 25, 2022	RMB24,000,000	–	100	100	100	100	Special equipment manufacturing
Xinjiang Guofu *(Note ii)*	PRC January 25, 2022	RMB13,600,000	–	N/A	90	90	90	Sales of hydrogen equipment
GF Hydrogen Europe GmbH *(Note v)*	Germany July 11, 2022	USD99,999 and EUR200,000	–	–	–	100	100	International wholesale and retail trade, including import and export of hydrogen energy products and equipment, e-commerce and commercial agency services

Name of subsidiaries	Place and date of establishment/ incorporation	Issued and fully paid-in/ registered capital	Equity interest attributable to the Company					Principal activities
			December 31, 2021	December 31, 2022	December 31, 2023	May 31, 2024	Date of the report	
			%	%	%	%		
Indirectly held								
Shanghai Qingmai *(Note iii)*	PRC January 4, 2021	RMB30,000,000	64	81	81	81	81	Science and technology application services
GF Hydrogen Europe GmbH *(Note v)*	Germany July 11, 2022	USD99,999 and EUR200,000	–	100	100	–	–	International wholesale and retail trade, including import and export of hydrogen energy products and equipment, e-commerce and commercial agency services
Guofuhee Holdings Pte. Ltd. *(Note iv)*	Singapore December 4, 2023	USD1,800,000	–	–	100	100	100	Research and experimental development in environmental and clean technologies (excluding biotechnology)
GFH2 Dubai *(Note iv)*	United Arab Emirates October 10, 2023	Nil	–	–	100	100	100	Renewable energy consultancy

Notes:

i. Zhangjiakou Guofu was deregistered in March, 2022.

ii. In September 2023, the Group acquired 70% equity interest of Xinjiang Guofu from an independent third party, Urumqi Longshengda Environmental Protection Technology Co., Ltd. (烏魯木齊市隆盛達環保科技有限公司), with a total consideration of RMB400,000. Upon the completion of this acquisition, Company held 90% equity interest of Xinjiang Guofu as at December 31, 2023.

iii. Shanghai Qingmai is a subsidiary of Hydrogen Cloud Research Institute.

iv. Guofuhee Holdings Pte. Ltd. and GFH2 Dubai are subsidiaries of Shanghai Guofu.

v. For the years ended December 31, 2022 and 2023, GF Hydrogen Europe GmbH was a subsidiary of Shanghai Guofu. On March 21, 2024, Shanghai Guofu entered into an agreement with the Company to transfer 100% equity interest of GF Hydrogen Europe GmbH to the Company with a consideration of Nil. Upon the completion of the equity transfer, GF Hydrogen Europe GmbH became a wholly-owned subsidiary of the Company.

No statutory financial statements have been prepared for all of the subsidiaries for the years ended December 31, 2021, 2022 and 2023 as there are no statutory audit requirements.

46. RECONCILIATION OF ASSETS AND LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's assets and liabilities arising from financing activities, including both cash and non-cash changes. Assets and liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Borrowings	Amount due to a shareholder	Lease liabilities	Accrued/ Prepaid issue costs	Advanced receipt of investment	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2021	125,867	786	342	–	–	126,995
Financing cash flows	34,323	–	(389)	–	–	33,934
Non-Cash changes:						
New leases entered	–	–	919	–	–	919
Finance costs	7,792	40	18	–	–	7,850
At December 31, 2021	167,982	826	890	–	–	169,698
Financing cash flows	351,543	(826)	(437)	–	–	350,280
Non-Cash changes						
Termination of lease contract	–	–	(123)	–	–	(123)
Finance costs	14,724	–	24	–	–	14,748
At December 31, 2022	534,249	–	354	–	–	534,603
Financing cash flows	273,453	–	(483)	(700)	200,000	472,270
Non-Cash changes						
Issue costs incurred	–	–	–	1,443	–	1,443
New leases entered	–	–	1,242	–	–	1,242
Finance costs	29,447	–	29	–	–	29,476
At December 31, 2023	837,149	–	1,142	743	200,000	1,039,034
Financing cash flows	2,115	–	(431)	(1,995)	–	(311)
Non-Cash changes						
Issue costs incurred	–	–	–	3,030	–	3,030
New leases entered	–	–	1,525	–	–	1,525
Termination of lease contract	–	–	(120)	–	–	(120)
Issue of shares	–	–	–	–	(200,000)	(200,000)
Finance costs	13,507	–	25	–	–	13,532
At May 31, 2024	852,771	–	2,141	1,778	–	856,690
At December 31, 2022	534,249	–	354	–	–	534,603
Financing cash flows	198,460	–	(112)	–	–	198,348
Non-Cash changes						
Finance costs	11,112	–	6	–	–	11,118
At May 31, 2023 (unaudited)	743,821	–	248	–	–	744,069

47. RESERVES OF THE COMPANY

	Share premium	FVTOCI reserve	Share-based payments reserve	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2021	304,441	–	–	(49,321)	255,120
Loss and total comprehensive expense for the year	–	–	–	(61,196)	(61,196)
Issue of shares *(Note 36)*	427,173	–	–	–	427,173
At December 31, 2021	731,614	–	–	(110,517)	621,097
Loss for the year	–	–	–	(83,886)	(83,886)
Other comprehensive expense for the year	–	(493)	–	–	(493)
Total comprehensive expense for the year	–	(493)	–	(83,886)	(84,379)
At December 31, 2022	731,614	(493)	–	(194,403)	536,718
Loss for the year	–	–	–	(66,613)	(66,613)
Other comprehensive expense for the year	–	238	–	–	238
Total comprehensive expense for the year	–	238	–	(66,613)	(66,375)
Issue of restricted Shares *(Note 36)*	19,495	–	–	–	19,495
Recognition of equity settled share-based payments *(Note 37)*	–	–	4,804	–	4,804
At December 31, 2023	751,109	(255)	4,804	(261,016)	494,642
Loss and total comprehensive expense for the period	–	–	–	(93,555)	(93,555)
Issue of shares *(Note 36)*	219,480	–	–	–	219,480
Recognition of equity-settled share-based payments *(Note 37)*	–	–	24,015	–	24,015
At May 31, 2024	970,589	(255)	28,819	(354,571)	644,582

48. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Group, the Company or any of its subsidiaries have been prepared in respect of any period subsequent to May 31, 2024 and up to the date of this report.

49. SUBSEQUENT EVENTS

There are no material subsequent events undertaken by the Company or by the Group after May 31, 2024 and up to the date of this report.

The information set out in this Appendix does not form part of the accountants' report on the historical financial information of the Group for each of the three years ended December 31, 2023 and the five months ended May 31, 2024 (the "Accountants' Report") prepared by Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the Company's Reporting Accountants, as set out in Appendix I to this Prospectus, and is included herein for information only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this Prospectus and the Accountants' Report set out in Appendix I to this Prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP ATTRIBUTABLE TO OWNERS OF THE COMPANY

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company prepared in accordance with paragraph 4.29 of the Listing Rules is for illustrative purpose only, and is set out below to illustrate the effect of the Global Offering (as defined in this Prospectus) on the consolidated net tangible assets of the Group attributable to owners of the Company as at May 31, 2024 as if the Global Offering had taken place on that date.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to owners of the Company as at May 31, 2024 or any future dates following the Global Offering.

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company is prepared based on the audited consolidated net tangible assets of the Group attributable to owners of the Company as at May 31, 2024 as derived from the Accountants' Report set out in Appendix I to this Prospectus, and adjusted as described below:

	Audited consolidated net tangible assets of the Group attributable to owners of the Company as at May 31, 2024	**Estimated net proceeds from the Global Offering**	**Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at May 31, 2024**	**Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at May 31, 2024 per Share**	
	Renminbi ("RMB")'000 (Note 1)	*RMB'000 (Note 2)*	*RMB'000*	*RMB (Note 3)*	*Hong Kong dollars ("HK$") (Note 4)*
Based on an Offer Price of HK$65.00 per H Share	706,833	323,351	1,030,184	9.84	10.71
Based on an Offer Price of HK$73.00 per H Share	706,833	365,686	1,072,519	10.24	11.15

Notes:

1. The audited consolidated net tangible assets of the Group attributable to owners of the Company as at May 31, 2024 is based on the consolidated net assets of the Group amounted to RMB718,885,000, with adjustments for intangible assets of the Group as at May 31, 2024 of RMB12,052,000 extracted from the Accountants' Report set forth in Appendix I to the Prospectus.

2. The estimated net proceeds from the Global Offering are based on 6,000,000 Offer Shares at the indicative Offer Price of HK$65.00 (equivalent to RMB59.72) and HK$73.00 (equivalent to RMB67.07) per Offer Share, being the low end and high end of the indicated Offer Price range respectively, after deduction of the estimated underwriting fees and commissions and other listing related expenses paid/payable by the Company (excluding the listing expenses which has been charged to profit or loss up to May 31, 2024), and without taking into account of any shares (i) which may be allotted and issued or repurchased by our Company under the general mandates for the allotment; or (ii) which may be issued under the restricted shares schemes.

   For the purpose of the estimated net proceeds from the Global Offering, the amount denominated in HK$ has been converted into RMB at the rate of HK$1 to RMB0.9188, which was the exchange rate prevailing on October 30, 2024 with reference to the rate published by the People's Bank of China. No representation is made that the HK$ amounts have been, could have been or may be converted to RMB, or vice versa, at that rate or any other rates or at all.

3. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share is arrived at on the basis that 104,710,560 Shares were in issue assuming that the Global Offering had been completed on May 31, 2024 and without taking into account of any shares (i) which may be allotted and issued or repurchased by our Company under the general mandates for the allotment; or (ii) which may be issued under the restricted shares schemes.

4. For the purpose of unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share, the amount stated in RMB is converted into HK$ at the rate of RMB0.9188 to HK$1, which was the exchange rate prevailing on October 30, 2024 with reference to the rate published by the People's Bank of China. No representation is made that the RMB amounts have been, could have been or may be converted to HK$, or vice versa, at that rate or at all.

5. Based on the property valuation report as at August 31, 2024 set forth in "Appendix IV — Property Valuation", the property interests of the Group attributable to owners of the Company had a revaluation surplus up to May 31, 2024 of approximately RMB1,324,000 representing the excess of the revalued amounts of these properties (including leasehold lands and buildings) over their carrying amounts to the extent attributable to owners of the Company. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company has not taken into account the revaluation surplus of properties held for own use (including leasehold lands and buildings) held by the Group, nor will the Group incorporate the revaluation surplus in its future financial statements. If the revaluation surplus up to May 31, 2024 were to be incorporated in the Group's future financial statements, additional annual depreciation of approximately RMB42,000 (excluding tax impact) would be charged.

6. No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at May 31, 2024 to reflect any trading result or other transaction of the Group entered into subsequent to May 31, 2024.

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of the independent reporting accountants' assurance report received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this Prospectus.

Deloitte. 德勤

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Jiangsu Guofu Hydrogen Energy Equipment Co., Ltd.

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Jiangsu Guofu Hydrogen Energy Equipment Co., Ltd. (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets as at May 31, 2024 and related notes as set out on pages II-1 to II-2 of Appendix II to the Prospectus issued by the Company dated November 7, 2024 (the "Prospectus"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages II-1 to II-2 of Appendix II to the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the Global Offering (as defined in this Prospectus) on the Group's financial position as at May 31, 2024 as if the Global Offering had taken place at May 31, 2024. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's historical financial information for each of the three years ended December 31, 2023 and the five months ended May 31, 2024, on which an accountants' report set out in Appendix I to the Prospectus has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1 "Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements" issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at May 31, 2024 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma 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:

(a) the unaudited pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
November 7, 2024

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 investment in H Shares, nor does it take the specific circumstances of any particular investor into account. Accordingly, you should consult your own tax advisor regarding the tax consequences of an investment in H Shares. The discussion is based upon laws and relevant interpretations in effect as of the date of this prospectus, 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, business tax/appreciation tax, stamp duty and estate duty were referred in the discussion. Prospective investors are urged to consult their financial advisors 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稅有關問題的通知》), 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 (《國家稅務總局關於非居民企業取得B股等股票股息徵收企業所得稅問題的批覆》), 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稅和防止偷漏稅的安排》), 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稅和防止偷漏稅的安排》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 (《國家稅務總局關於執行稅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 our 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 in 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 advisors 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, whether or not the sale or purchase is on or off the 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

Hong Kong estate duty was abolished effective from 11 February 2006. No Hong Kong estate duty is payable by Shareholders in relation to the Shares owned by them upon death.

Major Taxes on our 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% applies currently, it shall be adjusted to 13%.

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 foreign currency capital and foreign debts) 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, 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.

The following is the text of a letter and a valuation certificate prepared for the purpose of incorporation in this prospectus received from AVISTA Valuation Advisory Limited, an independent valuer, in connection with its valuation as at 31 August 2024 of the property interests held by the Company.

AVISTA Valuation Advisory
艾 華 迪 評 估 諮 詢

Suites 2401-06, 24/F, Everbright Centre, 108 Gloucester Road,
Wan Chai, Hong Kong

TEL：+852 3702 7338 FAX：+852 3914 6388
info@avaval.com
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7 November 2024

The Board of Directors
Jiangsu Guofu Hydrogen Energy Equipment Co., Ltd.
(江蘇國富氫能技術裝備股份有限公司)
No. 236 Guotai North Road
Zhangjiagang City, Suzhou City
Jiangsu Province, the PRC

Dear Sirs/Madams,

INSTRUCTIONS

In accordance with the instructions of Jiangsu Guofu Hydrogen Energy Equipment Co., Ltd. (江蘇國富氫能技術裝備股份有限公司) (the "Company") for us to carry out the valuation of the property interests (the "Property") located in the People's Republic of China (the "PRC") held by the Company, we confirm that we have carried out inspection, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Property as at 31 August 2024 (the "Valuation Date").

BASIS OF VALUATION AND VALUATION STANDARDS

Our valuation is carried out on a market value basis, which is defined by the Royal Institution of Chartered Surveyors as "*the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion*".

In valuing the Property, we have complied with all the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited (the "Listing Rules"), the RICS Valuation — Global Standards 2022 published by the Royal Institution of Chartered Surveyors ("RICS") and the International Valuation Standards published from time to time by the International Valuation Standards Council.

VALUATION ASSUMPTIONS

Our valuation of the Property excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value or costs of sale and purchase or offset for any associated taxes.

No allowance has been made in our report for any charges, mortgages or amounts owing on any of the Property valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

In the course of our valuation of the Property in the PRC, we have relied on the advice given by the Company and its legal advisor, being Lifeng Partners (上海禮豐律師事務所) (the "PRC Legal Advisor"), regarding the title to the Property.

In valuing the Property, we have relied on a legal opinion regarding the Property provided by the PRC Legal Advisors dated 7 November 2024 (the "PRC Legal Opinion"). Unless otherwise stated, the Company has legally obtained the land use rights of the Property.

No environmental impact study has been ordered or made. Full compliance with applicable national, provincial, and local environmental regulations and laws is assumed.

VALUATION METHODOLOGY

In valuing the Property, due to the nature of the buildings and structures of the subject property, there are no market sales comparables readily available. We have valued the property interests on the basis of its depreciated replacement cost. Depreciated replacement cost is defined as "*the current cost of replacing an asset with its modern equivalent asset less deduction for physical deterioration and all relevant forms of obsolescence and optimization*". It is based on an estimation of the market value for the existing use of the land, plus the current cost of replacement (reproduction) of the building, including the improvements, less deductions for physical deterioration and all relevant forms of obsolescence and optimization.

TITLE INVESTIGATION

We have been provided with copies of documents in relation to the title of the Property in the PRC. Where possible, we have examined the original documents to verify the existing title to the Property in the PRC and any material encumbrance that might be attached to the Property or any tenancy amendment. All documents have been used for reference only and all dimensions, measurements and areas are approximate. In the course of our valuation, we have relied considerably on the PRC Legal Opinion given by the PRC Legal Advisor, concerning the validity of the title of the Property in the PRC.

SITE INVESTIGATION

We have inspected the exteriors and, where possible, the interior of the subject property. The site inspection was carried out on 6 March 2024 by Turman Cheung (Senior Analyst). He has more than 3 years' experience in valuation of properties in the PRC.

In the course of our inspection, we did not note any serious defects. However, we have not carried out an investigation on site to determine the suitability of ground conditions and services for any development thereon, nor have we conducted structural surveys to ascertain whether the subject property is free of rot, infestation, or any other structural defects. Additionally, no tests have been carried out on any of the utility services. Our valuation has been prepared on the assumption that these aspects are satisfactory. We have further assumed that there is no significant pollution or contamination in the locality which may affect any future developments.

SOURCE OF INFORMATION

Unless otherwise stated, we shall rely to a considerable extent on the information provided to us by the Company or the PRC Legal Advisor or other professional advisors on such matters as statutory notices, planning approvals, zoning, easements, tenures, completion date of buildings, development proposal, identification of the property, particulars of occupation, site areas, floor areas, matters relating to tenure, tenancies and all other relevant matters.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. We have also sought confirmation from the Company that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view and we have no reason to suspect that any material information has been withheld.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the property but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

LIMITING CONDITION

Wherever the content of this report is extracted and translated from the relevant documents supplied in Chinese context and there are discrepancies in wordings, those parts of the original documents will take prevalent.

