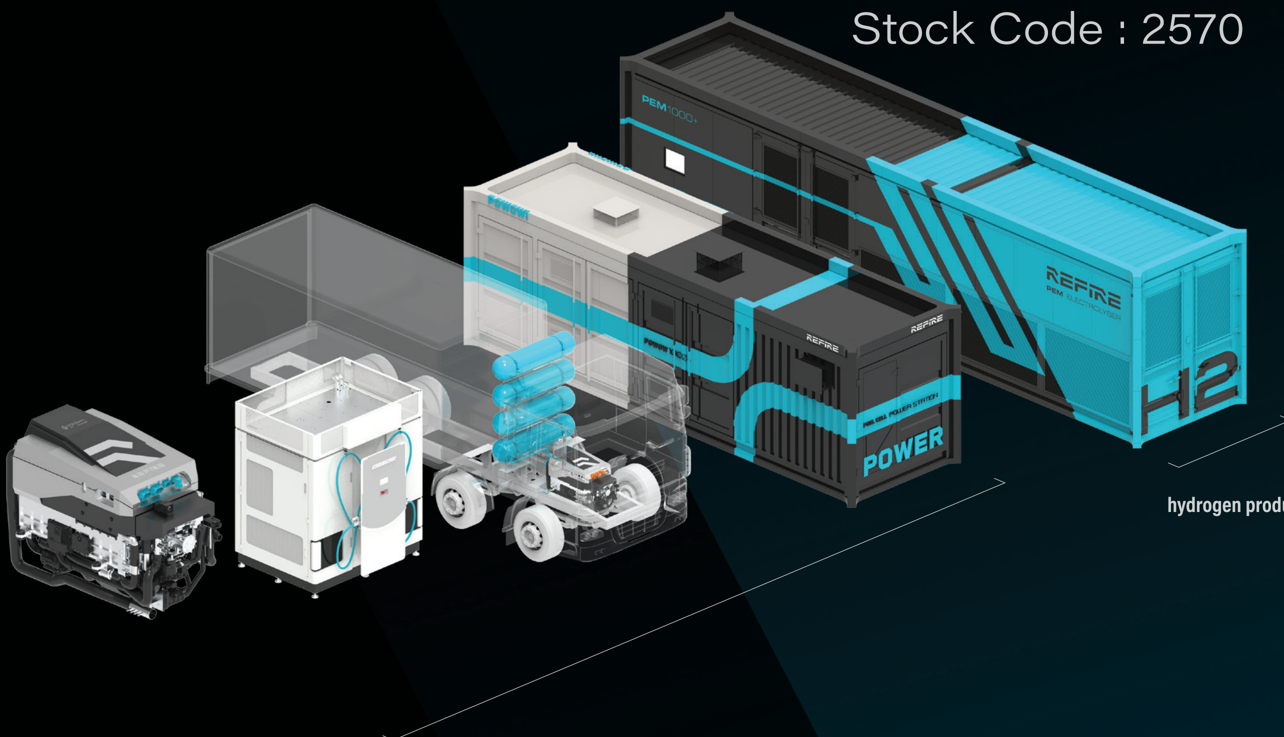
REFIRE

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

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

Stock Code : 2570



hydrogen production

hydrogen-electric power

GLOBAL OFFERING

Sole Sponsor, Joint Overall Coordinator, Joint Global Coordinator, Joint Bookrunner and Joint Lead Manager

CICC 中金公司

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

招銀国际 CMB INTERNATIONAL

BNP PARIBAS

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

中銀國際 BOCI

中國銀河國際 CHINA GALAXY INTERNATIONAL

Joint Bookrunners and Joint Lead Managers
(in alphabetical order)

農銀國際 ABC INTERNATIONAL

CMS 招商證券國際

利弗莫尔证券 LIVERMORE HOLDINGS LIMITED

東吳證券(香港) SOOCHOW SECURITIES (HONG KONG)

老虎證券

Financial Adviser

BNP PARIBAS

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

REFIRE

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

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

Global Offering

Number of Offer Shares under the Global Offering	**:**	**4,827,920 H Shares (subject to the Over-allotment Option)**
Number of Hong Kong Offer Shares	**:**	**482,800 H Shares (subject to reallocation)**
Number of International Offer Shares	**:**	**4,345,120 H Shares (subject to reallocation and the Over-allotment Option)**
Maximum Offer Price	**:**	**HK$165.00 per H Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Hong Kong Stock Exchange trading fee of 0.00565% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal value	**:**	**RMB1.00 per H Share**
Stock code	**:**	**2570**

Sole Sponsor, Joint Overall Coordinator, Joint Global Coordinator, Joint Bookrunner and Joint Lead Manager

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BNP PARIBAS

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in the section headed "Appendix VII — Documents Delivered to the Registrar of Companies and Available on Display" in 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 of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this prospectus or any other documents referred to above.

The Offer Price is expected to be fixed by agreement between the Joint 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, December 4, 2024 (Hong Kong time) and, in any event, not later than 12:00 noon on Wednesday, December 4, 2024 (Hong Kong time). The Offer Price will not be more than HK$165.00 per Offer Share and is currently expected to be not less than HK$145.00 per Offer Share. If, for any reason, the Offer Price is not agreed by 12:00 noon on Wednesday, December 4, 2024 (Hong Kong time) between the Joint 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, the maximum Offer Price of HK$165.00 for each Hong Kong Offer Share together with a brokerage fee of 1%, a SFC transaction levy of 0.0027%, a Stock Exchange trading fee of 0.00565% and an AFRC transaction levy of 0.00015%.

The Joint Overall Coordinators (for themselves and on behalf of the Underwriters) may, with our consent, reduce the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such case, an announcement will be published on the websites of the Stock Exchange at www.hkexnews.hk and our Company at www.refire.com not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. Details of the arrangement will then be announced by us as soon as practicable. For further information, see "Structure 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 are subject to termination by the Joint Overall Coordinators (for themselves and on behalf of the Underwriters) if certain events occur prior to 8:00 a.m. on the Listing Date. See "Underwriting" in this prospectus.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws 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 the United States in offshore transactions in reliance on Regulation S.

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 Hong Kong Stock Exchange at www.hkexnews.hk and our website at www.refire.com. If you require a printed copy of this prospectus, you may download and print from the websites above.

November 28, 2024

IMPORTANT NOTICE TO INVESTORS OF HONG KONG OFFER SHARES

FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering and below are the procedures for application.

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.refire.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 use one of the following application channels:

Application Channel	Platform	Target Investors	Application Time
White Form eIPO service	**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 28, 2024 to 11:30 a.m. on Tuesday, December 3, 2024. The latest time for completing full payment of application monies will be 12:00 noon on Tuesday, December 3, 2024.
HKSCC EIPO channel	Your **broker** or **custodian** who is a HKSCC Participant will submit an EIPO application 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**.

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" for further details of the procedures through which you can apply for the Hong Kong Offer Shares electronically.

Your application through the **White Form eIPO** service or the **HKSCC EIPO** channel must be made for a minimum of 20 Hong Kong Offer Shares and in multiples of that number of Hong Kong Offer Shares as set out in the table below.