CURRENCY

Unless otherwise stated, all monetary amounts stated in this report are in Renminbi (RMB).

Our valuation certificate is attached below.

Yours faithfully,
For and on behalf of
AVISTA Valuation Advisory Limited
Vincent C B Pang
MRICS CFA FCPA FCPA Australia
RICS Registered Valuer
Managing Partner

Note: Mr. Vincent C B Pang is a member of Royal Institution of Chartered Surveyors (RICS) and a registered valuer of RICS. He has over 10 years' experience in valuation of properties including Hong Kong, the PRC, the U.S., and East and Southeast Asia.

VALUATION CERTIFICATE

Property interests held for owner occupation by the Company in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2024
			RMB
No. 1268 Fuxin Road, Yangshe Town, Zhangjiagang City, Suzhou City, Jiangsu Province, the PRC (中國江蘇省蘇州市張家港市楊舍鎮福新路1268號)	The property comprises three 4- to 6-storey industrial buildings, with a total gross floor area of approximately 105,057.86 sq.m. The property was held for owner occupation as at the Valuation Date. As advised by the Company, the property was completed in 2023. The property is located at the junction of Fuxin Road and Guotai North Road in Yangshe Town, Zhangjiagang City of Suzhou City, with approximately 22.2 km to Zhangjiagangbei Railway Station and 54.9 km to Wuxi Shuofang Airport. The land use rights of the property have been granted for a term expiring on 13 February 2072 for industrial use.	The property was occupied by the Company as at the Valuation Date.	338,670,000 (100% interest attributable to the Company: 338,670,000)

Notes:

1. Pursuant to a Real Estate Ownership Certificate — Su (2023) Zhang Jia Gang Shi Bu Dong Chan Quan Di No. 8299302 issued by the Zhangjiagang Municipal Bureau of Natural Resources and Planning (張家港市自然資源和規劃局), the land use rights of the property with a total site area of approximately 77,464.69 sq.m. for a term expiring on 13 February 2072 for industrial use and the building ownership of the property with a total gross floor area of approximately 105,057.86 sq.m. for industrial use have been vested in the Company.

2. We have been provided with the PRC Legal Opinion, which contains, inter alia, the following:

   a. The Company legally and validly obtained the land use rights and the building ownership of the property under the terms of the Real Estate Ownership Certificate;

   b. The land use rights of the property have been pledged to China Construction Bank Corporation Zhangjiagang Sub-branch (中國建設銀行股份有限公司張家港支行), Shanghai Pudong Development Bank Zhangjiagang Sub-branch (上海浦東發展銀行張家港支行), Jiangsu Bank Zhangjiagang Sub-branch (江蘇銀行張家港支行) and Jiangsu Zhangjiagang Rural Commercial Bank Co., Ltd. (江蘇張家港農村商業銀行股份有限公司);

   c. The property has not been subjected to any other encumbrances; and

   d. The Company has the right to freely occupy or use the property, but is subject to regulations and contractual provisions that impose restrictions or prohibitions on the transfer, mortgage, lease, or dispose of the property during the validity period of the pledges.

3. Our valuation has been made on the following basis and analysis:

   In our valuation of the land use rights, we have considered and analyzed 5 land sale comparables in the vicinity. The adjusted site values of the land sales range from RMB410 to RMB530 per sq.m. for industrial use. The unit rate adopted in the valuation is consistent with the unit rates of the relevant comparables after due adjustments in terms of location, time and size, etc.

   Regarding the building portion, the current replacement cost of the building is assessed by determining the construction cost of a modern substitute building with the same service capacity as the building which is being valued. The adjusted replacement costs range from RMB2,300 per sq.m. to RMB3,000 per sq.m. for industrial buildings based on our research of the local construction costs. The replacement cost adopted in the valuation is consistent with the findings of our research.

SUMMARY OF PRINCIPAL PRC LEGAL AND REGULATORY PROVISION

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 investors 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 investors. 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 commissions 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 its latest version has 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, TRIAL MEASURES AND GUIDANCE FOR ARTICLES OF ASSOCIATION

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 (2023 Amendment) (《中華人民共和國公司法(2023修正)》) which was promulgated by the Standing Committee of the NPC on December 29, 1993, came into effect on July 1, 1994, amended on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013, October 26, 2018 and December 29,2023 respectively and the latest amendment of which will be implemented on July 1, 2024. The version currently in effect was amended in October 2018, which will be replaced on July 1, 2024 with December 2023 revision;

- 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》) (the "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 for Articles of Association of Listed Companies (《上市公司章程指引》) (the "Guidance for Articles of Association") which was latest amended and came into effect on December 15, 2023 by the CSRC. The related Guidance for Articles of Association are set out in the Articles of Association of the Company, the summary of which is set out in the section entitled "Appendix VI — Summary of Articles of Association" in this prospectus.

Set out below is a summary of the major provisions of the PRC Company Law, Trial Measures and Guidance for Articles of Association.

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 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 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.

Under the Trial Measures, for a domestic company directly offering and listing overseas, shareholders of its domestic unlisted shares applying to convert such shares into shares listed and traded on an overseas trading venue shall conform to relevant regulations promulgated by the CSRC, and authorise the domestic company to file with the CSRC on their behalf. The domestic unlisted shares mentioned in the preceding paragraph refer to the shares that have been issued by domestic enterprises but have not been listed or listed for trading on domestic exchanges. Domestic unlisted shares shall be centrally registered and deposited with domestic securities registration and settlement institutions. The registration and settlement arrangements of overseas listed shares shall be subject to the provisions of overseas listing places.

The share offering price may be equal to or greater than nominal value, but shall not be less than nominal value.

The transfer of shares by shareholders should be conducted via the legally established stock exchange or in accordance with other methods as stipulated by the State Council. Transfer of 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 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 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 Guidance for Articles of Association, 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 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 Guidance for Articles of Association, after the notice of the general meeting of shareholders is issued, the general meeting of shareholders shall not be postponed or cancelled without justifiable reasons, and the proposals listed in the notice of general meeting of shareholders shall not be cancelled. In the event of postponement or cancellation, the convener shall make an announcement and explain the reasons at least two working days before the original meeting date.

There is no specific provision in the PRC Company Law regarding the number of shareholders constituting a quorum in a shareholders' meeting. Pursuant to the Guidance for Articles of Association, the board of directors and the Secretary of the board of directors will cooperate with the general meeting of shareholders convened by the board of supervisors or shareholders. The board of directors will provide the register of shareholders on the date of equity registration. Moreover, when a general meeting of shareholders is held, all directors, supervisors and the secretary of the board of directors of the company shall attend the meeting, and managers and other senior management personnel shall attend the meeting as nonvoting delegates. Pursuant to the Guidance for Articles of Association, shareholders who individually or jointly hold more than 3% of the company's shares may put forward interim proposals and submit them to the convener in writing 10 days before the general meeting of shareholders. The convener shall issue a supplementary notice of the general meeting of shareholders within two days after receiving the proposal and announce the contents of the interim proposal.

Under the 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 Guidance for Articles of Association, resolutions of the shareholders' general meeting shall be adopted by more than half of the voting rights held by the shareholders present at the meeting. However, resolutions of the shareholders' general meeting regarding the following matters shall be adopted by more than two-thirds of the voting rights held by the shareholders present at the meeting: (i) amendments to the articles of association; (ii) the increase or decrease of registered capital; (iii) 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 proposals;
- to formulate proposals for the increase or reduction of the company's registered capital and the issuance of corporate bonds;
- to prepare plans for the merger, division, dissolution and change in the form of the company;
- to 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 beheld 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.

- 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.

The Guidance for Articles of Association provide that the company guarantees to provide true and complete accounting vouchers, accounting books, financial accounting reports and other accounting materials to the employed accounting firm, and shall not refuse, conceal or falsely report. And the audit fee of the accounting firm shall be decided by the general meeting of shareholders.

Distribution of Profits

According to the 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 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 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.

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》) (the "**Arrangement**"), 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.

On January 18, 2019, the PRC Supreme Court and the Hong Kong government signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the "**New Arrangement**"), which seeks to establish a mechanism with greater clarity and certainty for recognition and enforcement of judgments in wider range of civil and commercial matters between Hong Kong and the PRC. The New Arrangement discontinued the requirement for a choice of court agreement for bilateral recognition and enforcement. On January 29, 2024, the Supreme People's Court promulgated 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》), which was formally implemented. Concurrently, the Government of the Hong Kong Special Administrative Region enacted the "Mainland Judgments in Civil and Commercial Matters (Reciprocal Enforcement) Ordinance" (Chapter 645), aimed at enforcing this new arrangement within the Hong Kong Special Administrative Region through local legislative measures, also coming into force on the same date. From January 29, 2024, this New Arrangement superseded the previous Arrangement.

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》) 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.

Shareholding and Transfer of Shares

Under PRC law, our Domestic Unlisted 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 listed shares, which are denominated in Renminbi and subscribed for in a foreign currency other than Renminbi, may only be subscribed for, and traded by investors from Hong Kong, Macau or Taiwan Region of the People's Republic of China or any country and territory outside the PRC, or qualified domestic institutional investors. 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.

SHARES

Issuance of Shares

The shares of our Company are evidenced by share certificates, and our Company's share certificates shall be in registered form.

Shares of our Company shall be issued in an open, fair and just manner. Shares of the same class shall rank pari passu with each other.

For the same class of shares under the same issuance, each share shall be issued under the same conditions and at the same price. For the shares subscribed by any entity or individual, the price payable for each share shall be the same.

Increase, Reduction and Repurchase of Shares

Based on the needs of operation and development, our Company may increase capital by the following means in accordance with the provisions of laws and regulations after the resolution is passed by the general meeting:

(I) public offering of shares;

(II) non-public offering of shares;

(III) placing or distributing bonus shares to existing shareholders;

(IV) conversion of reserve into share capital;

(V) other methods approved by laws, administrative regulations and the relevant regulatory authorities.

After our Company's capital increase to issue new shares is approved according to the provisions of the Articles of Association, it shall be handled according to the procedures specified in the relevant laws and administrative regulations of the PRC, and the listing rules of the place where the shares of our Company are listed.

Our Company may acquire shares of our Company in accordance with laws, administrative regulations, departmental rules and the Articles of Association in the following circumstances:

(I) to decrease the registered capital of our Company;

(II) to merge with another company holding shares of our Company;

(III) to issue shares under employee stock ownership plan or as share incentives;

(IV) it is requested by any shareholder to purchase his or her shares because such shareholder raises objection to the resolution on our Company's merger or division made at a general meeting;

(V) to satisfy the conversion of the corporate bonds convertible into shares issued by our Company with shares;

(VI) to safeguard corporate value and the interests of the shareholders as our Company deems necessary;

(VII) other circumstances permitted in laws, administrative regulations, departmental rules and the listing rules of the place where the shares of our Company are listed.

Except for the above, our Company may not acquire shares of our Company.

Our Company may reduce the registered capital. Our Company's reduction of registered capital shall be handled in accordance with the procedures stipulated in the Company Law, other relevant regulations and the Articles of Association.

Where our Company acquires its shares for circumstances set out in items (I) and (II) above, it shall be subject to approval by the general meeting; where our Company acquires its shares for circumstances set out in items (III), (V) and (VI) above, it can be carried out in accordance with the provisions of the Articles of Association or authorization of the general meeting upon resolution by more than two-thirds of the directors present at a board meeting.

If our Company acquires its own shares in accordance with the requirements in paragraph 1 of Article 21 under the circumstance set out in item (I), the shares so acquired shall be cancelled within ten days from the date of acquisition. In the event of the circumstances set out in items (II) and (IV), the shares so acquired shall be transferred or cancelled within 6 months. In the event of the circumstances set out in items (III), (V) and (VI), the total shares held by our Company shall not exceed 10% of the total shares issued by our Company, and the shares so acquired shall be transferred or cancelled within 3 years.

Where laws, regulations, normative documents and relevant requirements of the securities regulatory authorities in the place where the shares of our Company are listed have any other provisions in respect of the relevant matters concerning the aforementioned share repurchase, such provisions shall prevail.

Transfer of Shares

Shares of our Company may be transferred in accordance with laws. Unless otherwise provided by laws, administrative regulations, departmental rules, normative documents, the securities regulatory authorities in the place where the shares of our Company are listed and the Hong Kong Stock Exchange, the shares of our Company that have been fully paid for shall not be subject to any restrictions in respect of the right of assignment, can be transferred freely and are not subject to any lien. Transfer of overseas listed foreign shares listed in Hong Kong shall be registered with the Hong Kong-based share registrar entrusted by our Company. Our Company does not accept its own shares as the collateral of pledge.

Shares of our Company held by a promoter shall not be transferred within 1 year from the date of establishment of our Company. Shares issued before public issuance of shares by our Company shall not be transferred within 1 year from the date on which our Company's shares are listed and traded on the stock exchange.

The directors, supervisors and senior management members of our Company shall declare to our Company their holdings in our Company's shares and the changes thereof. During their terms of office, shares being transferred every year must not exceed 25% of their holdings in our Company's shares in the same class. No transfer of their holdings shall be made within 1 year from the date on which our Company's shares are listed and traded. No transfer of their holdings in our Company's shares shall be made within six months after they cease to hold their respective offices.

All transfers of H shares shall be effected by transfer instrument in writing in a general or common form or in any other form acceptable to the Board, including the standard transfer form or form of transfer specified by the Hong Kong Stock Exchange from time to time. The transfer instrument may be signed by hand or stamped with our Company's seal (where the transferor or transferee is a corporation) only. If the transferor or transferee is a recognized clearing house as defined by the relevant provisions that come into effect from time to time according to the laws of Hong Kong or its nominee, the transfer instrument may be signed by hand or in printed form. All the transfer instruments shall be kept at the legal address of our Company or an address designated by the Board from time to time.

Register of Members

Our Company shall keep a register of members. The register of members shall be the sufficient evidence for the shareholders' shareholdings in our Company. The shareholders enjoy rights and fulfill obligations as per the class of the shares they hold; holders of the same class of shares shall have the same rights and fulfill the same obligations.

When our Company convenes a general meeting, distributes dividends, undergoes liquidation and engages in other activities requiring the identification of shareholders, the Board or the convener of the general meeting shall determine the record date. Shareholders whose names appear on the register on the record date shall be the shareholders enjoying the relevant rights and interests.

SHAREHOLDERS AND GENERAL MEETINGS

Rights and Obligations of Shareholders

The shareholders of our Company shall have the following rights:

(I) to receive dividends and profit distributions in any other form in proportion to the shares they hold;

(II) to lawfully require, convene, preside over or attend general meetings either in person or by proxy and exercise the corresponding voting rights;

(III) to supervise, make recommendations or make inquiries about the operations of our Company;

(IV) to transfer, gift or pledge their shares in accordance with laws, administrative regulations and the Articles of Association;

(V) to inspect the Articles of Association, register of members, stubs of corporate bonds, minutes of general meetings, resolutions of the meetings of the Board, resolutions of the meetings of the Supervisory Committee, financial reports;

(VI) in the event of the termination or liquidation of our Company, to participate in the distribution of the remaining property of our Company in proportion to the shares held by them;

(VII) to require our Company to acquire their shares in the event of their objection to resolutions of the general meeting concerning merger or division of our Company;

(VIII) to enjoy other rights stipulated by laws, administrative regulations, departmental rules, the listing rules of the place where the shares of our Company are listed or the Articles of Association.

The shareholders of our Company shall have the following obligations:

(I) to comply with the laws, administrative regulations, departmental rules, the listing rules of the place where the shares of our Company are listed and the Articles of Association;

(II) to pay subscription monies according to the shares subscribed for and the method of subscription;

(III) to be liable to our Company to the extent of the shares they hold;

(IV) not to make divestment unless in the circumstances stipulated by laws and administrative regulations;

(V) not to abuse shareholder's right to harm the interests of our Company or other shareholders. If any shareholder of our Company abuses his/her shareholder's right, thereby causing any loss to our Company or other shareholders, the said shareholder shall be liable for compensation according to law;

(VI) not to abuse our Company's status as an independent legal person or shareholder's limited liability protection to harm the interests of the creditors of our Company. If any shareholder of our Company abuses our Company's status as an independent legal person or shareholder's limited liability protection for the purpose of evading repayment of debts, thereby seriously damaging the interests of the creditors of our Company, the said shareholder shall bear joint and several liabilities for our Company's debts; and

(VII) to fulfil other obligations stipulated by laws, administrative regulations, the listing rules of the place where the shares of our Company are listed and the Articles of Association.

Proxies

Shareholders may attend a general meeting in person or appoint a proxy to attend and vote on their behalf.

The power of attorney issued by a shareholder to appoint a proxy to attend a general meeting shall specify:

(I) the name of the proxy;

(II) whether or not the proxy has any voting right;

(III) instruction to vote for or against or abstain from voting on each matter under consideration included in the agenda of the general meeting;

(IV) the date of issue and validity period of the power of attorney;

(V) signature (or seal) of the principal. If the principal is a corporate shareholder, the corporate seal shall be affixed.

A power of attorney shall state clearly that the proxy shall be entitled to vote or not at his/her discretion in the absence of specific instructions from the shareholder.

The power of attorney shall be kept at our Company's domicile or at such other place as specified in the notice of the meeting at least 24 hours prior to the convening of the meeting at which the power of attorney authorizes to vote, or 24 hours prior to the designated voting time.