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$*
20	3,333.28	400	66,665.61	6,000	999,984.16	80,000	13,333,122.00
40	6,666.56	500	83,332.01	7,000	1,166,648.18	90,000	14,999,762.26
60	9,999.84	600	99,998.41	8,000	1,333,312.20	100,000	16,666,402.50
80	13,333.13	700	116,664.82	9,000	1,499,976.23	120,000	19,999,683.00
100	16,666.40	800	133,331.22	10,000	1,666,640.26	140,000	23,332,963.50
120	19,999.68	900	149,997.62	20,000	3,333,280.50	160,000	26,666,244.00
140	23,332.96	1,000	166,664.03	30,000	4,999,920.76	180,000	29,999,524.50
160	26,666.24	2,000	333,328.06	40,000	6,666,561.00	200,000	33,332,805.00
180	29,999.52	3,000	499,992.08	50,000	8,333,201.26	220,000	36,666,085.50
200	33,332.80	4,000	666,656.10	60,000	9,999,841.50	241,400(1)	40,232,695.64
300	49,999.21	5,000	833,320.13	70,000	11,666,481.76		

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

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

No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

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

Hong Kong Public Offering commences . . . . .9:00 a.m. on Thursday, November 28, 2024

Latest time for completing electronic applications under **White Form eIPO** service through the designated website **www.eipo.com.hk**[2] . . . . .11:30 a.m. on Tuesday, December 3, 2024

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

Latest time to (a) completing payments of **White Form eIPO** applications by effecting internet banking transfer(s) and (b) giving **electronic application instructions** to HKSCC[4] . . . . .12:00 noon on Tuesday, December 3, 2024

If you are instructing your broker or custodian who is a HKSCC Participant and will submit an EIPO application on your behalf through HKSCC's FINI system in accordance with your instruction, you are advised to contact your broker or custodian for the earliest and latest time for giving such instructions, as this may vary by broker or custodian.

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

Expected Price Determination Date[5] . . . . .Wednesday, December 4, 2024

Announcement of the final Offer Price, the level of indications of interest in the International Offering, 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 our Company at **www.refire.com**[6] and the Stock Exchange at **www.hkexnews.hk** at or before . . . . .11:00 p.m. on Thursday, December 5, 2024

Results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers or Hong Kong business registration numbers, where appropriate) to be available through a variety of channels, including:

- in the announcement to be posted on our website and the website of the Stock Exchange at **www.refire.com** and **www.hkexnews.hk** respectively . . . . at or before 11:00 p.m. on Thursday, December 5, 2024

- from the designated results of allocations website at **www.eipo.com.hk** (alternatively: **www.eipo.com.hk/eIPOAllotment**) with a "search by ID" function from . . . . 11:00 p.m. on Thursday, December 5, 2024 to 12:00 midnight on Wednesday, December 11, 2024

- from the allocation results telephone enquiry by calling +852 2862 8555 between 9:00 a.m. and 6:00 p.m. on . . . . Friday, December 6, 2024, Monday, December 9, 2024, Tuesday, December 10, 2024 and Wednesday, December 11, 2024

H Share certificates in respect of wholly or partially successful applications to be dispatched or deposited into CCASS on or before[7] . . . . Thursday, December 5, 2024

White Form e-Refund payment instructions/refund cheques in respect of wholly or partially successful applications if the final Offer Price is less than the maximum Offer Price per Offer Share initially paid on application (if applicable) or wholly or partially unsuccessful applications to be dispatched on or before[8][9] . . . . Friday, December 6, 2024

Dealings in the H Shares on the Main Board of the Stock Exchange to commence at . . . . 9:00 a.m. on Friday, December 6, 2024

Notes:

(1) All dates and times refer to Hong Kong local dates and times, except as otherwise stated.

(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 the application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

(3) If there is/are a "black" rainstorm warning signal, a tropical cyclone warning signal number 8 or above and/or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, December 3, 2024, the application lists will not open and close on that day. See the section headed "How to Apply for Hong Kong Offer Shares — E. Severe Weather Arrangements".

(4) Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC via HKSCC's FINI system should refer to the section headed "How to Apply for Hong Kong Offer Shares — A. Applications for Hong Kong Offer Shares — 2. Application Channels".

(5) The Price Determination Date is expected to be on or around Wednesday, December 4, 2024 and, in any event, not later than 12:00 noon on Wednesday, December 4, 2024. If, for any reason, the Offer Price is not agreed between the Joint Overall Coordinators (for themselves and on behalf of the Underwriters) and us by 12:00 noon on Wednesday, December 4, 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 the Listing Date provided that the Global Offering has become unconditional and the right of termination described in "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for Termination" has not been exercised. Investors who trade the 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 applicants in the event that the final Offer Price is less than the price payable per Offer Share on application. Part of the applicant's Hong Kong identity card number or passport number, or, if the application is made by joint applicants, part of the Hong Kong identity card number or passport number of the first-named applicant, provided by the applicant(s) may be printed on the refund check, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant's Hong Kong identity card number or passport number before encashment of the refund check. Inaccurate completion of an applicant's Hong Kong identity card number or passport number may invalidate or delay encashment of the refund check.

(9) Applicants being individuals who are eligible for personal collection may not authorize any other person to collect on their behalf. Individuals must produce evidence of identity acceptable to our H Share Registrar at the time of collection.

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

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) dispatched to the 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) dispatched to the address as specified in their application instructions in the form of refund checks by ordinary post at their own risk.

Further information is set out in the paragraph headed "How to Apply for Hong Kong Offer Shares — D. Dispatch/Collection of H Share Certificates and Refund of Application Monies".

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, see "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares", respectively.

If the Global Offering does not become unconditional or is terminated in accordance with its terms, the Global Offering will not proceed. In such a case, our Company will make an announcement as soon as practicable thereafter.

IMPORTANT NOTICE TO PROSPECTIVE 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 a public offering of the Hong Kong Offer Shares in any jurisdiction other than Hong Kong and no action has been taken to permit the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus for purposes of a public offering and the offering and sale of the Hong Kong 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. The Hong Kong Public Offering is made solely on the basis of the information contained and the representations made in this prospectus. 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 contained nor made in this prospectus must not be relied on by you as having been authorized by us, the Sole Sponsor, the Joint Overall Coordinators, the Joint Global Coordinators, the Capital Market Intermediaries, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our or their respective directors, officers, employees, agents, or representatives of any of them or any other parties involved in the Global Offering.

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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 this prospectus in its entirety before you decide to invest in the Offer Shares. There are risks associated with any investment in the Offer Shares. Some of the particular risks in investing in the Offer Shares are set out in the section entitled "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

During the Track Record Period, as a leading hydrogen technology company in China, we focused on the design, development, manufacture, and sales of hydrogen fuel cell systems, hydrogen production systems, and related components, as well as providing fuel cell engineering and technical services catering to customers' needs, enabling us to provide one-stop solution for hydrogen production and end-use applications. In terms of hydrogen fuel cell systems, we mainly focused on hydrogen fuel cell systems used for heavy-duty trucks during the Track Record Period. We have proven track record in policy-driven projects, as well as in market-driven projects. Our presence in the domestic hydrogen market is complemented by our successful and constant expansion into overseas markets, with a growing revenue contribution in overseas markets.

We generated revenue primarily from the (i) sales of hydrogen fuel cell systems and components; (ii) provision of fuel cell engineering and technical services; (iii) sales of hydrogen production systems and related components, and (iv) others, which primarily included provision of after-sales services. The table below sets out revenue breakdown of our business segments during the Track Record Period:

	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*	*%*
Sales of hydrogen fuel cell systems and components[1]	513,742	98.0	573,562	94.9	857,258	95.8	85,696	97.3	8,987	71.8
Provision of fuel cell engineering and technical services	7,251	1.4	26,473	4.4	23,444	2.6	–	–	966	7.7
Sales of hydrogen production systems and related components	–	–	–	–	7,681	0.9	–	–	–	–
Others[2]	3,116	0.6	4,613	0.8	6,895	0.8	2,372	2.7	2,568	20.5
Total revenue	**524,109**	**100.0**	**604,648**	**100.0**	**895,278**	**100.0**	**88,068**	**100.0**	**12,521**	**100.0**

Notes:

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

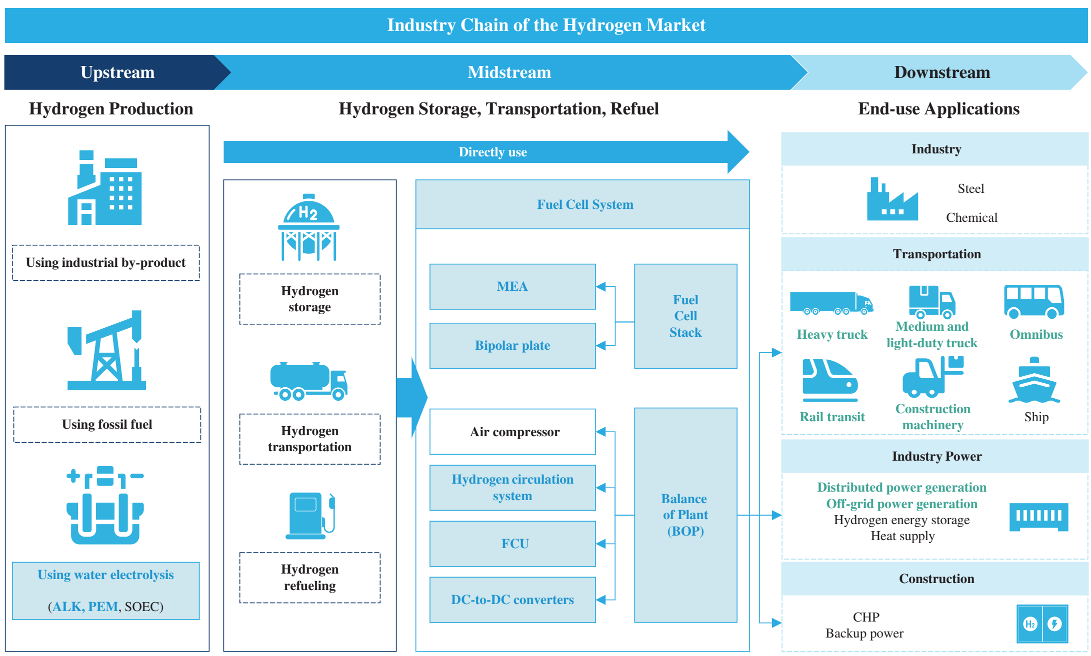
(2) Others mainly included provision of after-sales services.

We sold various hydrogen fuel cell systems with different rated power, widely ranging from 32kW to 220kW. Our hydrogen fuel cell systems were mainly sold to hydrogen fuel cell commercial vehicle manufacturers and some fuel cell stack manufacturers. We provided customized fuel cell product solutions, where we provided Components for Fuel Cell Vehicles in addition to hydrogen fuel cell systems to our customers. Since August 2023, we have launched proton-exchange membrane ("**PEM**") water electrolysis hydrogen production systems, PEM water electrolysis cells, hydrogen production membrane-electrode assemblies ("MEAs"), hydrogen production power sources, and electrodes for ALK electrolysis, which are mainly sold to hydrogen production facilities and hydrogen production system manufacturers for high purity hydrogen production.

According to Frost & Sullivan, we ranked the first in the hydrogen fuel cell system market in China, in terms of the sales power output of hydrogen fuel cell systems in 2023, with a market share of 23.8%. We ranked the first in the hydrogen fuel cell system market in China, in terms of the total sales power output of hydrogen fuel cell systems that have been used for heavy-duty trucks in 2023, with a market share of 42.4%. We ranked the third in the hydrogen fuel cell system market in China, in terms of the total sales value of hydrogen fuel cell systems in 2023, with a market share of 16.2%. We ranked the first in the hydrogen fuel cell system market in China, in terms of the total sales value of hydrogen fuel cell systems that have been used for heavy-duty trucks in 2023, with a market share of 29.4%. As of May 31, 2024, our hydrogen fuel cell systems had powered over 5,900 fuel cell vehicles on the road in China. By the same date, these vehicles had accumulated around 210 million kilometers of operations and reduced carbon emissions of around 116,851 tons.

In recent years, we have further explored into the upstream of hydrogen industry, where we have independently developed PEM water electrolysis hydrogen production systems, hydrogen production power sources, electrodes for alkaline ("**ALK**") electrolysis and other key components that can effectively utilize electricity to produce hydrogen. Our comprehensive product and service portfolio enables us to achieve the synergies among hydrogen and electricity, therefore forming a new business model of "electricity-hydrogen-electricity", where our hydrogen fuel cell systems and hydrogen production systems can be used for our customers' one-stop solution for utilizing rich renewable power resources in generating electricity, which will be then used to produce green hydrogen with our PEM and ALK water electrolysis technologies and products.

As of the Latest Practicable Date, our product and service portfolio covered the entire industrial chain of hydrogen. Embracing the "dual-carbon" goals of China, which aim to peak carbon dioxide emissions by 2030 and achieve carbon neutrality before 2060, we are dedicated to providing full-services in hydrogen industry, including effective, cost-efficient, safe and reliable hydrogen generation and application products and services, to help achieve a sustainable future. Below is an illustration of our products and their applications:



Notes:

1. the blue-colored text represents items which fall within the Group's business scope.

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

Source: Frost & Sullivan

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

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

OUR INDUSTRY

Hydrogen Industry

Hydrogen is an alternative that possesses the characteristics and advantages of being able to have zero emissions during the energy conversion process, high efficiency, high energy density and storable on large scale. It can be produced from a variety of sources, including (i) traditional sources (such as fossil fuels or industrial by-products), (ii) traditional sources combined with CCUS (Carbon Capture, Utilization, and Storage) technology, and (iii) renewable energy sources. In particular, hydrogen produced through traditional methods currently constitutes the predominant form of hydrogen globally, accounting for approximately 86.9% of the total, measured by the sales volume of hydrogen in the global market in 2023. For related risk, please refer to "Risk Factors — Risks Relating to Our Business — Hydrogen produced by traditional methods is commonly used in China to operate hydrogen fuel cell vehicles, which causes certain environmental impact and may in turn, adversely affect business, results of operations, financial condition, and prospects of our Company" in this prospectus.

The market size of hydrogen consumption measured by value in China increased from RMB244.3 billion from 2018 to RMB355.2 billion in 2023, and is expected to increase to RMB578.1 billion in 2028. In addition, low carbon hydrogen consumption measured by value in China increased from approximately RMB20.8 billion in 2018 to approximately RMB78.0 billion in 2023, with a CAGR of 30.3%, and is expected to significantly increase to RMB267.7 billion in 2028, with a CAGR of 28.0% for the period from 2023 to 2028.

Hydrogen Fuel Cell Industry

We are a leading market player in hydrogen fuel cell industry. The hydrogen fuel cell industry witnessed the promulgation of various supporting policies and clear developmental goals both in China and abroad. For more information, see "Industry Overview — Overview of the Hydrogen Industry — Preferential Policies and Regulations" in this prospectus. Supported by the favorable policies, the hydrogen industry is expected to grow continuously.