If the power of attorney for voting by proxy is signed by the authorized person of the principal, the letter of authority for signing or other authorization documents shall be notarized. The notarized power of attorney and other authorization documents shall, together with the power of attorney for voting, be kept at our Company's domicile or at such other place as specified in the notice of the meeting.

If the principal is a non-natural person shareholder, and the legal representative or representative appointed by the executing partner is unable to sign the power of attorney due to reasons, the person authorized by the Board or other decision-making bodies (in the absence of the Board) shall attend our Company's general meeting as a representative.

Power of the Shareholders' General Meeting and Matters to be Determined

The general meeting shall be the organ of authority of our Company and shall exercise the following functions and powers in accordance with laws:

(I) to decide on the operating guidelines and investment plans of our Company;

(II) to elect and replace the directors and supervisors who are not representatives of the staff and decide on matters relating to the remuneration of the directors and supervisors;

(III) to consider and approve reports of the Board;

(IV) to consider and approve reports of the Supervisory Committee;

(V) to consider and approve our Company's annual financial budgets and final accounts;

(VI) to consider and approve our Company's profit distribution plans and plans for making up losses;

(VII) to decide on increases or reductions in our Company's registered capital;

(VIII) make resolutions on the issue of corporate bonds and proposal for listing;

(IX) to decide on merger, division, dissolution, liquidation or change in the form of our Company;

(X) to amend the Articles of Association;

(XI) to decide on our Company's appointment and removal of accounting firms;

(XII) to consider and approve transactions as stipulated in Article 39 of the Articles of Association;

(XIII) to consider and approve guarantees as stipulated in Article 40 of the Articles of Association;

(XIV) to consider and approve connected transactions as stipulated in Article 41 of the Articles of Association;

(XV) consider the acquisition or disposal of significant assets in an amount exceeding 30% of the total assets in the latest audited consolidated statement of our Company, which were carried out by our Company within one year;

(XVI) to consider share incentive plans;

(XVII) to consider and approve change of the use of proceeds;

(XVIII) to consider the repurchase of our Company's shares in accordance with the circumstances provided in subparagraph (I) and (II) of Article 21 of the Articles of Association;

(XIX) to consider other matters that required to be resolved by the general meeting as prescribed by laws, administrative regulations, departmental rules, the listing rules of the place where the shares of our Company are listed and the Articles of Association.

Where the transactions (except for the provision of guarantees) of our Company meet one of the following criteria, they shall be submitted to the shareholders' general meeting for consideration:

(I) the total assets in respect of the transactions (where there are both book value and appraised value, whichever is higher) accounted for over 50% of our Company's latest audited total assets;

(II) the total trading amount of the transactions accounted for over 50% of our Company's market capitalization;

(III) the net assets of the subject matter of the transactions, such as equity, for the latest accounting year accounted for over 50% of our Company's market capitalization;

(IV) the operating income related to the subject matter of the transactions, such as equity, for the latest accounting year accounted for over 50% of the audited operating income, exceeding RMB50 million, for the latest accounting year of our Company;

(V) the profit generated from the transactions accounted for over 50% of the audited net profit, exceeding RMB5 million, for the latest accounting year of our Company;

(VI) the net profit related to the subject matter of the transactions, such as equity, for the latest accounting year accounted for over 50% of the audited net profit, exceeding RMB5 million, for the latest accounting year of our Company;

(VII) other matters that required to be resolved by the general meeting as prescribed by laws, administrative regulations, departmental rules, normative documents, the listing rules of the place where our Company is listed and the Articles of Association.

The absolute value shall apply where the data involved in the index calculation is negative.

Resolutions of the general meetings shall be categorized as ordinary resolutions and special resolutions.

Ordinary resolutions put forward in the general meetings shall be adopted by over half of the voting rights held by the shareholders (including their proxies) attending the meeting.

Special resolutions put forward in the general meetings shall be adopted by over two-thirds of the voting rights held by the shareholders (including their proxies) attending the meeting.

Shareholders (including their proxies) shall exercise their voting rights in accordance with the number of shares with voting right they represent, of which each share shall have one vote.

Shares in our Company which are held by our Company do not carry any voting rights, and shall not be counted in the total number of voting shares represented by shareholders present at a shareholders' general meeting.

The following resolutions shall be adopted as special resolutions at a general meeting:

(I) increases or reductions in our Company's registered capital;

(II) division, merger, dissolution and liquidation of our Company;

(III) amendments to the Articles of Association;

(IV) acquisition or disposal of significant assets or the guaranteed amount by our Company within one year exceeding 30% of the latest audited total assets of our Company;

(V) adjustment or change to the profit distribution policy as determined by the Articles of Association of our Company;

(VI) share incentive scheme;

(VII) other matters approved by ordinary resolutions of the general meeting pursuant to laws, administrative regulations, the governing listing rules of the place where shares of our Company are listed or the Articles of Association, which are deemed to have material effect on our Company and shall be approved by special resolutions.

The following resolutions shall be adopted as ordinary resolutions at a general meeting:

(I) working reports of the Board and the Supervisory Committee;

(II) profit distribution plans and plans for making up losses formulated by the Board;

(III) appointment, removal of directors, supervisors, and determination of their emoluments and mode of payment;

(IV) annual financial budgets and final accounts of our Company;

(V) annual report of our Company;

(VI) to decide on our Company's appointment and removal of accounting firms;

(VII) other matters other than being approved by special resolutions pursuant to laws, administrative regulations, the governing listing rules of the place where shares of our Company are listed or the Articles of Association.

Convening, Proposal and Notice of the Meeting

Shareholders who individually or collectively hold 10% or more of our Company's shares shall have the right to request the Board to convene an extraordinary general meeting and shall submit the request in writing to the Board. The Board shall provide feedback in writing on its consent or refusal to convene an extraordinary general meeting within 10 days upon receiving the request pursuant to laws, administrative regulations, the listing rules of the place where shares of our Company are listed or the Articles of Association. If the Board agrees to convene the extraordinary general meeting, notice convening the meeting shall be issued within 5 days after the Board resolved to do so. Consent from relevant shareholders shall be sought for any alteration to the original request specified in the notice. Where the laws, administrative regulations, departmental rules and the listing rules of the place where shares of our Company are listed otherwise provided, such provisions shall prevail. If the Board does not agree to convene the extraordinary general meeting or does not reply in writing within 10 days upon receiving the request, shareholders holding more than 10% of shares (individually or together with others) shall have the right to request the Supervisory Committee in writing to convene an extraordinary general meeting. If the Supervisory Committee agrees to convene the extraordinary general meeting, it shall issue a notice thereof within 5 days of its receipt of the request, and any amendment made in the notice to the original proposals shall be subject to the consent of the relevant shareholders. If the Supervisory Committee fails to issue a notice of the general meeting within a specified period, it shall be deemed that the Supervisory Committee shall not convene and preside over the general meeting, the shareholder(s) separately or aggregately holding 10% or more of the shares of our Company for more than 90 consecutive days may convene and preside over the meeting by himself/herself/themselves.

Contents of a proposal shall be within the terms of reference of the general meeting, have definite themes and specific matters for resolutions, as well as in compliance with the relevant requirements of the laws, administrative regulations, the listing rules of the place where shares of our Company are listed and the Articles of Association.

In relation to a general meeting convene by our Company, the Board, the Supervisory Committee and shareholders separately or aggregately holding more than 3% of the shares of our Company are entitled to propose motions to our Company.

Shareholders separately or aggregately holding more than 3% of the shares of our Company, may propose extraordinary motions to the convener in writing 10 days before the convening of such general meeting. The convener shall issue supplementary notice of the general meeting to announce the content of the extraordinary motions within 2 days after receiving the proposed motions.

Except as stipulated above, our Company shall not alter the motions listed in the notice of general meeting or add new motions after the notice of general meeting has been published.

The proposals that have not been set out in the notice of the shareholders' general meeting or that do not comply with Articles of Association shall not be voted on or resolved at the shareholders' meeting.

General meetings are categorized as annual general meeting and extraordinary general meeting. An annual general meeting shall be convened once every year and shall take place within 6 months from the end of the previous financial year.

Our Company shall convene an extraordinary general meeting within 2 months upon occurrence of any of the following circumstances:

(I) the number of directors is less than that required by the Company Law or less than 2/3 of the number of directors as stipulated by the Articles of Association;

(II) the losses of our Company which are not recovered reach one-third of our Company's total paid-in share capital;

(III) when shareholders, alone or in aggregate holding 10% or more of our Company's outstanding shares with voting rights, request in writing the convening of an extraordinary general meeting (shareholding percentage is based on the number of shares held at the closing of the day on which the written request is made by a shareholder; where the written request is made on a non-trading day, it shall be based on that of the previous trading day);

(IV) whenever the Board deems necessary;

(V) when the Supervisory Committee proposes to convene;

(VI) other circumstances as provided for by laws, administrative regulations, departmental rules, the listing rules of the place where shares of our Company are listed and the Articles of Associations.

Notice of the general meeting shall include the following:

(I) the time, venue and duration of the meeting;

(II) subject matters and proposals submitted for consideration on the meeting;

(III) particulars shall be in clear text that all shareholders are entitled to attend general meetings and may entrust their proxies in writing to attend and vote at the meetings. Such proxies need not be shareholders of our Company;

(IV) shareholders are entitled to present on the title registration date of general meetings;

(V) name(s) and telephone number(s) of the standing contact person(s) for the affairs of meetings;

(VI) online or other means of voting time and voting procedures;

(VII) other requests as required by laws, administrative regulations, departmental rules, the listing rules of the place where shares of our Company are listed and the Articles of Associations.

The notice and supplementary notice of general meeting shall include content of the listing rules of the place where shares of our Company are listed and the Articles of Association, and fully disclose the details of all proposals and all necessary information or explanation required for the shareholders to make reasonable judgment on matters to be discussed. Where matters to be discussed require the opinion of the independent non-executive directors, the independent non-executive directors' opinions and reasons shall be disclosed at the same time when the notice of the general meeting(s) or the supplementary notice are issued.

DIRECTORS AND SENIOR MANAGEMENT MEMBERS

Appointment, Removal and Retirement

Directors are subject to election or replacement at a general meeting, and may be removed from his/her position by the general meeting before expiry of their terms of office (without prejudice to any claim for damages by such director under any contract). Directors serve for a term of 3 years and are eligible for re-election at the expiry of their term of office. The Board shall consist of 9 directors and shall, at any time, have no less than 3 independent non-executive directors in total, representing at least one-third of the Board. The general manager or other senior management members may concurrently serve as directors, provided that the total number of directors who concurrently serve as the general manager or other senior management members and the total number of directors who are served by employee representatives shall not exceed half of the total directors of our Company.

The Board shall have 1 chairman but no vice chairman. The chairman is elected by the majority of all the directors of the Board with a term of 3 years and is eligible for re-election.

The Directors shall abide by the laws, administrative regulations and the Articles of Association and have the following duty of loyalty to our Company:

(I) shall not take advantage of his power to accept bribes or other illegal income, and shall not embezzle the property of our Company;

(II) shall not misappropriate our Company's funds;

(III) shall not open an account for depositing our Company's assets or funds in its own name or in the name of another individual;

(IV) shall not violate the provisions of the Articles of Association by lending our Company's funds to others or providing guarantees for others with our Company's property without the consent of a general meeting or the Board;

(V) shall not enter into contracts or conduct transactions with our Company in violation of the Articles of Association or without the consent of a general meeting;

(VI) shall maintain the interests of our Company and the entire shareholders and shall not jeopardize the interests of our Company for the benefit of an actual controller, shareholders, employees, himself/herself/themselves or other third parties;

(VII) without the consent of a general meeting, he/she shall not take advantage of inside information or his/her position to seek business opportunities for himself/herself and his/her close relatives or others that should belong to our Company, or entrust others to operate the same kind of business as that of our Company for himself/herself or for others;

(VIII) shall not accept commissions related to transactions of our Company and vest in himself/herself;

(IX) shall not disclose our Company's secrets without authorization, shall not divulge material information that has not been disclosed, shall not take advantage of inside information to obtain illegal benefits, and to perform the non-competition obligations agreed upon with our Company after resignation;

(X) shall not make use the affiliated relationship to prejudice the interests of our Company;

(XI) shall not perform the non-competition obligations agreed upon with our Company after resignation;

(XII) other duties of loyalty stipulated by the provisions of laws, administrative regulations, departmental rules, the listing rules of the place where shares of our Company are listed and the Articles of Association.

Any income derived by a director from violation of this provision shall belong to our Company, and for any loss incurred by our Company, such director shall be liable for compensation.

Directors shall abide by the laws, administrative regulations and the Articles of Association and shall be subject to the following diligence obligations to our Company:

(I) our Company shall exercise the rights granted by our Company in a prudent, conscientious and diligent manner to ensure that our Company's commercial behavior comply with the requirements of national laws, administrative regulations and various national economic policies, and that the extent of the commercial activities do not exceed the business scope stipulated in the business license;

(II) all shareholders shall be treated fairly;

(III) read the business and financial reports of our Company carefully, and keep abreast of our Company's business operation and management;

(IV) a written confirmation of our Company's periodic reports shall be signed to ensure that the information disclosed by our Company is true, accurate and complete;

(V) truthfully provide relevant information and materials to the Supervisory Committee, and shall not hinder the Supervisory Committee or the Supervisors from exercising their powers;

(VI) ensure enough time and energy to participate in the affairs of our Company and make careful judgments and decisions for matters regarding the risks and yields that may possibly incurred; a director shall attend the Board meetings personally in principle, if he/she authorize another director to attend the meeting on his/her behalf for any reason, such proxy shall be carefully selected; the authorized matters and his/her decision and intention shall be specific and clear where the proxy is not authorized on an absolute discretionary basis;

(VII) pay attention to matters such as our Company's operating conditions, report relevant issues and risks to the Board in a timely manner, and shall not claim exemption from liability on grounds of unfamiliarity with our Company's business or ignorance of related matters;

(VIII) actively promote the standardized operation of our Company, facilitate our Company to fulfill its information disclosure obligations, promptly rectify and report non-compliance of our Company, and support our Company in fulfilling its social responsibilities;

(IX) other diligence obligations stipulated by the provisions of laws, administrative regulations, departmental rules, the listing rules of the place where shares of our Company are listed and the Articles of Association.

A person may not serve as a director, supervisor and senior management members of our Company if any of the following circumstances applies:

(I) without capacity or with restricted capacity for civil acts;

(II) who has been penalized or sentenced due to an offence of corruption, bribery, infringement of property, misappropriation of property or disruption of the socialist market economy order, or who has been deprived of his political rights due to the committing of any crime, and in each case, five years not having elapsed since the completion of the relevant penalty, sentence or deprivation;

(III) who, being a director or the factory director or manager of a company or enterprise that went into bankruptcy and liquidation, was personally liable for the bankruptcy of the said company or enterprise, where less than three years have elapsed from the date liquidation of the company or enterprise was completed;

(IV) who, being the statutory representative of a company or an enterprise, the business license of which was revoked for violation of law and which was ordered to close down, was personally liable for the above, where less than three years have elapsed from the date the business license of the company or enterprise was revoked;

(V) who has a relatively large amount of debts due and outstanding;

(VI) the period of being banned from the securities market by the CSRC has not yet expired;

(VII) publicly identified by the stock exchange as unsuitable to serve as directors, supervisors and senior management members of listed companies;

(VIII) being investigated by judicial authorities for suspected crimes or being investigated by the CSRC for suspected violations of laws and regulations, where clear conclusion has yet been reached;

(IX) other contents specified by laws, administrative regulations, department regulations and the laws and regulations of the place where shares of our Company are listed.

The qualification, nomination and resignation of independent non-executive Directors shall also be subject to relevant laws, administrative regulations, departmental rules, relevant laws and regulations of the place where our Company's shares are listed.

Power to Dispose of the Assets of our Company or Any Subsidiary

The Board shall determine the authority of investment, acquisition and sale of assets, asset pledge, external guarantee, entrusted financial management and connected transactions, and establish strict review and decision-making procedures; while major investment projects shall be evaluated by relevant experts and professionals and reported to the general meeting for approval.

Borrowing Powers

Our Company shall not provide loans to directors, supervisors or senior management members directly or through subsidiaries.

FINANCIAL AND ACCOUNTING SYSTEM, PROFIT DISTRIBUTION AND AUDIT

Accounts and Audit

The financial and accounting systems of our Company are formulated by our Company in accordance with laws, administrative regulations and the requirements of relevant authorities of the State. Where the securities regulatory authorities at the place where the shares of our Company are listed shall otherwise provide, such provisions shall prevail.

Our Company shall publish an annual results announcement within three months from the end of each accounting year and an interim results announcement within two months from the end of the first half of each accounting year. Our Company shall submit and publish the annual report and the interim report in accordance with relevant laws and regulations and the requirements of the place where our Company's shares are listed. The above annual report and interim report are prepared in accordance with the relevant laws, administrative regulations, and the requirements of the CSRC and the stock exchange of the place where our Company's shares are listed.

Profit Distribution

In distributing the current year's profit after tax, 10% of the profit shall be allocated to our Company's statutory reserve fund. When the aggregate amount of the statutory reserve fund has reached 50% or more of our Company's registered capital, further appropriations are not required.