Hydrogen fuel cell industry is mainly policy-driven at current stage, where market players heavily rely on governmental policies, subsidies and incentives to drive their growth and market acceptance. However, it has been gradually transitioning from a policy-driven one to a market-driven one, where market players start to rely less on government support and shift their focus to market-driven factors, such as performance, cost-effectiveness, and consumer preferences. Pursuant 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》), demonstration city clusters, led by Beijing, Shanghai, Guangdong, Zhengzhou and Zhangjiakou, were established to promote the adoption and acceptance of core technologies for fuel cell vehicles with a demonstration period of four years. The PRC government will adopt the "award in lieu of subsidy" policy to give incentives to market participants in the demonstrative city clusters. Demonstration cities refer to cities included in the demonstration city clusters, while non-demonstration cities refer to all other cities in China.

In hydrogen fuel cell industry, the customers will generally determine how much supplies they need after assessing and determining their product and sales plans, and then we commence production according to the customers' demands in the second half of the year. As the hydrogen fuel cell industry is mainly policy-driven, the customers generally settle the contract price with us only after they receive the awards from government. As a result, the turnover days of our receivables tend to be relatively long.

According to Frost & Sullivan, except for certain FCEV manufacturers, a majority of the market players, along the hydrogen value chain in China, whose main businesses are related to hydrogen industry, are still loss-making, mainly because the industry is still in a relatively early stage, requiring substantial investment in research and development as well as sales and marketing, which in turn demand significant financial resources, and the industry is still primarily policy-driven, with market players more or less rely on government subsidies, while production costs of related products are relatively high.

OUR STRENGTHS

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

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

OUR STRATEGIES

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

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

SUMMARY OF MATERIAL RISK FACTORS

Our business and the Global Offering involve certain risks as set out in "Risk Factors" in this prospectus. Some of the major risks we face include the following:

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

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

- We recorded net losses in the past and had negative cash flows from operating activities, and our trade receivables turnover days remained at a relatively high level, all of which may continue if we may not be able to implement our business plans successfully in the future;

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

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

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

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

OUR OPERATING RESULTS

Revenue

During the Track Record Period, we generated revenue primarily from the (i) sales of hydrogen fuel cell systems and components; (ii) provision of fuel cell engineering and technical services; (iii) sales of hydrogen production systems and related components, and (iv) others, which primarily included provision of after-sales services. The table below sets out revenue breakdown of our business segments:

	Year Ended December 31,						Five Months Ended May 31,			
	2021		2022		2023		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Sales of hydrogen fuel cell systems and components										
– Hydrogen fuel cell systems	452,725	86.4	423,265	70.0	637,176	71.2	52,996	60.2	7,091	56.6
– Components[(1)]	61,017	11.6	150,297	24.9	220,082	24.6	32,700	37.1	1,897	15.1
Subtotal	**513,742**	**98.0**	**573,562**	**94.9**	**857,258**	**95.8**	**85,696**	**97.3**	**8,987**	**71.8**
Provision of fuel cell engineering and technical services	7,251	1.4	26,473	4.4	23,444	2.6	–	–	966	7.7
Sales of hydrogen production systems and related components	–	–	–	–	7,681	0.9	–	–	–	–
Others[(2)]	3,116	0.6	4,613	0.8	6,895	0.8	2,372	2.7	2,568	20.5
Total revenue	**524,109**	**100.0**	**604,648**	**100.0**	**895,278**	**100.0**	**88,068**	**100.0**	**12,521**	**100.0**

Notes:

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

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

During the Track Record Period, our largest revenue contributor was the sales of hydrogen fuel cell systems and components, which accounted for 98.0%, 94.9%, 95.8% and 71.8% of our total revenue in 2021, 2022, 2023 and the five months ended May 31, 2024, respectively. The tables below set out details on sales volume, sales power output, revenue, and average selling prices of our hydrogen fuel cell systems during the Track Record Period:

	Year Ended December 31,			Five Months Ended May 31,	
	2021	2022	2023	2023	2024
Sales volume (unit)					
Fuel cell systems equipped with fuel cell stacks provided by:					
– Our Group	639	790	1,234	85	11
– Third party suppliers	507	456	668	152	2
Total	**1,146**	**1,246**	**1,902**	**237**	**13**
Sales power output (kW)					
Fuel cell systems equipped with fuel cell stacks provided by:					
– Our Group	69,155	82,958	158,916	9,010	943
– Third party suppliers	46,438	49,757	83,410	12,060	160
Total	**115,593**	**132,715**	**242,326**	**21,070**	**1,103**
Average selling price (RMB per kW)					
Fuel cell systems equipped with fuel cell stacks provided by:					
– Our Group	4,635	3,720	2,982	3,796	6,665
– Third party suppliers	2,846	2,305	1,958	1,558	5,038
Overall	**3,917**	**3,189**	**2,629**	**2,515**	**6,429**

Our revenue from sales of hydrogen fuel cell systems and components increased by 11.6% from RMB513.7 million in 2021 to RMB573.6 million in 2022, and further increased by 49.5% to RMB857.3 million in 2023. The continued growth was primarily driven by higher sales volumes in both (i) fuel cell systems equipped with our in-house manufactured fuel cell stacks, and (ii) components. The increase in sales volume of fuel cell systems equipped with our in-house manufactured fuel cell stacks, rising from 639 units in 2021 and 790 in 2022, and further reaching 1,234 in 2023, was attributed to our efforts to improve product performance, cost reduction initiatives, and facilitating commercialization. Additionally, the growth in demand for components, particularly hydrogen supply systems, energy storage systems and fuel cell stacks which were offered alongside our fuel cell systems as comprehensive product solutions, reflected the increasing trust and recognition from customers in our ability to provide quality solutions. In particular, in September 2023, we launched a pioneer project, with its first phase involving a one-time order for a large volume of fuel cell systems and hydrogen supply systems, contributing RMB162.6 million to our total revenue in 2023. As this project progresses, we may receive new orders in the future. The increase in sales volume was partially offset by a decrease in the average selling price of our fuel cell systems, which resulted from our continuous pursuit of technology advancements and cost efficiencies that allowed us to offer more competitive pricing.

During the Track Record Period, we have seen a continuous increase in results from sales of hydrogen fuel cell systems equipped with our in-house manufactured fuel cell stacks, in terms of both the absolute amount and the percentage of our sales volume and sales power output, respectively. This continued growth was primarily attributed to the strong growth in market recognition of the quality of our products and services that rest upon our solid technology capabilities, our increased marketing and sales efforts, as well as the growing pricing capacity capitalizing on the increased utilization of our in-house manufactured fuel cell stacks.

During the Track Record Period, the proportion of our revenue from sales of fuel cell systems in regions other than demonstration city clusters increased from 21.0% in 2021 to 27.9% in 2022, and further to 36.0% in 2023. This was attributable to our strategic expansion into hydrogen-rich regions like Shaanxi, Shanxi, as well as energy-rich regions such as Ningxia and Inner Mongolia, fostering our focus on select key demonstration cities, including Shanghai and those in Henan province. This strategic positioning allows us to continually enhance our market presence and foster established relationships with industry chain enterprises that reside in demonstration city clusters, while leveraging such achievements to promote our market penetration and capture opportunities driven by market demands in regions with strong growth potential.

During the Track Record Period, the revenue generated from sales of fuel cell systems to be equipped in heavy-duty trucks as a percentage of the total revenue from sales of fuel cell systems witnessed a continuous increase, rising from 61.6% in 2021 to 68.7% in 2022, and further to 86.3% in 2023. This continued growth was primarily due to: (i) the transition towards high-output fuel cell systems that has expanded their potential applications in the heavy-duty trucks. According to Frost & Sullivan, the rapid development and iteration of high-output fuel cell systems in China have accelerated their adoption within the heavy-duty truck market; (ii) the economic viability of heavy-duty truck applications. In particular, in regions where hydrogen prices are relatively low, the use of fuel cell systems in heavy-duty trucks has demonstrated cost-effectiveness even without substantial government subsidies; and (iii) the strong demand for heavy-duty trucks in various application scenarios, such as mining areas, where transportation needs are high and routes are generally highly concentrated or even fixed, which effectively reduced the costs associated with building an extensive hydrogen refueling infrastructure, and in turn, making fuel-cell heavy-duty truck applications feasible.

For the five months ended May 31, 2024, our revenue from sales of hydrogen fuel cell systems and components amounted to RMB9.0 million, representing a decrease from RMB85.7 million for the same period in 2023. This was mainly due to a decrease in the sales volume of fuel cell systems and components driven by fluctuations in timing of order deliveries. Our main customers, fuel cell vehicle manufacturers, generally place orders with us after assessing their production and sales plans which are influenced by various factors including the timing of related government award projects. As a result, large-scale orders and deliveries of our fuel cell systems and components are usually concentrated in the second half of the year. Given the relatively fewer orders delivered in the first half of the year, fluctuations in the timing of individual order deliveries may have a greater impact on our revenue during this period. In the first five months of 2024, we delivered only 11 fuel cell systems, down from 85 in the same period in 2023. Nonetheless, we had received orders for 60 fuel cell systems that were not yet delivered by May 2024, with an aggregate contract value of over RMB21 million. Additionally, in June 2024, we received orders for over 80 fuel cell systems placed by our customers, with an aggregate contract value of over RMB29 million, and we also delivered 30 fuel cell systems to our customers, with an aggregate contract value of over RMB16 million. The decrease in sales volume of components was driven by fluctuations in customers' demands for applying various components, which were influenced by their vehicle production schedules. Although the volume of components delivered in the first five months of 2024 was relatively small, the aggregate contract value of the components we delivered to customers in June 2024 exceeded RMB70 million.

For the five months ended May 31, 2024, all of our revenue from sales of fuel cell systems was generated from non-demonstration cities, and the proportion of revenue from sales of fuel cell systems to be equipped in heavy-duty trucks decreased to 21.1% of our total revenue from sales of fuel cell systems. However, considering the relatively low sales volume in the first half of the year due to seasonality, we do not believe the product mix and corresponding revenue contribution percentages observed in the first five months are representative of the full-year trends. We expect that for the full year ending December 31, 2024, the majority of the sales of our fuel cell systems will continue to be in demonstration cities, mainly for heavy-duty truck applications.

Cost of Sales

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

	Year Ended December 31,						Five Months Ended May 31,			
	2021		2022		2023		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* *(unaudited)*	*%*	*RMB'000*	*%*
Cost of sales of goods and services										
Raw materials										
– Fuel cell stacks produced by our Group	181,754	43.8	133,066	28.1	177,866	26.0	24,981	33.1	1,329	4.7
– Hydrogen supply systems	38,273	9.2	89,544	18.9	146,837	21.5	11,676	15.5	315	1.1
– Fuel cell stacks from external suppliers	46,367	11.2	38,841	8.2	64,553	9.4	–	–	995	3.5
– Other raw materials(1)	94,351	22.8	131,875	27.9	210,135	30.7	22,029	29.2	5,622	19.9
Subtotal of raw materials	**360,745**	**87.0**	**393,326**	**83.2**	**599,392**	**87.6**	**58,685**	**77.7**	**8,261**	**29.2**
Depreciation and amortization	15,284	3.7	24,936	5.3	24,768	3.6	5,939	7.9	8,356	29.6
Employee benefit expense	15,859	3.8	20,044	4.2	25,434	3.7	4,041	5.3	4,375	15.5
Others(2)	22,765	5.5	34,405	7.3	34,304	5.0	6,898	9.1	7,254	25.7
Subtotal of cost of sales of goods and services	**414,653**	**100.0**	**472,712**	**100.0**	**683,897**	**100.0**	**75,563**	**100.0**	**28,246**	**100.0**
Impairment losses on inventories	47,671		82,113		31,765		16,470		8,476	
Total	**462,324**		**554,825**		**715,662**		**92,033**		**36,722**	

Notes:

(1) Other raw materials mainly included energy storage systems, fuel cell engine accessories, air compressors and controllers, humidifiers, DC-to-DC boost converters and hydrogen circulation pumps.

(2) Others mainly included rental costs, utilities, and repair and maintenance fees.

Gross Profit and Gross Profit Margin

Our gross profit represents our revenue less cost of sales, and our gross profit margin represents our gross profit divided by our revenue, expressed as a percentage. The following table sets forth a breakdown of our gross profit and gross profit margin by business activity for the periods indicated:

	Year Ended December 31,						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)			
Sales of hydrogen fuel cell systems and components										
– Hydrogen fuel cell systems	97,845	21.6	98,288	23.2	178,265	28.0	8,100	15.3	(18,435)	(260)
– Components[1]	6,146	10.1	12,604	8.4	13,113	6.0	2,504	7.7	633	33.4
Subtotal	**103,991**	**20.2**	**110,891**	**19.3**	**191,378**	**22.3**	**10,604**	**12.4**	**(17,802)**	**(198.1)**
Provision of fuel cell engineering and technical services	2,858	39.4	17,291	65.3	15,206	64.9	–	N/A	627	64.9
Sales of hydrogen production systems and related components	–	N/A	–	N/A	1,271	16.5	–	N/A	–	N/A
Others[2]	2,608	83.7	3,754	81.4	3,526	51.1	1,901	80.2	1,450	56.5
Subtotal	**109,456**	**20.9**	**131,936**	**21.8**	**211,381**	**23.6**	**12,505**	**14.2**	**(15,726)**	**(126.0)**
Impairment losses on inventories	(47,671)		(82,113)		(31,765)		(16,470)		(8,476)	
Total	**61,785**	**11.8**	**49,823**	**8.2**	**179,616**	**20.1**	**(3,965)**	**(4.5)**	**(24,202)**	**(193.3)**

Notes:

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

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

Our gross profit for sales of hydrogen fuel cell systems and components increased by 6.6% from RMB104.0 million in 2021 to RMB110.9 million in 2022, with the gross profit margin decreasing slightly from 20.2% to 19.3%. In 2023, our gross profit for sales of hydrogen fuel cell systems and components further increased by 72.6% to RMB191.4 million with a gross profit margin of 22.3%. The continued increase in gross profit from 2021 to 2023 was due to the fact that the sales growth of fuel cell systems and components outpaced the rise in related cost of sales as a result of our effective cost control measures. The slight decrease in 2022 in gross profit margin was attributed to the higher proportion of revenue generated from sales of components, which generally have lower profit margins compared to fuel cell systems. Specifically, the gross profit margin for fuel cell systems increased from 21.6% in 2021 to 23.2% in 2022, which further increased to 27.9% in 2023. This was mainly due to our endeavors in procuring high-quality domestic raw materials, which have quality comparable to previously imported materials, and leveraging proprietary key components, which enabled us to optimize costs. The gross profit margin for components decreased from 10.1% to 8.4%, and further to 5.9% in 2023, primarily due to variations in the component mix sold, as different components carry different profit margins based on customer needs.