If the statutory reserve fund of our Company is insufficient to make up the losses of the previous year, the profits of the current year shall be used to make up such losses before allocating to the statutory reserve fund in accordance with the preceding paragraph.

After allocation of its profits after tax to its statutory reserve fund, our Company may allocate its profits after tax to its discretionary reserve fund upon a resolution of the shareholders' general meeting.

The remaining profits after tax after our Company has made up its losses and allocated to its reserve funds may be distributed in proportion to their shareholders unless it is stipulated in the Articles of Association that no distribution shall be made in accordance with shareholdings.

If a shareholders' general meeting has, in violation of the preceding paragraph, distributed profits to shareholders before making up losses and allocating to the statutory reserve fund, shareholders shall return to our Company the profits distributed in violation of the provisions.

Shares of our Company being held by it shall not participate in the profit distribution.

Our Company's reserve funds shall be used to make up the losses or expand the production operations, or be converted to increase the share capital of our Company. However, the capital reserve fund shall not be used to make up the losses of our Company.

When the statutory reserve fund is converted into capital, the remainder of the fund shall not be less than 25% of our Company's registered capital prior to such conversion.

MERGER, DIVISION, DISSOLUTION AND LIQUIDATION OF OUR COMPANY

In the event of merger of our Company, the parties involved in the merger shall execute a merger agreement and prepare a balance sheet and a list of assets. Our Company shall notify the creditors within 10 days from the date of the resolution and publish an announcement in newspapers within 30 days. The creditors may, within 30 days after its receipt of notice or within 45 days of the announcement in the case of creditors that have not received notice, require our Company for settling its debt or providing relevant guarantee.

Upon a merger, the claims and debts of the parties to the merger shall be assumed by the subsisting company or the newly established company after the merger.

In the event of a division of our Company, its properties shall be divided up accordingly.

For the division of our Company, a balance sheet and lists of property shall be formulated. Our Company shall inform the creditors in 10 days after the date of making the resolution of the merger and publish an announcement in newspapers or by other legally permitted means to the public within 30 days.

In any of the following circumstances, our Company shall be dissolved:

(I) The term of its operations specified in the Articles of Association has expired and other circumstance for dissolution specified in the Articles of Association has occurred;

(II) The general meeting decides to dissolve it;

(III) It is necessary to be dissolved due to merger or division of our Company;

(IV) Its business license is canceled, or it is ordered to close down or to be dissolved according to the law;

(V) Where our Company runs deep into difficulties in operation and management, its continuous existence may cause material losses to shareholders' interests, and such difficulties cannot be dealt with in other ways, the shareholders holding more than 10% of the voting rights of all shareholders of our Company may file an application to the People's Court to dissolve our Company.

Where our Company is to be dissolved according to the provisions of sub-paragraphs (I), (II), (IV) and (V) of the preceding Article, it shall establish a liquidation committee and liquidation shall commence within 15 days from the date on which the cause for dissolution arises. The liquidation committee shall be comprised of personnel as determined by the Directors or the general meeting. If our Company fails to establish the liquidation committee and carry out the liquidation within the time limit, its creditors may petition a People's Court to designate relevant persons to form a liquidation committee and carry out the liquidation.

The liquidation committee shall notify creditors within 10 days of its establishment, and make announcements on newspaper or by other legally permitted means to the public within 60 days of its establishment. Creditors shall declare their claims to the liquidation committee within 30 days from the date of receipt of the written notice or, if they did not receive a written notice, within 45 days from the date of the announcement. When declaring their claims, creditors shall explain the particulars relevant to their claims and submit supporting documentation. The liquidation committee shall register the claims. During the period of declaration of claims, the liquidation committee shall not repay the debts to creditors.

After the liquidation committee has liquidated our Company's property and prepared a balance sheet and property list, it shall formulate a liquidation plan and submit such plan to the general meeting or the People's Court for confirmation. Our Company's property remaining after payment of the liquidation expenses, the wages, social insurance premiums and statutory compensation of the employees, the taxes owed and all our Company's debts, shall be distributed by our Company to the shareholders in proportion to the shares they hold.

During liquidation, our Company shall continue to exist but may not engage in any business activities unrelated to the liquidation. Our Company's property will not be distributed to the shareholders until repayment of its debts in accordance with the preceding paragraph.

If the liquidation committee, having liquidated our Company's property and prepared a balance sheet and property list, discovers that our Company's property is insufficient to pay its debts in full, it shall apply to the People's Court for a declaration of bankruptcy in accordance with the law. After the People's Court has ruled to declare our Company bankrupt, the liquidation committee shall turn over the liquidation matters to the People's Court.

Following the completion of liquidation of our Company, the liquidation committee shall formulate a liquidation report, submit the same to the general meeting or the People's Court for confirmation, and to our company registration authority to apply for company deregistration, and announce the termination of our Company.

OTHER PROVISIONS MATERIAL TO OUR COMPANY AND OUR SHAREHOLDERS

General Provisions

Our Company is a company limited by shares, with perpetual duration.

From the date on which the Articles of Association come into effect, they shall constitute a legally binding document regulating our Company's organization and activities, and the rights and obligations as between our Company and its shareholders and among the shareholders, and a document legally binding on our Company, shareholders, directors, supervisors, general manager and other senior management members. Pursuant to the Articles of Association, shareholders may sue shareholders, shareholders may sue directors, supervisors, general manager and other senior management members of our Company, shareholders may sue our Company, and our Company may sue shareholders, directors, supervisors, general manager and other senior management members.

Board of Directors

Our Company shall have a board of directors, which shall be accountable to the general meeting and exercise the following functions and powers:

(I) To convene the general meeting and report to the general meeting;

(II) To implement the resolutions adopted at general meetings;

(III) To decide on our Company's business plans and investment proposals;

(IV) To formulate our Company's annual financial budgets and final accounts;

(V) To formulate our Company's proposals on profit distribution and plan for recovery of losses;

(VI) To formulate proposal for our Company to increase or decrease of its registered capital, issue bonds or other securities and listing thereof;

(VII) To formulate plans for our Company's major acquisition, repurchase the shares of our Company, or mergers, divisions, dissolution and alteration of corporate form of our Company due to the circumstances specified in paragraphs (I) and (II) of Article 21 of the Articles of Association, and to decide on the repurchase of our Company's shares by our Company due to the circumstances specified in paragraphs (III), (V) and (VI) of Article 21 of the Articles of Association;

(VIII) To decide on matters such as external investments, purchase and sale of assets, pledge of assets, external guarantee, entrustment of financial management and connected transactions of our Company within the scope of authorization by the general meeting;

(IX) To decide on establishment of internal management organizations of our Company;

(X) To appoint or dismiss our Company's general manager or secretary to the Board; to appoint or dismiss senior management members, such as our Company's deputy general manager or chief financial officer according to the nomination of the general manager and to decide on their remunerations and rewards and punishments;

(XI) To formulate the basic management system of our Company;

(XII) To formulate proposals to amend the Articles of Association;

(XIII) To formulate the share incentive plan of our Company;

(XIV) To manage information disclosure of our Company;

(XV) To propose to the general meeting on the appointment or replacement of the accounting firms which audit for our Company;

(XVI) To hear to work reports of the general manager and review his/her work;

(XVII) Other powers specified by laws, administrative regulations, departmental rules, the listing rules of the place where shares of our Company are listed or the Articles of Association.

If the matter of authority to be exercised by the board of directors above or any transaction or arrangement of our Company shall be subject to review by the general meeting according to the securities regulatory rules of the place where our Company's shares are listed or go beyond the scope as authorized by the general meeting, such matters shall be submitted to the general meeting for consideration.

Holding of Board meetings is subject to a majority of the directors attending the meeting. Resolutions to be decided by the Board shall be approved by more than half of all directors and two-thirds of the directors present at the board meeting. Guarantee-related matters that are to be considered by the Board, as specified in the Articles of Association, shall be approved by more than two-thirds of the directors present at the board meeting. Where the laws and administrative regulations require that approval by more directors for resolutions to be decided by the Board, such provisions shall prevail.

Each attending director has one vote in the voting of board resolution.

Where a director has any related party relationship with the matter involved in the resolution of the Board, he/she shall not exercise the voting rights on the resolution, nor shall he/she exercise the voting rights on behalf of other directors. The Board meeting can be held only when more than half of the directors with no related party relationship are present, and the resolutions submitted at the Board meeting must be approved by more than half of the directors with no related party relationship. If there are less than 3 directors present at the board meeting with no related party relationship the matter concerned shall be submitted to the general meeting for consideration. Where the Hong Kong Listing Rules otherwise provides, such provision shall prevail.

Special Committees of the Board

The Board of our Company sets up audit committee, and may also set up relevant special committees such as strategic committee, nomination committee, and remuneration and assessment committee as required. Special committees are accountable for the Board and shall perform their duties as required by the Articles of Association, the listing rules of the place where shares of our Company are listed and as authorized by the Board. Motions shall be submitted to the meeting of the Board for consideration and resolution. All members of special committees shall be composed of directors, in particular, independent non-executive directors shall constitute the majority of the members of audit committee, nomination committee, and remuneration and assessment committee and shall be the convener, and the convener of audit committee shall be an accounting professional. The Board shall be responsible for formulating working rules of special committees, in order to regulate the operation of special committees.

Independent Non-Executive Directors

Our Company shall have independent non-executive directors, and matters such as qualifications, nomination and election procedures, term of office, resignation and functions and powers of the independent non-executives shall be processed in accordance with the laws, administrative regulations, departmental rules and the relevant requirements of the listing rules of the place where shares of our Company are listed. Unless otherwise required, provisions of the Articles of Association in respect of the qualifications and obligations of such directors shall apply to the independent non-executive directors.

The Board shall consist of 9 directors. Under any circumstances, at least one-third of the Board shall be independent non-executive directors with no less than 3 independent non-executive directors in total.

General Manager

Our Company has one general manager, who is subject to appointment or removal by the board of directors. The general manager shall be accountable to the Board and exercise the following functions and powers:

(I) To be in charge of the production, operation and management of our Company, to implement resolutions of the Board, and to report his work to the Board;

(II) To implement and monitor proposals for the development plans, annual production and operation plans, annual financial budgets and annual balance sheet, income statements and profit distribution of our Company;

(III) To propose plans for establishment of our Company's internal management organization;

(IV) To propose internal management organizations of Our Company;

(V) To formulate the specific rules and regulations of our Company;

(VI) To propose to the Board the appointment or dismissal of our Company's deputy general manager(s) and chief financial officer;

(VII) To decide on the appointment or dismissal of the management officers other than those appointment or dismissal that should be decided by the Board;

(VIII) To carry out major external business activities on behalf of our Company;

(IX) To decide on the recruitment, rewards and punishments and dismissal of our Company's staff;

(X) Branches and offices may be established and removed when necessary with the approval of the competent PRC authorities;

(XI) To determine major issues of our Company's routines, including but not limited to setting prices;

(XII) To purchase and lease the necessary assets required by our Company;

(XIII) To attend Board meetings;

(XIV) Other functions and powers conferred by the Articles of Association and the Board.

The general manager shall attend the meetings of the Board.

Secretary to the Board

Our Company shall have a secretary to the Board, who is responsible for preparing general meetings and board meetings of our Company, maintaining documents and managing shareholders' information of our Company and handling matters on information disclosure. The secretary to the Board shall abide by the laws, administrative regulations, departmental rules, the listing rules of the place where shares of our Company are listed and the relevant requirements of the Articles of Association, possess corresponding qualifications and perform his/her duties and responsibilities honestly and diligently.

Supervisory Committee

The directors, general manager and senior management members shall not concurrently act as supervisors.

Each term of office of a supervisor shall be 3 years, renewable upon re-election and re-appointment after its expiry.

Our Company shall establish the Supervisory Committee. The Supervisory Committee is comprised of 3 supervisors and 1 chairman. The chairman of the Supervisory Committee shall be elected by a majority of all Supervisors. The chairman of the Supervisory Committee shall convene and preside over the meeting of the Supervisory Committee; if the chairman of the Supervisory Committee is unable or fails to perform his duties, a supervisor shall be jointly elected by more than half of the supervisors to convene and preside over the meeting of the Supervisory Committee. Members of the Supervisory Committee shall include shareholder representatives and an appropriate proportion of employee representatives, which proportion shall not be less than one-third (with 1 employee representative). Employee representatives in the Supervisory Committee are elected by employees of our Company at the employee representatives' meeting democratically.

The Supervisory Committee shall exercise the following functions and powers:

(I) Review and give written review opinions on our Company's periodic reports prepared by the Board;

(II) Examine our Company's financial affairs;

(III) Supervise the directors and senior management members during their performance of duties to our Company, and report to the Board or the general meeting upon identification of, and advise on the dismissal of, directors or senior management members who contravene the law, administrative regulations, the Articles of Association or resolutions of general meetings;

(IV) Demand rectification from directors and senior management officers when the acts of such persons are harmful to our Company's interest;

(V) Propose convening of extraordinary general meeting and to convene and preside over the general meeting when the board of directors fails to perform such duties as prescribed by the Company Law;

(VI) Submit proposals to the general meetings;

(VII) Initiate proceedings against directors and senior management officers pursuant to the Company Law;

(VIII) Investigate, and if necessary, to engage professional institutions such as accounting firms or law firms to assist its work with expenses to be borne by our Company, in case of any abnormal matters being identified during the business operation of our Company;

(IX) Other functions and powers conferred by the Articles of Association or the general meetings.

The Supervisory Committee shall convene at least one regular meeting every six months. An extraordinary meeting shall be convened within ten days in any of the following circumstances:

(I) convening of an extraordinary meeting of supervisors being proposed by any supervisor;

(II) where a resolution that contravenes with the laws, regulations and normative documents, the Articles of Association, the resolutions of a general meetings of our Company and other relevant provisions is passed at the general meeting or the Board meeting;

(III) where the misconduct of the directors and senior management members may cause material harm to our Company or adversely affect the market;

(IV) where our Company, directors, supervisors and senior management members being sued by shareholders;

(V) other circumstances specified in the Articles of Association.

Resolutions of the Supervisory Committee shall be approved by a majority of the supervisors.

Amendments to Constitutional Documents of our Company

Under any of the following circumstances, our Company shall amend the Articles of Association:

(I) If the Company Law or relevant laws, administrative regulations and the listing rules of the place where shares of our Company are listed have been amended, the matters stipulated in the Articles of Association are in conflict with the provisions of the revised laws, administrative regulations and the listing rules of the place where shares of our Company are listed;

(II) The circumstances of our Company have changed, which are inconsistent with the matters recorded in the Articles of Association;

(III) The general meeting decides to amend the Articles of Association.

Amendments to the Articles of Association, which have been resolved and approved by the general meeting and are subject to the approval of competent authorities, shall be filed to the competent authorities for approval; and if the amendments involve matters subject to company registration, the changes shall be registered in accordance with the law.

A. FURTHER INFORMATION ABOUT OUR COMPANY

1. Incorporation

Our Company was established as a limited liability company under the laws of the PRC on June 13, 2016 and was converted into a joint stock company with limited liability on August 31, 2020. As of the Latest Practicable Date, the registered share capital of our Company was RMB98,710,560, divided into 98,710,560 Shares with a nominal value of RMB1.00 each.

The registered office of our Company is No. 236, Guotai North Road, Zhangjiagang City, Jiangsu Province, PRC. Our Company has established a place of business in Hong Kong at 31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong. Our Company was registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and the Companies (Non-Hong Kong Companies) Regulation (Chapter 622J of the Laws of Hong Kong) on March 20, 2024. Ms. Wong Hoi Ting (黃凱婷) of 31/F., Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong, a Hong Kong resident, has been appointed as the authorized representative of our Company for the acceptance of service of process and notices in Hong Kong.

As our Company was incorporated in the PRC, its operations are subject to the relevant laws and regulations of the PRC. A summary of the relevant aspects of laws and regulations of the PRC and the Articles of Association is set out in Appendix V and Appendix VI to this prospectus, respectively.

2. Changes in share capital of our Company

Save as disclosed in "History and Corporate Structure — Our Corporate History — (3) Major Shareholding Changes of Our Company" and "History and Corporate Structure — Pre-IPO Investments", there has been no alteration in the share capital of our Company within two years immediately preceding the date of this prospectus.

3. Changes in share capital of our subsidiaries

Our Company's subsidiaries are referred to in the accountants' report, the text of which is set out in Appendix I to this prospectus.

Save as disclosed below and in the section headed "History and Corporate Structure — Our Subsidiaries", there has been no alteration in the share capital of any of our subsidiaries within the two years preceding the date of this prospectus.

Shanghai Qingping

On January 14, 2021, Shanghai Qingping was incorporated in the PRC with limited liability with a registered capital of RMB30 million.

On January 17, 2024, the registered capital of Shanghai Qingping was increased from RMB30 million to RMB80 million by way of capital injection.

Xinjiang Guofu

On September 20, 2022, Xinjiang Guofu was incorporated in the PRC with limited liability with a registered capital of RMB20 million.

On September 23, 2024, the registered capital of Xinjiang Guofu was increased from RMB20 million to RMB35 million by way of capital injection.

Inner Mongolia Guofu

On November 29, 2022, Inner Mongolia Guofu was incorporated in the PRC with limited liability with a registered capital of RMB50 million.