We recorded gross loss for sales of hydrogen fuel cell systems and components of RMB17.8 million for the five months ended May 31, 2024, with a negative gross margin of 198.1%. This was mainly due to the seasonality of our business that resulted in low sales volume and revenue in the first five months of the year, while costs of sales such as employee benefit expense and depreciation and amortization did not decline proportionately during the same period, resulting in a gross loss.

OUR PRODUCTION

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

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

OUR RESEARCH AND DEVELOPMENT

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

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

OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

As of the Latest Practicable Date, our Single Largest Group of Shareholders was able to exercise approximately 21.96% voting rights in our Company. Immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised and the options granted under the Pre-IPO Share Option Scheme are not exercised), our Single Largest Group of Shareholders will be entitled to exercise approximately 20.73% voting rights in our Company and will remain as our single largest group of Shareholders. There will be no controlling shareholder of our Company under the Listing Rules upon Listing. For details, see "Relationship with Our Single Largest Group of Shareholders" in this prospectus.

PRE-IPO INVESTMENTS

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

SUMMARY HISTORICAL FINANCIAL INFORMATION

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

Selected Items of Our Consolidated Statements of Profit or Loss

	Year Ended December 31,						Five Months Ended May 31,			
	2021		2022		2023		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Revenue	524,109	100.0	604,648	100.0	895,278	100.0	88,068	100.0	12,521	100.0
Cost of sales	(462,324)	(88.2)	(554,825)	(91.8)	(715,662)	(79.9)	(92,033)	(104.5)	(36,722)	(293.3)
– Cost of sales of goods and services	(414,653)	(79.1)	(472,712)	(78.2)	(683,897)	(76.4)	(75,563)	(85.8)	(28,246)	(225.6)
– Impairment losses on inventories	(47,671)	(9.1)	(82,113)	(13.6)	(31,765)	(3.5)	(16,470)	(18.7)	(8,476)	(67.7)
Gross profit	**61,785**	**11.8**	**49,823**	**8.2**	**179,616**	**20.1**	**(3,965)**	**(4.5)**	**(24,201)**	**(193.3)**
Other income and gains	53,950	10.3	59,792	9.9	59,825	6.7	15,421	17.5	19,532	156.0
Selling and marketing expenses	(90,475)	(17.3)	(102,826)	(17.0)	(134,833)	(15.1)	(36,702)	(41.7)	(43,076)	(344.0)
Administrative expenses	(218,227)	(41.6)	(242,695)	(40.1)	(339,670)	(37.9)	(103,914)	(118.0)	(196,575)	(1,570.0)
Research and development expenses	(230,891)	(44.1)	(198,688)	(32.9)	(220,880)	(24.7)	(99,498)	(113.0)	(90,281)	(721.0)
Impairment losses on financial assets and a financial guarantee obligation, net	(144,636)	(27.6)	(15,459)	(2.6)	(63,965)	(7.1)	(18,881)	(21.4)	(41,455)	(331.1)
Others[(1)]	(81,808)	(15.7)	(95,420)	(15.8)	(59,861)	(6.7)	(21,715)	(24.6)	(35,340)	(282.2)
Loss before tax	**(650,302)**	**(124.1)**	**(545,473)**	**(90.2)**	**(579,768)**	**(64.8)**	**(269,254)**	**(305.7)**	**(411,396)**	**(3,285.6)**

	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*	*%*
Income tax credit/(expense)	(3,990)	(0.8)	(626)	(0.1)	2,237	0.2	2,551	2.9	1,965	15.7
Loss for the year/period	**(654,292)**	**(124.8)**	**(546,099)**	**(90.3)**	**(577,531)**	**(64.5)**	**(266,703)**	**(302.8)**	**(409,431)**	**(3,270.0)**
Loss attributable to:										
Owners of the parent	(572,802)	(109.3)	(505,966)	(83.7)	(529,472)	(59.1)	(247,137)	(280.6)	(394,115)	(3,147.6)
Non-controlling interests	(81,490)	(15.5)	(40,133)	(6.6)	(48,059)	(5.4)	(19,566)	(22.2)	(15,316)	(122.3)

Note:

(1) Others include fair value gains or losses on financial assets at fair value through profit or loss, fair value loss on a derivative financial instrument, finance costs, share of losses of associates and a joint venture and other expenses.

Non-IFRS Measure

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

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

We define "adjusted net loss (non-IFRS measure)" as loss for the year/period adjusted by adding back share-based payment and listing expenses. Share-based payment was non-cash in nature, representing the employee incentive scheme through which we offered share awards to our employees. For more information, see note 34 to the Accountants' Report in Appendix I to this prospectus. The following table reconciles our adjusted net loss (non-IFRS measure) for the years/periods:

	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 for the year/period	**(654,292)**	**(546,099)**	**(577,531)**	**(266,703)**	**(409,431)**
Adjustment:					
Share-based payment expenses	31,326	27,094	87,066	19,123	117,484
Listing expenses	–	–	19,084	–	9,003
Adjusted net loss (non-IFRS measures)	**(622,966)**	**(519,005)**	**(471,381)**	**(247,580)**	**(282,944)**

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

Our profitability is impacted by various factors associated with the early stage of the hydrogen fuel cell industry and the hydrogen fuel cell vehicle industry in China, including relatively limited downstream applications, relatively high production costs, and limited development in the upstream and downstream of these industries. We incurred net losses of RMB654.3 million, RMB546.1 million, RMB577.5 million and RMB409.4 million in 2021, 2022, 2023 and the five months ended May 31, 2024, respectively. The net losses were primarily attributable to (i) the continuous expansion of our business scale during the Track Record Period that led to increased expenses and raw material costs; (ii) substantial impairment losses on trade receivables recognized; and (iii) significant impairment losses on inventories, particularly in 2022, resulting from rapid product iterations towards high-output fuel cell systems and the decline in market prices. Considering the early stage of industry development and our ongoing investment in R&D expenses, production costs, and other expenses to seize market share and enhance product competitiveness, we anticipate recording net losses in 2024.

Our net loss declined by 16.5% from RMB654.3 million in 2021 to RMB546.1 million in 2022, primarily due to (i) reduced net impairment losses on financial assets and a financial guarantee obligation resulting from higher net loss allowance on trade receivables in 2021 as we made full provisions on trade receivables due from a third-party customer who experienced financial difficulties; (ii) decreased research and development expenses attributed to the higher raw material costs incurred in 2021 for testing and validating our in-house developed MEAs and completing the development of fuel cell systems with a rated power of 120kW to 130kW and corresponding fuel cell stacks; and (iii) revenue growth surpassing the increase in cost of sales, selling and marketing expenses, and administrative expenses, reflecting our efforts in cost control and improved operating leverage. Our net loss increased slightly by 5.8% from RMB546.1 million in 2022 to RMB577.5 million in 2023, which was mainly due to (i) an increase in employee benefit expenses, particularly the share-based payments as we granted options under our employee incentive scheme in April 2023; and (ii) a rise in impairment losses on trade receivables as a result of the increased trade receivables along with revenue growth and prolonged settlement. Our net loss also increased from RMB266.7 million for the five months ended May 31, 2023 to RMB409.4 million for the five months ended May 31, 2024, primarily attributable to (i) a RMB98.4 million increase in share-based payments as we granted options under our employee incentive scheme in January 2024; and (ii) the fact that our revenue was relatively small in the first five months of 2024 due to the seasonality and fluctuations in our customers' demands for application of fuel cell systems and components, which were in relation to their vehicle production schedules, while our costs and expenses such as employee salaries and rent did not decline proportionately, resulting in a gross loss during that period.

The prolonged settlement of our trade receivables was primarily influenced by the fact that there is usually a relatively long time gap between the sale of a vehicle and the receipt of a subsidy by a vehicle manufacturer (i.e. our customer) under the current governmental policy. Our major customers are mainly vehicle manufacturers, including publicly listed companies and their subsidiaries, state-owned enterprises, and reputable companies. According to Frost & Sullivan, China's fuel cell vehicle industry is still in the early stages of development and is highly affected by government subsidy policies. Hydrogen fuel cell vehicle manufacturers typically sell vehicles to customers and adjust prices by deducting applicable subsidies at the time of sale, with the expectation of receiving government subsidies afterward. However, the process of collecting these subsidies from the government typically takes a significant amount of time, often exceeding two years. This, coupled with the fact that hydrogen fuel cell commercial vehicle manufacturers have strong bargaining power given the industry is still in the early stages of development, ultimately contributing to the prolonged settlement of our trade receivables.

As of December 31, 2021, 2022, 2023 and May 31, 2024, our provision for impairment losses on trade and bills receivables and contract assets amounted to RMB373.4 million, RMB400.1 million, RMB461.1 million and RMB503.0 million, respectively. This was primarily due to (i) the prolonged settlement, as discussed above, from certain customers to which we made provision for and increased the respective expected loss rates accordingly, (ii) the increase in the gross carrying amount of trade receivables along with the revenue growth, and (iii) impairment provision for trade receivables from certain customers who faced financial difficulties, including a full provision of RMB118.1 million made in 2021 for trade receivables due from a customer based on Shanghai that purchased our products prior to the Track Record Period.

Our net impairment losses on financial assets and a financial guarantee obligation decreased significantly from RMB144.6 million in 2021 to RMB15.5 million in 2022, mainly due to a higher net loss allowance on trade receivables in 2021 because, as mentioned above, we made a full provision on trade receivables due from a customer based on Shanghai who experienced financial difficulties to settle our payment. Our net impairment losses on financial assets and a financial guarantee obligation increased significantly from RMB15.5 million in 2022 to RMB64.0 million in 2023, mainly representing the increased provision for impairment losses on trade receivables, mainly because the gross carrying amount of trade receivables increased as a result of our increased revenue and the aforesaid prolonged settlement. Additionally, our net impairment losses on financial assets and a financial guarantee obligation amounted to RMB41.5 million for the five months ended May 31, 2024.

For further information of our trade receivables, see "Financial Information — Discussion of Certain Selected Items from the Consolidated Statements of Financial Position — Trade and Bills Receivables and Contract Assets" in this prospectus.

Selected Items of Our 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 current assets	1,560,532	3,172,217	2,784,791	2,609,424
Total current liabilities	1,373,662	1,028,067	1,317,259	1,690,202
Net current assets	**186,870**	**2,144,150**	**1,467,532**	**919,222**
Total non-current assets	933,711	968,917	1,251,784	1,175,152
Total assets less current liabilities	**1,120,581**	**3,113,067**	**2,719,316**	**2,094,374**
Total non-current liabilities	584,126	873,935	968,852	633,187
Net assets	**536,455**	**2,239,132**	**1,750,464**	**1,461,187**
Equity attributable to owners of the parent	566,024	2,271,548	1,824,400	1,541,345
Non-controlling interests	(29,569)	(32,416)	(73,936)	(80,158)

As of December 31, 2021, 2022, 2023 and May 31, 2024, we recorded net current assets of RMB186.9 million, RMB2,144.2 million, RMB1,467.5 million and RMB919.2 million, respectively. The significant increase in net current assets in 2022 was mainly due to to the (i) a substantial increase in cash and cash equivalents as we received capital injection from shareholders in 2022, (ii) an increase in financial assets at fair value through profit or loss due to our purchase of structured deposits issued by commercial banks, and (iii) an increase in trade and bills receivables in line with our sales growth. The decrease in net current assets in 2023, mainly attributable to (i) a decrease in cash and cash equivalents, and (ii) a decrease in financial assets at fair value through profit or loss due to the maturity of certain investments in structured deposits. The decrease in net current assets as of May 31, 2024 was mainly due to (i) a decrease in cash and cash equivalents, (ii) a decrease in prepayments, other receivables and other assets, and (iii) an increase in interest-bearing bank and other borrowings.

We recorded net assets of RMB536.5 million, RMB2,239.1 million, RMB1,750.5 million and RMB1,461.2 million as of December 31, 2021, 2022, 2023 and May 31, 2024, respectively. The increase in net assets in 2022 was primarily attributable to a capital injection of RMB2,182.8 million from our Shareholders, partially offset by our loss for the year of RMB546.1 million in 2022. The decrease in net assets in 2023 was mainly due to our loss for the year of RMB577.5 million, partially offset by share-based payment of RMB87.1 million in 2023. The decrease in net assets as of May 31, 2024 was mainly due to our loss for the period of RMB409.4 million, partially offset by share-based payment of RMB117.5 million in the first five months of 2024.

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

Summary of Our 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 cash flow before movements in working capital	(285,804)	(243,384)	(232,644)	(154,104)	(167,382)
Changes in working capital	(486,887)	(490,968)	(498,312)	(284,790)	20,863
Interest received and income tax paid	4,480	6,291	12,551	4,751	2,465
Net cash flows used in operating activities	(768,211)	(728,061)	(718,405)	(434,143)	(144,054)
Net cash flows from/ (used in) investing activities	(185,465)	(560,340)	116,804	79,724	(75,302)
Net cash flows from financing activities	368,354	2,088,391	181,412	132,552	(5,523)

	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*
Net (decrease)/increase in cash and cash equivalents	(585,322)	799,990	(420,189)	(221,867)	(224,879)
Cash and cash equivalents at the beginning of the year	862,206	276,220	1,079,456	1,079,456	664,510
Effect of foreign exchange rate changes, net	(664)	3,246	5,243	980	(3,921)
Cash and cash equivalents at end of year	**276,220**	**1,079,456**	**664,510**	**858,569**	**435,710**

We recorded net operating cash outflows in 2021, 2022, 2023 and the five months ended May 31, 2024, primarily due to (i) the significant operating expenses incurred to support our business development. These expenses encompassed various aspects, including the purchase of raw materials for our productions, research and development expenditures to enhance our R&D capabilities, selling and marketing expenses, and administrative expenses to support the development and promotion of our products; and (ii) the prolonged settlement of trade receivables. The fuel cell vehicle industry in China is still in its early stages and influenced by government subsidy policies. Commercial vehicle manufacturers typically deduct applicable subsidies from their prices at the time of sale, but collecting the relevant subsidies from the government usually takes a lengthy period of time. This, combined with the relatively strong bargaining power of vehicle manufacturers in the industry, contributes to the prolonged settlement of trade receivables. For details, see "Financial Information — Discussion of Certain Selected Items from the Consolidated Statements of Financial Position — Trade and Bills Receivables and Contract Assets" in this prospectus.

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

KEY FINANCIAL RATIOS

	As of or for the Year Ended December 31,			As of or for the Five Months Ended May 31,
	2021	2022	2023	2024
Gross profit margin[(1)]	11.8%	8.2%	20.1%	(193.3)%
Current ratio[(2)]	1.1	3.1	2.1	1.5
Quick ratio[(3)]	0.9	2.8	1.9	1.3
Gearing ratio[(4)]	2.1	0.5	0.7	0.9

Notes:

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

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

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

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

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

BUSINESS SUSTAINABILITY

We were established in 2015. Since our inception, we have achieved growth. During the Track Record Period, our total revenue amounted to RMB524.1 million, RMB604.6 million, RMB895.3 million and RMB12.5 million for 2021, 2022, 2023 and the five months ended May 31, 2024.