GF Hydrogen Europe

On January 19, 2023, GF Hydrogen Europe was incorporated in Germany with limited liability with a registered capital of EUR25,000.

Guofuhee Singapore

On June 28, 2023, Guofuhee Singapore was incorporated in Singapore with limited liability with a registered capital of USD5 million.

GFH2 Dubai

On October 11, 2023, GFH2 Dubai was incorporated in the United Arab Emirates with limited liability with a registered capital of AED400,000.

Hong Kong Guofu

On August 16, 2024, Hong Kong Guofu was incorporated in Hong Kong with limited liability with a share capital of HKD1 million.

Jiaxing Guofu

On October 10, 2024, Jiaxing Guofu was incorporated in the PRC with limited liability with a registered capital of RMB50 million.

4. Resolutions Passed by Our Shareholders' General Meeting in Relation to the Global Offering

At the extraordinary general meeting of the Shareholders held on March 8, 2024 the following resolutions, among other things, were duly passed:

(i) the issuance by our Company of H Shares with a nominal value of RMB1.00 each and such H Shares be listed on the Stock Exchange;

(ii) the number of H shares to be issued shall be up to 25% of the enlarged issued share capital of our Company upon the completion of the Global Offering;

(iii) subject to the completion of the Global Offering, 73,487,717 Domestic Unlisted Shares in aggregate held by our Shareholders will be converted into H Shares on a one-for-one basis;

(iv) authorization of the Board or its authorized individual to handle all matters relating to, among other things, the Global Offering, the issue and listing of H Shares on the Stock Exchange; and

(v) subject to the completion of the Global Offering, the conditional adoption of the Articles of Association, which shall become effective on the Listing Date, and the Board has been authorized to amend the Articles of Association in accordance with any comments from the Stock Exchange and other relevant regulatory authorities.

5. Restrictions on Repurchase

Please refer to "Appendix V — Summary of Principal Legal and Regulatory Provisions — The PRC Company Law, Trial Measures and Guidance for Articles of Association — Repurchase of Shares" and "Appendix VI — Summary of Articles of Association — Shares — Increase, Reduction and Repurchase of Shares" to this prospectus for details.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

Our Group has entered into the following contracts (not being contract entered into in the ordinary course of business) within the two years immediately preceding the date of this prospectus that are or may be material:

(a) an equity transfer agreement dated September 19, 2023 entered into among Urumqi Longshengda, Xinjiang Guofu and Yudu Hydrogen, pursuant to which Urumqi Longshengda agreed to transfer and Xinjiang Guofu agreed to acquire 40.00% equity interests in Yudu Hydrogen at nil consideration;

(b) a capital increase agreement dated October 16, 2023 entered into among Zibo Jinlutong Passenger Transport Service Co., Ltd.* (淄博金路通客運服務有限公司), Zibo Huaben Gas Co., Ltd.* (淄博華本燃氣有限公司), Zibo Tianyuan Chemical Co., Ltd.* (淄博天元化工有限公司) and our Company, pursuant to which the parties agreed to subscribe for the increased registered capital of RMB50.00 million of Qilu Hydrogen;

(c) a loan agreement dated October 23, 2023 entered into between Xinjiang Guofu and Yudu Hydrogen, pursuant to which Xinjiang Guofu agreed to lend RMB2.04 million to Yudu Hydrogen;

(d) a cooperative development agreement for a wind and photovoltaic hydrogen production integrated project in Fengzhen City dated November 16, 2023 entered into between our Company and Guoneng Inner Mongolia Electric Power Mengxi New Energy Co., Ltd.* (國能內蒙古電力蒙西新能源有限公司) ("Guoneng Mengxi") in relation to the establishment of a joint venture by Guoneng Mengxi and our Company for joint investment, development and construction of such project;

(e) a joint venture agreement dated December 7, 2023 entered into between Guoneng Mengxi and our Company, pursuant to which a joint venture shall be established with a tentative registered capital of RMB2.00 million, among which, Guoneng Mengxi shall subscribe for RMB1.60 million and our Company shall subscribe for RMB0.40 million;

(f) a capital increase agreement dated December 15, 2023 entered into among our Company, Hydrogen Ying New Energy and Hydrogen Win New Energy, pursuant to which Hydrogen Ying New Energy and Hydrogen Win New Energy agreed to subscribe for the Company's increased registered capital of RMB1,866,669 and RMB918,212 at the considerations of RMB14,933,352 and RMB7,345,696, respectively;

(g) a joint venture agreement dated December 16, 2023 entered into between our Company and Mengfa Group in relation to the establishment of a joint venture with an initial registered capital of RMB250 million, among which, Mengfa Group shall subscribe for RMB150 million and our Company shall subscribe for RMB100 million;

(h) a share subscription agreement dated December 29, 2023 entered into between our Company and Mengfa Group, pursuant to which, Mengfa Group agreed to subscribe for 5,145,399 Shares of our Company at a consideration of RMB200.00 million;

(i) a share subscription agreement dated December 29, 2023 entered into between our Company and Qingdao Xinding Kenge Ronglu Venture Capital Partnership (Limited Partnership)* (青島新鼎啃哥榮陸創業投資合夥企業(有限合夥)) ("Qingdao Xinding Ronglu"), pursuant to which, Qingdao Xinding Ronglu agreed to subscribe for 221,252 Shares of our Company at a consideration of RMB8.6 million;

(j) a share subscription agreement dated February 7, 2024 entered into between our Company and Zhangjiagang Jiyang Hydrogen Energy Venture Capital Partnership (Limited Partnership)* (張家港暨陽氫能創業投資合夥企業(有限合夥)) ("Jiyang Hydrogen Energy"), pursuant to which, Jiyang Hydrogen Energy agreed to subscribe for 514,540 Shares of our Company at a consideration of RMB20.00 million;

(k) an equity transfer agreement dated February 19, 2024 entered into among Xinjiang Guofu, Urumqi Longshengda and Hutubi Longshengda Jinhua Hydrogen Energy Technology Service Co., Ltd.* (呼圖壁隆盛達錦華氫能科技服務有限公司) ("Hutubi Longshengda"), pursuant to which, Urumqi Longshengda agreed to sell and Xinjiang Guofu agreed to acquire 40% equity interests in Hutubi Longshengda at nil consideration;

(l) an equity transfer agreement dated August 7, 2024 entered into among Suzhou Shengruichen Enterprise Consulting Management Partnership (Limited Partnership)* (蘇州晟瑞辰企業諮詢管理合夥企業(有限合夥)) as transferee, Zibo Huaben Gas Co., Ltd.* (淄博華本燃氣有限公司) as transferor, Qilu Hydrogen as target company, and Zibo Jinlutong Passenger Transport Service Co., Ltd.* (淄博金路通客運服務有限公司), our Company and Zibo Tianyuan Chemical Co., Ltd.* (淄博天元化工有限公司) as shareholders of target company, in relation to the transfer of 15% equity interests in Qilu Hydrogen by the transferor to the transferee at nil consideration;

(m) a capital increase agreement dated September 2, 2024 entered into among our Company, Urumqi Longshengda and Xinjiang Guofu, pursuant to which, our Company agreed to subscribe for the increased registered capital of RMB15 million of Xinjiang Guofu at a consideration of RMB15,428,600;

(n) a cornerstone investment agreement dated November 5, 2024 entered into among our Company, HongKong Frontier Tanzhonghe Limited (香港前沿碳中禾有限公司), the Joint Sponsors and the Sponsor-OCs, pursuant to which HongKong Frontier Tanzhonghe Limited agreed to subscribe for the H Shares at the Offer Price in the aggregate amount of HK$108,766,586 (including brokerage and levies);

(o) a cornerstone investment agreement dated November 5, 2024 entered into among our Company, Jiaxing Zhixin Hydrogen Equipment Equity Investment Partnership (Limited Partnership) (嘉興智芯氫裝股權投資合夥企業(有限合夥)), the Joint Sponsors and the Sponsor-OCs, pursuant to which Jiaxing Zhixin Hydrogen Equipment Equity Investment Partnership (Limited Partnership) agreed to subscribe or cause its wholly-owned subsidiary in Hong Kong to subscribe for the H Shares at the Offer Price in the aggregate amount of HK$109,200,000 (including brokerage and levies);

(p) a cornerstone investment agreement dated November 5, 2024 entered into among our Company, Yue Chuang New Energy HK Limited (悅創新能源香港有限公司), the Joint Sponsors and the Sponsor-OCs, pursuant to which Yue Chuang New Energy HK Limited agreed to subscribe for the H Shares at the Offer Price in the aggregate amount of HK$100,000,000 (including brokerage and levies); and

(q) the Hong Kong Underwriting Agreement.

2. Intellectual Property Rights

As of the Latest Practicable Date, the following intellectual property rights are material to our Group's business:

(a) Trademarks

As of the Latest Practicable Date, our Group had registered the following trademarks in the PRC which, in the opinion of our Directors, are material to our business:

No.	Trademark	Registered Owner	Place of Registration	Class	Application Number	Expiry Date
1	GUOFUHEE	Our Company	PRC	6	39578695	March 13, 2030
2	GUOFUHEE	Our Company	PRC	7	39575325	March 20, 2030
3	GUOFUHEE	Our Company	PRC	9	39594924	March 13, 2030
4	GUOFUHEE	Our Company	PRC	12	39587121	March 20, 2030
5	GUOFUHEE	Our Company	PRC	35	39596997	March 20, 2030
6	GUOFUHEE	Our Company	PRC	37	39597015	March 20, 2030
7	GUOFUHEE	Our Company	PRC	39	39594986	March 20, 2030
8	GUOFUHEE	Our Company	PRC	42	39589961	March 13, 2030
9	国富氢能	Our Company	PRC	7	39593924	June 13, 2030
10	国富氢能	Our Company	PRC	9	39602521	June 20, 2030
11	国富氢能	Our Company	PRC	12	39584798	April 13, 2030
12	国富氢能	Our Company	PRC	37	39592992	June 13, 2030
13		Our Company	PRC	7	46746065	April 20, 2031
14		Our Company	PRC	9	46723568	April 20, 2031
15		Our Company	PRC	12	46724730	January 20, 2031

No.	Trademark	Registered Owner	Place of Registration	Class	Application Number	Expiry Date
16		Our Company	PRC	37	46742473	January 20, 2031
17		Our Company	PRC	39	46728655	January 20, 2031
18		Our Company	PRC	6	53593233	May 20, 2032
19		Our Company	PRC	6	57543631	March 6, 2032
20	GUOFUHEE	Our Company	PRC	1	58494175	February 6, 2032
21	GUOFUHEE	Our Company	PRC	4	58510918	February 6, 2032
22	GUOFUHEE	Our Company	PRC	6	58502110	February 6, 2032
23	GUOFUHEE	Our Company	PRC	7	58504568	February 13, 2032
24	GUOFUHEE	Our Company	PRC	9	58489510	February 6, 2032
25	GUOFUHEE	Our Company	PRC	11	58501995	February 13, 2032
26	GUOFUHEE	Our Company	PRC	12	58489568	February 20, 2032
27	GUOFUHEE	Our Company	PRC	17	58482834	February 13, 2032
28	GUOFUHEE	Our Company	PRC	20	58504715	February 6, 2032
29	GUOFUHEE	Our Company	PRC	35	58482243	February 6, 2032
30	GUOFUHEE	Our Company	PRC	36	58482886	February 6, 2032
31	GUOFUHEE	Our Company	PRC	37	58495610	February 6, 2032
32	GUOFUHEE	Our Company	PRC	38	58487914	February 6, 2032
33	GUOFUHEE	Our Company	PRC	39	58482307	February 6, 2032
34	GUOFUHEE	Our Company	PRC	40	58501924	February 6, 2032
35	GUOFUHEE	Our Company	PRC	41	58492494	February 6, 2032

No.	Trademark	Registered Owner	Place of Registration	Class	Application Number	Expiry Date
36	GUOFUHEE	Our Company	PRC	42	58510840	February 6, 2032
37	GUOFUHEE	Our Company	PRC	45	58481657	February 6, 2032
38	国富氢能	Our Company	PRC	12	58506133	February 20, 2032
39		Our Company	PRC	1	60776954	May 27, 2032
40		Our Company	PRC	4	60798818	June 6, 2032
41		Our Company	PRC	6	60768856	July 27, 2032
42		Our Company	PRC	7	60791993	April 13, 2033
43		Our Company	PRC	9	60767353	August 6, 2032
44		Our Company	PRC	11	60781599	May 27, 2032
45		Our Company	PRC	12	60781619	June 6, 2032
46		Our Company	PRC	17	60771565	May 27, 2032
47		Our Company	PRC	20	60776823	May 27, 2032
48		Our Company	PRC	35	60781678	June 6, 2032
49		Our Company	PRC	36	60788846	June 6, 2032
50		Our Company	PRC	37	60793396	June 6, 2032
51		Our Company	PRC	39	60765802	May 27, 2032
52		Our Company	PRC	40	60793433	June 6, 2032

No.	Trademark	Registered Owner	Place of Registration	Class	Application Number	Expiry Date
53		Our Company	PRC	41	60788899	June 6, 2032
54		Our Company	PRC	42	60790206	August 13, 2032
55		Our Company	PRC	45	60788648	June 6, 2032
56		Our Company	PRC	12	68131919	May 13, 2033
57	GUOFUHEE	Our Company	PRC	7	68640662	June 20, 2033
58	GUOFUHEE	Our Company	PRC	12	68631625	June 20, 2033
59	GUOFUHEE	Our Company	PRC	37	68637855	June 20, 2033
60		Our Company	PRC	7	68626839	August 20, 2033
61		Our Company	PRC	12	68637054	June 13, 2033
62		Our Company	PRC	37	68638688	June 13, 2033
63	氢云之上	Hydrogen Cloud Research Institute	PRC	7	21015229	October 13, 2027
64	氢云之上	Hydrogen Cloud Research Institute	PRC	9	36141810	October 20, 2029
65	氢云之上	Hydrogen Cloud Research Institute	PRC	12	36137072	October 13, 2029
66	氢云之上	Hydrogen Cloud Research Institute	PRC	35	36139292	October 13, 2029

No.	Trademark	Registered Owner	Place of Registration	Class	Application Number	Expiry Date
67	氢云之上	Hydrogen Cloud Research Institute	PRC	39	36131604	October 20, 2029
68	氢云之上	Hydrogen Cloud Research Institute	PRC	41	36125641	October 13, 2029
69	氢云之上	Hydrogen Cloud Research Institute	PRC	42	21015456	October 13, 2027
70		Hydrogen Cloud Research Institute	PRC	1	62683434	August 6, 2032
71		Hydrogen Cloud Research Institute	PRC	4	62696792	August 6, 2032
72		Hydrogen Cloud Research Institute	PRC	6	62697921	August 6, 2032
73		Hydrogen Cloud Research Institute	PRC	7	62685931	August 6, 2032
74		Hydrogen Cloud Research Institute	PRC	9	62707213	August 6, 2032
75		Hydrogen Cloud Research Institute	PRC	11	62707232	August 6, 2032
76		Hydrogen Cloud Research Institute	PRC	12	62694607	August 6, 2032

No.	Trademark	Registered Owner	Place of Registration	Class	Application Number	Expiry Date
77		Hydrogen Cloud Research Institute	PRC	17	62698083	August 6, 2032
78		Hydrogen Cloud Research Institute	PRC	20	62704003	August 13, 2032
79		Hydrogen Cloud Research Institute	PRC	35	62705028	August 6, 2032
80		Hydrogen Cloud Research Institute	PRC	36	62700171	August 6, 2032
81		Hydrogen Cloud Research Institute	PRC	37	62680586	August 6, 2032
82		Hydrogen Cloud Research Institute	PRC	38	62690837	August 6, 2032
83		Hydrogen Cloud Research Institute	PRC	39	62680629	August 6, 2032
84		Hydrogen Cloud Research Institute	PRC	40	62688618	August 6, 2032
85		Hydrogen Cloud Research Institute	PRC	41	62684590	August 6, 2032
86		Hydrogen Cloud Research Institute	PRC	42	62687107	August 6, 2032

No.	Trademark	Registered Owner	Place of Registration	Class	Application Number	Expiry Date
87		Hydrogen Cloud Research Institute	PRC	45	62708088	August 6, 2032
88	氢云之上	Hydrogen Cloud Research Institute	PRC	37	64909471	December 13, 2032
89	氢云之上	Hydrogen Cloud Research Institute	PRC	9	64906023	December 13, 2032
90	氢云之上	Hydrogen Cloud Research Institute	PRC	11	64904489	December 13, 2032
91	氢云之上	Hydrogen Cloud Research Institute	PRC	20	64902951	December 13, 2032
92	氢云之上	Hydrogen Cloud Research Institute	PRC	17	64900380	December 13, 2032
93	氢云之上	Hydrogen Cloud Research Institute	PRC	7	64896443	December 13, 2032
94	氢云之上	Hydrogen Cloud Research Institute	PRC	38	64893569	December 13, 2032
95	氢云之上	Hydrogen Cloud Research Institute	PRC	36	64893130	December 13, 2032
96	氢云之上	Hydrogen Cloud Research Institute	PRC	6	64892650	December 13, 2032

No.	Trademark	Registered Owner	Place of Registration	Class	Application Number	Expiry Date
97	氢云之上	Hydrogen Cloud Research Institute	PRC	42	64884907	December 13, 2032
98	氢云之上	Hydrogen Cloud Research Institute	PRC	45	64884871	December 13, 2032
99	氢云之上	Hydrogen Cloud Research Institute	PRC	40	64884863	December 13, 2032
100	氢云之上	Hydrogen Cloud Research Institute	PRC	39	64884130	December 13, 2032
101		Hydrogen Cloud Research Institute	PRC	7	71973480	December 13, 2033
102		Hydrogen Cloud Research Institute	PRC	35	71965931	December 13, 2033
103		Hydrogen Cloud Research Institute	PRC	42	71971175	December 13, 2033
104		Hydrogen Cloud Research Institute	PRC	9	71973492	December 13, 2033

As of the Latest Practicable Date, our Group had registered the following trademarks in Hong Kong which, in the opinion of our Directors, are material to our business:

No.	Trademark	Registered Owner	Place of Registration	Class	Trademark No.	Expiry Date
1		Our Company	Hong Kong	7, 12, 35	306416389	November 30, 2033
2	GUOFUHEE	Our Company	Hong Kong	7, 12, 35	306416398	November 30, 2033

As of the Latest Practicable Date, one application has been made for the registration of trademark in Hong Kong which, in the opinion of our Directors is material to our business:

No.	Trademark	Applicant	Place of Registration	Class	Application Number	Application Date
1	国富氢能	our Company	Hong Kong	7, 12, 35	306416406	December 1, 2023

(b) Patents

As of the Latest Practicable Date, we have registered the following patents in the PRC which, in the opinion of our Directors are material in relation to our Company's business:

No.	Patent Name	Patentee(s)	Patent No.	Type	Date of application	Expiry date
1	Device and method for making adiabatic structure of ultra-high vacuum adiabatic vessel (超高真空絕熱容器絕熱結構的製作裝置與方法)	Our Company	2016105315257	invention	July 7, 2016	July 6, 2036
2	A vertical container for storing low-temperature liquid (一種用於儲存低溫液體的立式容器)	Our Company	2016105309699	invention	July 7, 2016	July 6, 2036
3	A vertical low-temperature container (一種立式低溫容器)	Our Company	2017105501931	invention	July 7, 2017	July 6, 2037
4	A hydrogenator with triaxial acceleration sensor and its control method (一種帶有三軸加速度傳感器的加氫機及其控制方法)	Our Company	2017109876062	invention	October 21, 2017	October 20, 2037
5	A horizontal low-temperature container (一種臥式低溫容器)	Our Company	201810028940X	invention	January 12, 2018	January 11, 2038

No.	Patent Name	Patentee(s)	Patent No.	Type	Date of application	Expiry date
6	A method for wet modal analysis of liquid hydrogen storage tanks with low-temperature pre-stressing based on fluid-solid coupling (一種基於流固耦合的液氫儲罐低溫預應力濕模態分析方法)	Hydrogen Cloud Research Institute & Our Company	2018101348458	invention	February 9, 2018	February 8, 2038
7	A topology optimisation-based design method for liquid hydrogen tank support structure (一種基於拓撲優化的液氫罐箱支撐結構設計方法)	Hydrogen Cloud Research Institute	2018101325901	invention	February 9, 2018	February 8, 2038
8	A method to improve the accuracy of finite element analysis of anti-rotation device for liquid hydrogen storage tank (一種提高液氫儲罐防旋轉裝置有限元分析精度的方法)	Hydrogen Cloud Research Institute	2018101329245	invention	February 9, 2018	February 8, 2038
9	A structural optimisation analysis method for a horizontal liquid hydrogen storage tank (一種臥式液氫儲罐的結構優化分析方法)	Hydrogen Cloud Research Institute & Our Company	2018101355095	invention	February 9, 2018	February 8, 2038
10	A design method for the framework structure of an vehicle-mounted hydrogen supply system (一種車載供氫系統框架結構的設計方法)	Hydrogen Cloud Research Institute	2018101776874	invention	March 5, 2018	March 4, 2038
11	Hydrogen purification process in the hydrogen liquefaction process (氫氣液化過程中的氫氣淨化工藝)	Our Company	201810524152X	invention	May 28, 2018	May 27, 2038
12	Pre-cooling process for hydrogen liquefaction (氫氣液化預冷工藝)	Our Company	201810523416X	invention	May 28, 2018	May 27, 2038
13	Hydrogen liquefaction pre-cooling device (氫氣液化預冷裝置)	Our Company	2018105225090	invention	May 28, 2018	May 27, 2038
14	Hydrogen liquefaction device (氫氣液化裝置)	Our Company	2018105224793	invention	May 28, 2018	May 27, 2038
15	Purification device in hydrogen liquefaction device (氫氣液化裝置中的淨化裝置)	Our Company	2018105241873	invention	May 28, 2018	May 27, 2038
16	A hydrogen liquefaction process (一種氫氣液化工藝)	Our Company	2018105241572	invention	May 28, 2018	May 27, 2038
17	A process for the conversion of ortho-para hydrogen during liquid hydrogen production (一種生產液氫時的正-仲氫轉化工藝)	Our Company	2018105242429	invention	May 28, 2018	May 27, 2038

No.	Patent Name	Patentee(s)	Patent No.	Type	Date of application	Expiry date
18	A liquid hydrogen production line (一種液氫生產線)	Hydrogen Cloud Research Institute	2018105228493	invention	May 28, 2018	May 27, 2038
19	Hybrid filling system applied in liquid hydrogen refueling station (應用於液氫加氫站的混合加注系統)	Hydrogen Cloud Research Institute	2018105797615	invention	June 7, 2018	June 6, 2038
20	Liquid hydrogen storage adiabatic cylinder for vehicle (車用液態儲氫絕熱氣瓶)	Our Company	2019102789950	invention	April 9, 2019	April 8, 2039
21	A hydrogen storage type hydrogen refueling station (一種儲氫型加氫站)	Our Company & Hydrogen Cloud Research Institute	2020102498375	invention	April 1, 2020	March 31, 2040
22	A containerised skid-mounted compression hydrogenation device (一種集裝箱撬裝式壓縮加氫裝置)	Our Company & Hydrogen Cloud Research Institute	2020102537613	invention	April 2, 2020	April 1, 2040
23	A hydrogen controller (一種氫控制器)	Our Company & Hydrogen Cloud Research Institute	2020102539869	invention	April 2, 2020	April 1, 2040
24	Intelligent production process for aluminium liner in the intelligent production workshop for high-pressure hydrogen cylinder (高壓氫瓶智能生產車間的鋁內膽智能生產工藝)	Our Company	2020103715726	invention	May 6, 2020	May 5, 2040
25	Sampling systems on liquid hydrogen storage tanks (液氫儲罐上的取樣系統)	Our Company & Hydrogen Cloud Research Institute	2020105127235	invention	June 8, 2020	June 7, 2040
26	Strong twist production line of aluminum tube in high-pressure hydrogen cylinder production line and its production process (高壓氫瓶生產線中的鋁管強旋生產線及其生產工藝)	Our Company	2020107489071	invention	July 30, 2020	July 29, 2040
27	A method for spin-pressing the inner liner of an aluminum high-pressure hydrogen cylinder without a core mold (一種高壓氫瓶鋁內膽無芯模旋壓收口方法)	Our Company & Hydrogen Cloud Research Institute	2020111449109	invention	October 23, 2020	October 22, 2030

No.	Patent Name	Patentee(s)	Patent No.	Type	Date of application	Expiry date
28	A multi-strand fibre spreading tension control device for use in high-pressure hydrogen cylinder production line (一種用於高壓氫瓶生產線中的多線束纖維展絲張力控制裝置)	Our Company & Hydrogen Cloud Research Institute	2020111449378	invention	October 23, 2020	October 22, 2040
29	A design method of high-pressure hydrogen storage vessel based on fibre winding process (一種基於纖維纏繞工藝的高壓儲氫容器的設計方法)	Our Company	2020111624339	invention	October 27, 2020	October 26, 2040
30	Adjustable oil braking structure for expander combination (膨脹機組合可調型油制動結構)	Our Company & Hydrogen Cloud Research Institute	2020114414239	invention	December 8, 2020	December 7, 2040
31	Hydrogen refueling system for liquid hydrogen storage and transport hydrogen refueling station (用於液氫儲運型加氫站的氫氣加注系統)	Our Company & Hydrogen Cloud Research Institute	2021100356444	invention	January 12, 2021	January 11, 2041
32	Fiber damage-free impregnation method for fibre wet winding process (用於纖維濕法纏繞工藝的纖維無損浸膠方法)	Our Company	2021103758459	invention	April 8, 2021	April 7, 2031
33	Fiber damage-free impregnation device for fibre wet winding process (用於纖維濕法纏繞工藝的纖維無損浸膠裝置)	Our Company	2021103758444	invention	April 8, 2021	April 7, 2041
34	A device for measuring width of microcracks on inner and outer surfaces of gas cylinder liner (一種氣瓶內膽內外表面微裂紋測寬裝置)	Our Company & Hydrogen Cloud Research Institute	2021104097877	invention	April 16, 2021	April 15, 2041
35	An integrated hydrogenator (一種集成型加氫機)	Our Company & Hydrogen Cloud Research Institute	2021105099831	invention	May 11, 2021	May 10, 2041
36	A carbon fiber fully wrapped gas cylinder and its carbon fiber winding method (一種碳纖維全纏繞氣瓶及其碳纖維纏繞方法)	Our Company & Hydrogen Cloud Research Institute	2021109807035	invention	August 25, 2021	August 24, 2041
37	A refrigeration expander performance testing device with zero nitrogen consumption (一種氮氣零消耗的製冷膨脹機性能測試裝置)	Our Company & Hydrogen Cloud Research Institute	2021111805606	invention	October 11, 2021	October 10, 2041

No.	Patent Name	Patentee(s)	Patent No.	Type	Date of application	Expiry date
38	A fully automatic high-pressure gas cylinder air tightness testing and pressure loading device and its control method (一種全自動控制的高壓儲氣瓶氣密性檢測試壓裝置及其控制方法)	Our Company & Hydrogen Cloud Research Institute	2021112142323	invention	October 19, 2021	October 18, 2041
39	A method of additive reinforcement and carbon fiber winding for fully wound carbon fiber gas cylinder (一種碳纖維全纏繞氣瓶的增材補強及碳纖維纏繞方法)	Our Company & Hydrogen Cloud Research Institute	2021114190938	invention	November 26, 2021	November 25, 2041
40	Liquid hydrogen unloading method for liquid hydrogen refueling stations (液氫加氫站的液氫卸液方法)	Our Company & Hydrogen Cloud Research Institute	2021114291074	invention	November 29, 2021	November 28, 2041
41	A non-uniform bipolar emulsion plate for electrolytic hydrogen production (一種電解製氫用非均勻雙極式乳突板)	Hydrogen Cloud Research Institute & Our Company	2022116717409	invention	December 26, 2022	December 25, 2032
42	A vacuum insulation tube performance test method (一種真空絕熱管性能測試方法)	Our Company & Hydrogen Cloud Research Institute	2023106478834	invention	June 2, 2023	June 1, 2043

(c) Domain Names

As of the Latest Practicable Date, we have registered the following domain names which, in the opinion of our Directors are material to our business:

Registrant	Domain name	Date of registration	Expiration date
Our Company	guofuhee.com	June 13, 2019	June 13, 2027
Hydrogen Cloud Research Institute	hecri.cn	June 10, 2021	June 10, 2026
Hydrogen Cloud Research Institute	hecri.com	June 10, 2021	June 10, 2026

(d) Copyrights

As of the Latest Practicable Date, we have registered the following software copyrights which, in the opinion of our Directors are material to our business:

No.	Copyright	Registrant	Registration number	Registration date
1	Hydrogen Cloud New Energy Research Institute Hydrogenator Master Control System with Pre-cooling System V1.0 (氫雲新能源研究院帶預冷系統的加氫機主控系統V1.0)	Hydrogen Cloud Research Institute	2018SR431134	June 8, 2018
2	Hydrogen Cloud Research Institute 70MPa Hydrogenator Master Control System Software with Infrared Communication V1.0 (氫雲研究院帶紅外通信的70MPa加氫機主控系統軟件 V1.0)	Hydrogen Cloud Research Institute	2019SR0269223	March 21, 2019
3	Hydrogen Cloud Research Institute Vehicle-mounted Hydrogen Supply System Master Control Software V1.0 (氫雲研究院車載供氫系統主控軟件V1.0)	Hydrogen Cloud Research Institute	2019SR0269569	March 21, 2019
4	Furui Hydrogen 500 kg Compressor Skid Hydrogen refueling Station Charging System Software V1.0 (富瑞氫能500kg壓縮機撬加氫機收費系統軟件V1.0)	Our Company	2017SR531845	September 20, 2017
5	Furui Hydrogen 500 kg Compressor Skid Hydrogenator Master Control System Software V1.0 (富瑞氫能500kg壓縮機撬加氫機主控系統軟件V1.0)	Our Company	2017SR544149	September 25, 2017
6	Guofu Hydrogen 70MPa Hydrogenator Master Control System Software V1.0 (國富氫能70MPa加氫機主控系統軟件V1.0)	Our Company	2020SR0298166	March 31, 2020
7	Guofu Hydrogen 70MPa Hydrogen Refueling Station Billing System Software V1.0 (國富氫能70MPa加氫站計費系統軟件V1.0)	Our Company & Hydrogen Cloud Research Institute	2020SR0308085	April 3, 2020
8	Guofu Hydrogen Liquid Hydrogen Hydrogenator Master Control System Software V1.0 (國富氫能液氫加氫機主控系統軟件V1.0)	Our Company & Hydrogen Cloud Research Institute	2020SR0975316	August 24, 2020
9	Hydrogen Cloud Research Institute Hydrogenator Master Control System Software V1.0 (氫雲研究院加氫機主控系統軟件V1.0)	Hydrogen Cloud Research Institute	2021SR1394403	September 17, 2021
10	Hydrogen Cloud Research Institute Colour Screen Monitor Master Control System Software V1.0 (氫雲研究院彩屏監控主控系統軟件V1.0)	Hydrogen Cloud Research Institute	2021SR1394397	September 17, 2021
11	Hydrogen Cloud Research Institute hydrogenator monitoring system software V1.0 (氫雲研究院加氫機監控系統軟件V1.0)	Hydrogen Cloud Research Institute	2021SR1394425	September 17, 2021
12	Hydrogen Cloud Research Institute Remote Upgrade System Software V1.0 (氫雲研究院遠程升級系統軟件V1.0)	Hydrogen Cloud Research Institute	2021SR1394404	September 17, 2021
13	Above the Hydrogen Cloud IC card management system software V1.0 (氫雲之上IC卡管理系統軟件V1.0)	Hydrogen Cloud Research Institute	2021SR1606588	November 1, 2021
14	Above the Hydrogen Cloud Equipment monitoring data big screen software V1.0 (氫雲之上設備監控數據大屏軟件V1.0)	Hydrogen Cloud Research Institute	2021SR1789716	November 18, 2021
15	Above the Hydrogen Cloud Hydrogenator Touch Screen System Software V1.0 (氫雲之上加氫機觸摸屏系統軟件V1.0)	Hydrogen Cloud Research Institute	2021SR1789633	November 18, 2021
16	Above the Hydrogen Cloud Hydrogen dispenser IC card embedded system software V1.0 (氫雲之上加氫機IC卡嵌入式系統軟件V1.0)	Hydrogen Cloud Research Institute	2021SR1748669	November 16, 2021
17	Guofu Hydrogen Hydrogen Expander Performance Test PLC Control Software V1.0 (國富氫能氫氣膨脹機性能測試PLC控制軟件V1.0)	Our Company	2021SR1986993	December 3, 2021

No.	Copyright	Registrant	Registration number	Registration date
18	Above the Hydrogen Cloud Data Monitoring Mini Software V1.0 (氫雲之上數據監控小程序軟件V1.0)	Hydrogen Cloud Research Institute	2021SR2053144	December 14, 2021
19	Above the Hydrogen Cloud Hydrogen Refueling Station Alarm Monitoring System_ISO Software V1.0 (氫雲之上加氫站報警監控系統_ISO端軟件V1.0)	Hydrogen Cloud Research Institute	2022SR0593388	May 18, 2022
20	Above the Hydrogen Cloud Hydrogen Refueling Station Alarm Monitoring System_android software V1.0 (氫雲之上加氫站報警監控系統_android端軟件V1.0)	Hydrogen Cloud Research Institute	2022SR0593496	May 18, 2022
21	Above the Hydrogen Cloud Hydrogen Vehicle Data Monitoring Big Screen Software V1.0 (氫雲之上氫車數據監控大屏軟件 V1.0)	Hydrogen Cloud Research Institute	2022SR0942309	July 18, 2022
22	Above the Hydrogen Cloud Hydrogen Refueling Station Monitoring PC Software V1.0 (氫雲之上加氫站監控PC端軟件 V1.0)	Hydrogen Cloud Research Institute	2022SR0942308	July 18, 2022
23	Above the Hydrogen Cloud Hydrogenation Control PDA Software V1.0 (氫雲之上加氫控制PDA軟件 V1.0)	Hydrogen Cloud Research Institute	2022SR0942307	July 18, 2022
24	Hydrogen Cloud Research Institute Hydrogen Control Power Board Intelligent Detection Software (氫雲研究院氫控電源板智能檢測軟件)	Hydrogen Cloud Research Institute	2022SR1034287	August 8, 2022
25	Hydrogen Cloud Research Institute Composite Hydrogen Storage Bottle Design and ANSYS Simulation Process Secondary Development Software V1.0 (氫雲研究院複合材料儲氫瓶設計及ANSYS仿真流程二次開發軟件V1.0)	Hydrogen Cloud Research Institute	2022SR1404346	October 24, 2022
26	Hydrogen Cloud 1000 standard cubic metre water electrolysis hydrogen production project upper computer control software (氫雲1000標立方水電解製氫項目上位機控制軟件)	Hydrogen Cloud Research Institute	2023SR0076203	January 13, 2023
27	Vehicle-mounted Hydrogen Supply Module Remote Monitoring System V1.0 (車載供氫模塊遠程監控系統V1.0)	Our Company & Hydrogen Cloud Research Institute	2023SR0386490	March 23, 2023
28	Above the Hydrogen Cloud Hydrogen Refueling Station Internet of Things Operation and Management System Software V1.0 (氫雲之上加氫站物聯運營管理系統軟件V1.0)	Hydrogen Cloud Research Institute	2023SR0275371	February 23, 2023
29	Above the Hydrogen Cloud Hydrogen Driver Service End_android end software V1.0 (氫雲之上氫車司機服務端_android端軟件V1.0)	Hydrogen Cloud Research Institute	2023SR0275578	February 23, 2023
30	Water Electrolysis Hydrogen Production Equipment Monitoring Large Screen Software V1.0 (水電解製氫設備監控大屏軟件V1.0)	Hydrogen Cloud Research Institute	2023SR0791747	July 4, 2023
31	Water electrolysis hydrogen production equipment monitoring system (PC End) V1.0 水電解製氫設備監控系統(PC端) V1.0	Hydrogen Cloud Research Institute	2023SR0791741	February 15, 2023
32	Water electrolysis hydrogen production equipment monitoring system (android End) V1.0 (水電解製氫設備監控系統(android端)V1.0)	Hydrogen Cloud Research Institute	2023SR0791746	March 15, 2023
33	Water electrolysis hydrogen production maintenance management mobile software V1.0 (水電解製氫維保管理移動端軟件V1.0)	Hydrogen Cloud Research Institute	2023SR1012618	April 15, 2023
34	Hydrogen Fuel Cell Vehicle Hydrogen Storage Cylinder Online Monitoring System Software (氫燃料電池汽車儲氫瓶在線監測系統軟件)	Our Company & Hydrogen Cloud Research Institute	2023SR1210429	June 20, 2023
35	Electrolytic Water Device One-Click Start Control PLC System (電解水裝置一鍵啟動控制PLC系統)	Our Company & Hydrogen Cloud Research Institute	2024SR0282912	February 20, 2024
36	PLC control program software for hydrogen production purification process (製氫純化工藝PLC控制程序軟件)	Shanghai Qingmai & Hydrogen Cloud Research Institute	2024SR0266363	February 9, 2024

C. FURTHER INFORMATION ABOUT OUR DIRECTORS, SUPERVISORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of interest

(1) Disclosure of interests of Directors, Supervisors and chief executive of our Company

The following table sets out the interests and short positions of our Directors, Supervisors and chief executive of our Company immediately following completion of the Global Offering in our Shares, underlying Shares or debentures of our Company or any of our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be require to be notified to us and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, once our H Shares are listed:

				Approximate percentage of interest	
Name	**Nature of Interest**	**Class of Shares**	**Number of Shares**	**In the relevant class of Shares upon the completion of the Global Offering**	**In the total share capital of our Company upon the completion of the Global Offering**
Mr. Wu[(1)]	Interest in controlled corporation	Domestic Unlisted Shares	2,142,440	8.49%	2.05%
		H Shares	20,970,357	26.38%	20.03%
	Beneficial owner	Domestic Unlisted Shares	1,712,993	6.79%	1.64%
		H Shares	1,712,994	2.16%	1.64%
Mr. Wang[(2)]	Interest in controlled corporation	H Shares	18,827,916	23.69%	17.98%
	Interest held jointly with another person	Domestic Unlisted Shares	3,855,433	15.29%	3.68%
		H Shares	3,855,435	4.85%	3.68%
Mr. He Guangliang[(3)]	Interest in controlled corporation	Domestic Unlisted Shares	750,000	2.97%	0.72%
		H Shares	750,000	0.94%	0.72%

Notes:

(1) Mr. Wu is the beneficial owner of 1,712,993 Domestic Unlisted Shares and 1,712,994 H Shares in our Company. In addition, pursuant to the SFO, Mr. Wu is deemed to be interested in (i) the 18,827,916 H Shares held by New Cloud Technology in our Company due to his role as a general partner in New Cloud Technology and the acting in concert agreement between him and Mr. Wang; (ii) the 933,335 H Shares and 933,334 Domestic Unlisted Shares held by Hydrogen Ying New Energy and 459,016 H Shares and 459,016 Domestic Unlisted Shares held by Hydrogen Win New Energy in our Company due to his role as a general partner in Hydrogen Ying New Energy and Hydrogen Win New Energy, respectively; and (iii) the 750,000 H Shares and 750,000 Domestic Unlisted Shares held by Qingjie New Energy in our Company, whose voting rights have been entrusted to him pursuant to the relevant voting rights proxy agreement.

(2) Mr. Wang is deemed to be interested in the Shares held by New Cloud Technology, Qingjie New Energy, Hydrogen Ying New Energy and Hydrogen Win New Energy in our Company due to his role as a general partner and/or the acting in concert agreement between him and Mr. Wu, as the case may be, under the SFO.

(3) Mr. He Guangliang is deemed to be interested in the Shares held by Qingjie New Energy in our Company due to his role as a general partner under the SFO.

(2) Substantial Shareholders

(i) Interests of the substantial Shareholders in the Shares

Save as disclosed in the section headed "Substantial Shareholders" in this prospectus, immediately following the completion of the Global Offering, our Directors are not aware of any other person (not being a Director or chief executive of our Company) who will have an interest or short position in the Shares or the underlying Shares which would fall to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the issued voting shares of our Company.

(ii) Interests of the substantial shareholders of any members of our Group (except our Company)

Save as set out above and in the table below, as of the Latest Practicable Date, our Directors are not aware of any persons (not being Directors or chief executive of our Company) who would, immediately following the completion of the Global Offering be directly or indirectly interested in 10% or more of the issued voting shares of any member of our Group (except our Company).

Members of our Group	Share Capital	Party with 10% or more equity interest	Approximate percentage of shareholding
			(%)
Hong Kong Guofu	HKD200,000	Champion Access Investment Holding Limited	20.00

2. Particulars of the Directors' and Supervisors' Service Contracts

(a) Executive Directors

Each of Mr. Wu, Mr. Wang and Mr. Shi Jian, being our executive Directors, has entered into a service contract with our Company on September 20, 2024. The service contracts may be renewed in accordance with the Articles of Association and the applicable laws, rules and regulations.

(b) Non-executive Directors

Each of Mr. Gu Yanjun, Mr. Zhou Lin and Ms. Liu Yilin, being our non-executive Directors, has entered into a letter of appointment with our Company on September 20, 2024. The letters of appointment may be renewed in accordance with the Articles of Association and the applicable laws, rules and regulations.

(c) Independent non-executive Directors

Each of Ms. Tong Sze Wan, Mr. Zhang Yongjun and Dr. Zou Jiasheng, being our independent non-executive Directors, has entered into a letter of appointment with our Company on September 20, 2024. The letters of appointment may be renewed in accordance with the Articles of Association and the applicable laws, rules and regulations.

(d) Supervisors

Each of Mr. He Guangliang, Ms. Zhao Jing and Mr. Kuang Kaifeng, being our Supervisors, has entered into a service contract with our Company on September 20, 2024. The service contracts may be renewed in accordance with the Articles of Association and the applicable laws, rules and regulations.

3. Remuneration of Directors and Supervisors

For the three years ended December 31, 2021, 2022 and 2023 and the five months ended May 31, 2024, the aggregate of the remuneration paid and benefits in kind granted to our Directors and Supervisors by us and our subsidiaries was RMB3,394,000, RMB3,825,000, RMB5,386,000 and RMB8,581,000, respectively.

Save as disclosed in this prospectus, no other emoluments have been paid or are payable, in respect of the three years ended December 31, 2021, 2022 and 2023 and the five months ended May 31, 2024 by us to our Directors and Supervisors.

Under the arrangements currently in force, we estimate that the aggregate remuneration payable to our Directors (i.e. salaries and other benefits) for acting as Directors for the year ending December 31, 2024 will be approximately RMB2.22 million.

4. Agency fees or commissions received

Save as disclosed in the section headed "Underwriting", no commissions, discounts, agency fee, brokerages or other special terms in connection with the issue or sale of any capital of any member of our Group within the two years immediately preceding the date of this prospectus.

5. Disclaimers

Save as disclosed in this prospectus:

(a) none of our Directors, Supervisors or our chief executive has any interest or short position in the Shares, underlying Shares or debentures of us or any of our associated corporations (within the meaning of Part XV the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to us and the Stock Exchange pursuant to Model Code for Securities Transactions by Directors of Listed Issuers once the H Shares are listed on the Stock Exchange;

(b) no person has an interest or short position in the Shares and underlying Shares of our Company which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or is directly or indirectly interested in 10% or more of the issued voting shares of any other member of our Group, once the H Shares are listed on the Stock Exchange;

(c) none of our Directors nor any of the parties listed in the section headed "— E. Other Information — 8. Qualifications and Consents of Experts" in this Appendix is interested in the promotion of our Company, or in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to our Company or any of our subsidiaries, or are proposed to be acquired or disposed of by or leased to our Company or any of our subsidiaries;

(d) none of our Directors nor any of the parties listed in the section headed "— E. Other Information — 8. Qualifications and Consents of Experts" in this Appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to our business;

(e) save in connection with the Underwriting Agreements, none of the parties listed in the section headed "— E. Other Information — 8. Qualifications and Consents of Experts" in this Appendix:

    (i) is interested legally or beneficially in any securities of our Company or any of our subsidiaries; or

    (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities of our Company or any of our subsidiaries;

(f) none of our Directors or their close associates (as defined in the Listing Rules) or the existing Shareholders (who, to the knowledge of our Directors, owns more than 5% of our issued share capital) has any interest in any of the five largest customers or the five largest suppliers of our Group.

D. PRE-IPO SHARE INCENTIVE PLANS

The following is a summary of the principal terms of the Pre-IPO Share Incentive Plans approved and adopted by our Company on January 13, 2019 (the "2019 Plan"), October 10, 2020 (the "2020 Plan") and November 24, 2023 (the "2023 Plan") for the purpose of attracting and retaining talents for our Group. Under the Pre-IPO Share Incentive Plans, eligible incentive recipients as approved by our Company may subscribe for the Shares pursuant to the 2020 Plan and subscribe for the limited partnership interests (the "Incentive Awards") in Qingjie New Energy, Hydrogen Ying New Energy and Hydrogen Win New Energy (collectively as the "Employee Shareholding Platforms") pursuant to the 2019 Plan (as to Qingjie New Energy) and the 2023 Plan (as to Hydrogen Ying New Energy and Hydrogen Win New Energy), respectively. As of the Latest Practicable Date, the Employee Shareholding Platforms held an aggregate of 4,284,881 Domestic Unlisted Shares, representing approximately 4.34% of our total issued Shares. The Incentive Awards under the Pre-IPO Share Incentive Plans do not involve the grant of options by our Company to subscribe for new Shares.

1. The 2019 Plan

(a) Purpose

The purpose of the 2019 Plan is to establish a benefit-sharing and constraint mechanism between Shareholders and employees and external consultant, to attract and retain talents for our Group and to enhance the competitiveness of our Company and align with our focus on long-term development.

(b) Eligible incentive recipients

Eligible incentive recipients shall be management staff, mid-level key personnel, core technical staff and external consultant.

(c) Total number of Shares subject to the 2019 Plan

The incentive recipients shall be interested in a total of 1,500,000 Shares through holding the Incentive Awards in Qingjie New Energy, the underlying Shares of which were corresponding to the share capital of our Company of RMB1,500,000 and representing approximately 1.52% of the total issued share capital of our Company immediately prior to the Global Offering.

As of the date of this prospectus, all Shares subject to the 2019 Plan have been issued to Qingjie New Energy and all the Incentive Awards subject to the 2019 Plan have been granted to and subscribed by 38 incentive recipients (including one external counsel at the relevant time), and no further Shares or Incentive Awards will be granted under such plan following the Listing.

(d) Rights and restrictions

The incentive recipients are subject to certain transfer and disposal restrictions, including (i) no disposal of the Incentive Awards or creation of third-party rights over the incentive Awards by way of transfer, pledge, trust or any other means, (ii) a 30-day prior notice for transfer of Incentive Awards which shall be transferred to limited scope of persons, including the other partners of Qingjie New Energy, or other eligible employees of Group.

(e) Repurchase of the Incentive Awards

The general partner of Qingjie New Energy or other employees of Group designated by the general partner, has the right (but not obligation) to repurchase part of all Incentive Awards held by incentive recipients, if there is any faults of the incentive recipients as set out in the relevant agreement with each incentive recipient.

2. The 2020 Plan

(a) Purpose

The purpose of the 2020 Plan is to establish a benefit-sharing and constraint mechanism between Shareholders and employees, to attract and retain talents for our Group and to enhance the competitiveness of our Company and align with our focus on long-term development.

(b) Eligible incentive recipients

Eligible incentive recipients shall be management staff, mid-level key personnel and core technical staff.

(c) Administration

The general meeting of our Company shall be responsible for considering and approving the adoption, implementation, alteration and termination of the 2020 Plan.

The Board shall be responsible for formulating, amending, explaining the terms of the plan under the authorization of the general meeting.

(d) Total number of Shares subject to the 2020 Plan

The eligible incentive recipients shall be entitled to subscribe a total of 3,425,987 Shares at a price of RMB4.38 per share by way of capital injection. As of the Latest Practicable Date, all Shares subject to the 2020 Plan have been granted to and subscribed by Mr. Wu. For further details, please refer to "History and Corporate Structure — Our Corporate History — (3) Major Shareholding Changes of Our Company — (e) Capital injection by Mr. Wu".

(e) Rights and restrictions

The eligible incentive recipients shall not dispose the granted Shares or create third-party rights over the Shares by way of transfer, pledge, trust or any other means before and within three years after the listing of our Company.

3. The 2023 Plan

(a) Purpose

The purposes of the 2023 Plan of our Company include, among other things, enhancing the Group's governance structure, instituting a long-term incentive and discipline mechanism, involving human capital in allocation, strengthening and refining the compensation incentive system, and establishing a mechanism for sharing benefits and risks among Shareholders, senior management, key personnel, and core staff of our Company.

(b) Eligible incentive recipients

Eligible incentive recipients shall be the following persons who have an employment relationship with the Group Companies: (i) directors and senior management, (ii) middle-level management, (iii) core technical and sales personnel, or (iv) other personal that had special contribution to the Group.

(c) Administration

The Board shall be responsible for formulating, explaining and amending the appraisal and management approach of the 2023 Plan, determining whether the incentive awards held by the incentive recipients have reached the unlocking conditions.

The Remuneration and Review Committee shall be responsible for leading and organizing the appraisal of incentive recipients, guiding our Company's human resources department for the specific appraisal.

The 2023 Plan shall be developed, implemented, executed and administered by Mr. Wu and Mr. Wang at their sole discretion.

(d) Total number of Shares subject to the 2023 Plan

The incentive recipients shall be interested in a total of 2,784,881 Shares through holding the Incentive Awards in Hydrogen Ying New Energy and Hydrogen Win New Energy, the underlying Shares of which were corresponding to the share capital of our Company of RMB2.78 million and representing approximately 2.82% of the total issued share capital of our Company immediately prior to the Global Offering.

As of the date of this prospectus, all Shares subject to the 2023 Plan have been issued to Hydrogen Ying New Energy and Hydrogen Win New Energy and all the Incentive Awards subject to the 2023 Plan have been granted to and subscribed by 80 incentive recipients, and no further Shares or Incentive Awards will be granted under such plan following the Listing.

(e) Assessment requirements and unlocking arrangement

The Incentive Awards granted to incentive recipients will be unlocked in three assessment periods:

No.	Assessment Period	Date of Unlocking	Percentage of Incentive Awards unlocked
1.	From the date of grant to December 31, 2024	Performance goals achievement at our Company level and individual performance assessment results for the first assessment period approved by the Board	50%
2.	From January 1, 2025 to December 31, 2025	Performance goals achievement at our Company level and individual performance assessment results for the second assessment period approved by the Board	30%
3.	From January 1, 2026 to December 31, 2026	Performance goals achievement at our Company level and individual performance assessment results for the third assessment period approved by the Board	20%

(f) Rights and restrictions attached to the restricted Shares

The incentive recipients are subject to certain transfer and disposal restrictions, including (i) no disposal of the unlocked Incentive Awards or creation of third-party rights over the Incentive Awards by way of transfer, pledge, trust or any other means, (ii) a 30-day prior notice for transfer of unlocked Incentive Awards which shall be transferred to limited scope of persons, including Mr. Wu, Mr. Wang or other partners within designated entities, or other eligible employees of Group Companies.

The Shares held by the Employee Shareholding Platforms are subject to certain and disposal restrictions, including (i) no disposal of the Shares or creation of third-party rights over the Shares by way of transfer, pledge, trust or any other means before and within 12 months after the Listing, (ii) the corresponding Shares of the unlocked Incentive Awards shall be reduced with a 14-business day application to the Employee Shareholding Platforms, and (iii) the number of Incentive Awards that the incentive recipients reduce each time may not exceed 50% of the total number he or she then holds.

(g) Repurchase of the Incentive Awards

Mr. Wu, Mr. Wang or other employees of Group Companies designated by Mr. Wu and/or Mr. Wang, has the right to repurchase all Incentive Awards held by incentive recipients, if (i) the Incentive Awards failed to be unlocked during the assessment periods; (ii) due to faults of the incentive recipients, such as violation of the applicable regulations and laws, violation of contracts, negligence, or other actions causing negative impact on our Company; (iii) the employment relationship between the incentive recipients and our Company terminates due to non-fault actions of the incentive recipients, such as death, loss of civil or labour capability, non-fault dismissal, etc.

4. Details of the Incentive Awards granted

Below is the list of the incentive recipients under the Pre-IPO Share Incentive Plans that are granted with Incentive Awards:

			As of the Latest Practicable Date and immediately prior to the Global Offering	
Name	**Position**	**Relevant Employee Shareholding Platforms**	**Approximate Number of Shares Corresponding to the Incentive Awards held by the Recipients[(1)]**	**Approximate Shareholding Percentage Corresponding to the Incentive Awards held by the participant in the Total Number of Shares in Issue**
Directors, Supervisors and Senior Management				
Mr. Wu	Chairman of the Board and executive Director	Hydrogen Win New Energy	240,000	0.24%
		Hydrogen Ying New Energy	235,000	0.24%

Name	Position	Relevant Employee Shareholding Platforms	As of the Latest Practicable Date and immediately prior to the Global Offering: Approximate Number of Shares Corresponding to the Incentive Awards held by the Recipients[(1)]	As of the Latest Practicable Date and immediately prior to the Global Offering: Approximate Shareholding Percentage Corresponding to the Incentive Awards held by the participant in the Total Number of Shares in Issue
He Guangliang (何光亮)	Chairman of the Supervisory Committee	Hydrogen Ying New Energy	249,999	0.25%
		Qingjie New Energy	234,825	0.24%
Zhao Jing (趙靜)	Supervisor	Hydrogen Ying New Energy	99,999	0.10%
Cai Xubin (蔡徐斌)	Chief financial officer	Hydrogen Ying New Energy	25,000	0.03%
Shi Jian (施劍)	Secretary of the Board and executive Director	Hydrogen Ying New Energy	10,000	0.01%
		Qingjie New Energy	25,001	0.03%
Kuang Kaifeng (況開鋒)	Supervisor	Hydrogen Ying New Energy	10,000	0.01%
		Qingjie New Energy	18,650	0.02%
Subtotal	–	–	1,103,473	1.12%
Other Recipients				
86 Recipients	Employees	Qingjie New Energy, Hydrogen Ying New Energy and Hydrogen Win New Energy	3,086,408	3.13%
One Recipient	External consultant	Qingjie New Energy	50,000	0.05%

Note:

(1) For illustrating the indirect interests of incentive Recipients in our Company, the number of Shares are presented and calculated by multiplying their respective percentage of limited partnership interests in each by the total number of Shares held by the Employee Shareholding Platforms.

E. OTHER INFORMATION

1. Estate Duty

We have been advised that no material liability for estate duty under PRC law is likely to fall upon the Group.

2. Litigation

As of the Latest Practicable Date, our Company was not engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to our Directors to be pending or threatened by or against us, that would have a material adverse effect on our results of operations or financial conditions.

3. Joint Sponsors

The Joint Sponsors have made an application on our behalf to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the H Shares in issue and to be issued as mentioned in this prospectus. All necessary arrangements have been made enabling the H Shares to be admitted into CCASS.

The Joint Sponsors satisfy the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules. The sponsor fee payable to the Joint Sponsors in connection with the Listing payable by our Company is HK$6.0 million in aggregate.

4. Compliance Advisor

Our Company has appointed Soochow Securities International Capital Limited as our compliance advisor in compliance with Rule 3A.19 of the Listing Rules.

5. Preliminary Expenses

Our Company has not incurred any material preliminary expenses.

6. Taxation of Holder of H Shares

The sale, purchase and transfer of H Shares registered with our Hong Kong branch register of members will be subject to Hong Kong stamp duty. The current rate charged on each of the purchaser and seller is 0.1% of the consideration of or, if higher, of the fair value of our Shares being sold or transferred. For further details in relation to taxation, please refer to Appendix III to this prospectus.

7. Promoters

The information of our promoters when we were established as a joint stock limited company is as follows:

Name of Promoter	Number of Shares held upon our establishment	Shareholding percentage upon our establishment
New Cloud Technology	1,925.0000	33.70%
Fanchuang Industrial	655.0603	11.47%
Jinpu Intelligent	505.8541	8.86%
Yongyuan Huaneng	500.0000	8.76%
Wang Ping	500.0000	8.76%
CM Venture Capital	492.5070	8.63%
Tang Ying	250.0000	4.38%
Dongfang Hydrogen Energy	218.3549	3.82%
Lexin Investment	191.6650	3.36%
Qingjie New Energy	150.0000	2.63%
Qian Wuting	125.0000	2.19%
Shanghai Zhuhuai	109.1770	1.91%
Zhang Jinlong	87.3416	1.53%
Total	**5,709.9599**	**100.00%**

Within the two years immediately preceding the date of this prospectus, no cash, securities, amount or benefit has been paid, allotted or given, or has been proposed to be paid, allotted or given, to any of the promoters named above in connection with the Global Offering or the related transactions described in this prospectus.

8. Qualifications and Consents of Experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this prospectus:

Name	Qualification
Haitong International Capital Limited	A corporation licenced to conduct type 6 (advising on corporate finance) regulated activities as defined under the SFO
CITIC Securities (Hong Kong) Limited	A corporation licenced to conduct type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities as defined under the SFO
Deloitte Touche Tohmatsu	Certificated Public Accountants (Public Interest Entity Auditors registered in accordance with the Financial Reporting Council Ordinance)
Lifeng Partners	Legal advisors to our Company as to PRC laws
Lifeng Partners	Legal advisors to our Company as to PRC cybersecurity and data privacy protection laws
Hogan Lovells	Legal advisors to our Company as to International Sanctions laws
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Independent industry consultant
AVISTA Valuation Advisory Limited	Property valuers

Each of the experts listed above has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its report and/or letter and/or opinion and/or references to its name and qualifications included herein in the form and context in which they respectively appear.

9. Binding Effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (WUMP) Ordinance so far as applicable.

10. Bilingual Prospectus

The English language and the Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

11. No Material Adverse Change

Our Directors confirm that there has been no material adverse change in our Company's financial or trading position or prospects since May 31, 2024 (being the date to which our latest audited consolidated financial statements were made up).

12. Miscellaneous

Save as disclosed in this prospectus,

(a) within the two years preceding the date of this prospectus, no share or loan capital of our Company or any of its subsidiary has been issued or has been agreed to be issued fully or partly paid either for cash or for a consideration other than cash;

(b) no share or loan capital of our Company or any of its subsidiary is under option or is agreed conditionally or unconditionally to be put under option;

(c) no founder, management or deferred shares of our Company or any of its subsidiary have been issued or have been agreed to be issued;

(d) our Company has no outstanding convertible debt securities or debentures;

(e) none of the experts listed in section headed "— 8. Qualifications and Consents of Experts" above:

    (i) is interested beneficially or non-beneficially in any shares in any member of our Group; or

    (ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group save in connection with the Underwriting Agreements;

(f) the English text of this prospectus shall prevail over their respective Chinese text;

(g) there is no arrangement under which future dividends are waived or agreed to be waived;

(h) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this prospectus;

(i) none of our equity and debt securities is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought; and

(j) 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 the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

(a) a copy of the material contracts referred to in "Appendix VII — Statutory and General Information — B. Further Information About Our Business — 1. Summary of Material Contracts" in this prospectus; and

(b) the written consents referred to in "Appendix VII — Statutory and General Information — E. Other Information — 8. Qualifications and Consents of Experts".

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be on display on the website of the Stock Exchange at **www.hkexnews.hk** and our website at **www.guofuhee.com** during a period of 14 days from the date of this prospectus:

(1) the Articles of Association;

(2) the Accountants' Report from Deloitte Touche Tohmatsu, the text of which is set out in Appendix I to this prospectus;

(3) the consolidated audited financial statements of the Group for each of the three years ended December 31, 2021, 2022 and 2023 and the five months ended May 31, 2024;

(4) the report received from Deloitte Touche Tohmatsu on unaudited pro forma financial information, the texts of which is set out in Appendix II to this prospectus;

(5) the material contracts referred to in the paragraph headed "B. Further Information about Our Business — 1. Summary of Material Contracts" of Appendix VII to this prospectus;

(6) the service contracts and letters of appointment with Directors, referred to in the paragraph headed "C. Further Information about Our Directors, Supervisors and Substantial Shareholders — 2. Particulars of the Directors' and Supervisors' Service Contracts" of Appendix VII to this prospectus;

(7) the written consents referred to in the paragraph headed "E. Other Information — 8. Qualifications and Consents of Experts" of Appendix VII to this prospectus;

(8) the letter and valuation certificate relating to the property interests of our Group prepared by AVISTA Valuation Advisory Limited, the text of which is set out in Appendix IV to this prospectus;

(9) the PRC legal opinions prepared by Lifeng Partners, our legal advisors as to the PRC law, in respect of certain aspects of our Group;

(10) the PRC legal opinion prepared by Lifeng Partners, our legal advisors as to PRC cybersecurity and data privacy protection laws;

(11) the legal memorandum prepared by Hogan Lovells, our legal advisors as to International Sanctions laws;

(12) the Frost & Sullivan Report;

(13) the PRC Company Law, the PRC Securities Law, the Trial Measures and the Guidance for Articles of Association together with their unofficial English translations; and

(14) the terms of the Pre-IPO Share Incentive Plans.

GUOFUHEE

江蘇國富氫能技術裝備股份有限公司

Jiangsu Guofu Hydrogen Energy Equipment Co., Ltd.

禮豐律師事務所
LIFENG PARTNERS

39/F, Tower 2, Jing An Kerry Centre,
1539 West Nanjing Road, Shanghai 200040, China
中国上海市南京西路1539号静安嘉里中心二座39层 200040
Tel 电话:+86 21 8022 0977 Fax 传真:+86 21 8021 2300

To:
Jiangsu Guofu Hydrogen Energy Equipment Co., Ltd.
江蘇國富氫能技術裝備股份有限公司
No. 236
Guotai North Road
Zhangjiagang City
Jiangsu Province
the PRC

7 November 2024

Dear Sirs,

Consent to the issue of the prospectus of Jiangsu Guofu Hydrogen Energy Equipment Co., Ltd. (the "Company") in connection with the global offering and listing of the H shares (the "Shares") of the Company (the "Global Offering")

We refer to the prospectus of the Company dated 7 November 2024 (the "**Prospectus**") in connection with the Global Offering and the proposed listing of the Shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Capitalized terms used in this letter shall have the same meaning as those which are defined in the Prospectus.

We hereby give our consent, and confirm that we have not withdrawn our consent, to the issue of the Prospectus, with the inclusion therein of our name, qualifications and our opinions (including the legal opinion as to PRC laws and the legal opinion in respect of PRC cybersecurity and data privacy protection laws, collectively, the "**PRC Legal Opinions**") and all references thereto, in the form and context in which they respectively appear in the Prospectus.

We hereby further consent to (i) a copy of this letter being released to the Registrar of Companies in Hong Kong and the Stock Exchange and referring to it in the Prospectus, and (ii) a copy of this letter and the PRC Legal Opinions being made available on display as described in Appendix VIII headed "Documents Delivered to the Registrar of Companies and Available on Display" to the Prospectus.

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[Signature Page]

Yours faithfully,

For and on behalf of
Lifeng Partners

Lifeng Partners

Hogan Lovells

霍金路偉律師行

Hogan Lovells
11th Floor, One Pacific Place
88 Queensway
Hong Kong

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www.hoganlovells.com

7 November, 2024

Jiangsu Guofu Hydrogen Energy Equipment Co., Ltd.
江蘇國富氫能技術裝備股份有限公司
No. 236
Guotai North Road
Zhangjiagang City
Jiangsu Province
the PRC

Your ref
Our ref BK/4156-5647-0868
Matter ref 787636/000001

Dear Sirs

Consent to the issue of the prospectus of Jiangsu Guofu Hydrogen Energy Equipment Co., Ltd. (the "Company") in connection with the global offering and listing of the H shares (the "Shares") of the Company (the "Global Offering")

We refer to the prospectus of the Company dated 7 November 2024 (the "**Prospectus**") in connection with the Global Offering and the proposed listing of the Shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Capitalized terms used in this letter shall have the same meaning as those which are defined in the Prospectus.

We hereby give our consent, and confirm that we have not withdrawn our consent, to the issue of the Prospectus, with the inclusion therein of our name, qualification and our advice (the "**Legal Advice**") and all references thereto, in the form and context in which they respectively appear in the Prospectus.

We hereby further consent to (i) this letter being released to the Registrar of Companies in Hong Kong and the Stock Exchange and referring to it in the Prospectus, and (ii) this letter and the Legal Advice being made available on display as described in Appendix VIII headed "Documents Delivered to the Registrar of Companies and Available on Display" to the Prospectus.

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Yours faithfully,

Hogan Lovells

FROST & SULLIVAN
沙利文

上海市静安区南京西路1717号
会德丰国际广场2504室
2504 Wheelock Square
1717 Nanjing West Road
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Tel: 86 (21) 5407 5836
Fax: 86 (21) 3209 8500
www.frost.com

Date: 7 November , 2024

Jiangsu Guofu Hydrogen Energy Equipment Co., Ltd.
江蘇國富氫能技術裝備股份有限公司
No. 236
Guotai North Road
Zhangjiagang City
Jiangsu Province
PRC

Dear Sirs,

Re: 江蘇國富氫能技術裝備股份有限公司 Jiangsu Guofu Hydrogen Energy Equipment Co., Ltd. (the "Company") – Proposed Listing of the H shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Proposed Listing")

We refer to the prospectus issued by the Company on 7 November , 2024 (the "**Prospectus**") in connection with the Proposed Listing. Unless otherwise stated, terms used in this letter shall have the same meaning as terms defined in the Prospectus.

We hereby consent, and confirm that we have not withdrawn our consent, to the issue of the Prospectus and the inclusion therein of our name, our qualification and our opinions and all references thereto, in the form and context in which they respectively appear.

We also hereby consent to (i) this letter being released to the Registrar of Companies in Hong Kong and the Stock Exchange and referring to it in the Prospectus, and (ii) our industry report and this letter being made available on display as described in Appendix VIII headed "Documents Delivered to the Registrar of Companies and Available on Display" to the Prospectus.

[Signature page follows]

FROST & SULLIVAN
沙利文

上海市静安区南京西路1717号
会德丰国际广场2504室
2504 Wheelock Square
1717 Nanjing West Road
Shanghai 200040, China
Tel: 86 (21) 5407 5836
Fax: 86 (21) 3209 8500
www.frost.com

Yours faithfully,
For and on behalf of
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.

Name: Terry Tse
Title: Consulting Director

艾 華 迪 集 團
AVISTA GROUP

Date: 7 November 2024

To: **Jiangsu Guofu Hydrogen Energy Equipment Co., Ltd.**
江蘇國富氫能技術裝備股份有限公司
No. 236 Guotai North Road
Zhangjiagang City
Jiangsu Province, the PRC

Dear Sirs,

Consent to the issue of the prospectus of Jiangsu Guofu Hydrogen Energy Equipment Co., Ltd. (the "Company") in connection with the global offering and listing of the H shares (the "Shares") of the Company (the "Global Offering")

We refer to the prospectus of the Company dated 7 November 2024 (the "**Prospectus**") in connection with the Global Offering and the proposed listing of the Shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Capitalized terms used in this letter shall have the same meaning as those which are defined in the Prospectus.

As the property valuer to the Company, we hereby give our consent, and confirm that we have not withdrawn our consent, to the issue of the Prospectus, with the inclusion therein of our name, qualifications, opinions and our property valuation report (the "**Valuation Report**") and all references thereto, in the form and context in which they respectively appear in the Prospectus.

We hereby further consent that (i) this letter being released to the Registrar of Companies in Hong Kong and the Stock Exchange and referring to it in the Prospectus, and (ii) the Valuation Report and this letter being made available on display as described in Appendix VIII headed "Documents Delivered to the Registrar of Companies and Available on Display" to the Prospectus.

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Yours faithfully,

For and on behalf of
AVISTA Valuation Advisory Limited

Name: Vincent C B Pang
Title: Managing Partner