Despite our continued growth in business, we are not yet profitable. We have incurred net losses during the Track Record Period. In 2021, 2022, 2023 and the five months ended May 31, 2024, we recorded net losses of RMB654.3 million, RMB546.1 million, RMB577.5 million and RMB409.4 million, respectively. Our net loss position was primarily because we are vigorously expanding our product portfolio, and exploring upstream and downstream network and collaborations in order to achieve the synergies among "electricity-hydrogen-electricity" in our business model, and thus incur significant amount of research and development expenses, selling and marketing expenses, as well as various other operating expenses.

Considering that hydrogen industry is still in its early developing stage, and is gradually shifting from policy-driven to market-driven, to pave the way for a long-term success in such new and fast-growing market, we believe it is more important to focus on building and developing our research and development and production capacity, rather than seeking immediate financial returns or profitability, so as to lay a solid foundation for future growth as the hydrogen industry continues to mature. In the medium term, we aim to maintain sustainability and achieve profitability through: (i) business expansion and revenue growth; (ii) ability to manage costs and enhance operating leverage; and (iii) improving cash flow and ability to raise funds. With our improved profitability, we also expect our cash flow to improve concurrently.

Business Expansion and Revenue Growth

Favorable Policies in Hydrogen Industry

We are operating in one of the fastest-growing industries in China with strong government support. The PRC government has been announcing various favorable policies to develop the hydrogen industry. Many local governments in China have also proposed specific plan and target supporting the development of hydrogen industry and fuel cells systems, such as the Development Plan of Hydrogen Energy Industry in Hebei Province for the "14th Five Year Plan" Period (《河北省氫能產業發展「十四五」規劃》) and the Implementation Plan for Accelerating the Development of New Energy Vehicle Industry in Shanghai for 2021–2025 (《上海市加快新能源汽車產業發展實施計劃(2021–2025年)》).

Business Development

In the future, we plan to further expand our business development in the following aspects:

- ***Expanding application scenarios***: In addition to commercial vehicles, we will also expand our presence in vehicle applications such as special-purpose vehicles, and passenger cars; and non-vehicle applications, such as railways, vessels, airplanes, and power generation applications. To achieve this goal, we will continue to focus on product iteration. We also plan to conduct pilot projects with industry stakeholders in such industries, to showcase the practicality and benefits of hydrogen fuel cell systems.

- ***Expanding geographical presence***: We plan to expand into new non-demonstration cities, where hydrogen fuel cells offer comparative advantages over other power sources, such as in Qingdao, Ningbo, Chongqing, Wuhan, Jiyuan, Linfen, Jinan, and Hohhot. These target markets share similarities with other non-demonstration cities where we have already established proven track record. These markets possess unique geographic, industrial, and/or market characteristics that promote the utilization of hydrogen energy. These characteristics include but not limited to, strong hydrogen supply with competitive prices, abundant industrial materials that require heavy-duty logistics, and supportive local policies encouraging the adoption of FCEVs to reduce carbon emissions in public transportation.

- ***Accelerating global expansion***: We will continue to provide high-quality engineering and technical services, enhance international cooperation, and improve our competitiveness and reputation in overseas markets. In addition, we will participate in international expos, such as FC Expo in Tokyo, Japan, which attract a diverse range of industry professionals, potential customers around the world, by showcasing our fuel cell systems, solutions and technologies, we can significantly increase our visibility and brand recognition in the global market, as well as establish connections with key stakeholders in the global fuel cell industry.

- ***Further development of hydrogen production products***: By 2027, we plan to launch: (i) standardized industrial PEM hydrogen production system that is capable of producing hydrogen for long period with remote control, that facilitates mass production and scalable management; (ii) integrated hydrogen production and refueling solution, for one-stop hydrogen production, storage, and refueling; and (iii) compact hydrogen production and refuelling unit, which is primarily developed as a standardized solution to meet the hydrogen refuelling needs of non-road vehicles.

- ***Enhancing marketing efforts***: We plan to attend or hold more industrial forums, events and activities so as to increase adherence of existing customers and gain new customers. We intend to offer attractive performance-based compensation schemes to incentivize marketing team to enhance their efforts and achieve our marketing goal. In addition, we plan to actively promote the application of our products by (i) assisting commercial vehicle manufacturers in their research and development and testing of fuel cell vehicle prototypes; and (ii) leveraging the various local supportive policies for the hydrogen fuel cell industry to enter different markets and expand our sales channels.

Management of Cost and Enhancement of Operational Leverage.

We plan to carry out the following measures to manage cost:

- ***In-house Development***: Over the past eight years, we achieved significant breakthroughs in the field of hydrogen fuel cell systems, conducting independent R&D of crucial components to lower prices. Going forward, we will leverage technology advancements and optimize our production processes to enhance yield, cycle time and labor efficiency for the components we produce in-house.

- ***Supply Management***: We plan to increase the utilization of domestically sourced raw materials, and collaborate with suppliers capable of delivering quality products at competitive prices. We also anticipate a further decrease in purchase cost from domestic suppliers, driven by advancements in their technologies, increased production resulting from industry development, among others. Additionally, we aim to optimize production plans and manage inventory more efficiently through collaboration with domestic suppliers.

- ***Product Iteration and Upgrades***: We have achieved cost reduction through annual product iterations and upgrades, and we will continue to pursue further cost reduction through ongoing product improvements. These iterations and upgrades encompass various approaches, including but not limited to the application of new technologies to enhance performance, streamlining system architecture and process improvements.

- ***Optimization of Manufacturing Process and Costs***: We plan to optimize production processes, upgrade facilities and equipment, and utilize more automated production to enhance production efficiency.

In addition, we do not expect significant growth in operating expenses going forward as we work to improve the efficiency of our research and development and sales activities, and optimize our organizational structure. Furthermore, as we continue to experience sales growth and expand our business, we anticipate benefiting from greater economies of scale.

Improving Cash Flow and Ability to Raise Funds

- ***Increasing Revenue and Enhancing Operational Leverage***: Through measures such as (i) boosting revenue by improving product performance and expanding product applications, and (ii) managing cost of sales and increasing operational leverage, we anticipate improving our net operating cash position.

- ***Enhancing Collection Efforts***: We will regularly follow up on overdue trade receivables and maintain close communication with customers regarding outstanding payments. With ongoing product improvements and increased brand recognition, we plan to negotiate more favorable credit terms with customers, such as shortening credit periods, and requiring customers to make a certain proportion of prepayments before shipment.

- ***Prudent Credit Assessment***: We will continue to undertake credit assessments for both new and existing customers. Before entering into any sales contracts, we assess the credit quality and associated risks of potential customers, including their business operations and past financial performance. We collect background information and establish customer profiles for new clients, evaluating their credit risk as part of our customer engaging process.

- ***Strengthening Supply Management***: We expect our purchases from suppliers to further increase and we plan to negotiate more favorable terms with suppliers, such as extending payment periods and negotiating flexible payment methods.

- ***Narrowing the Gap Between Trade Receivables and Payables Turnover Days***: In 2021, 2022 and 2023, our trade receivables turnover days were 909, 1,029, and 866 days, respectively, while trade and bills payables turnover days were considerably shorter at 501, 435 and 325 days for the same years. We will implement cash flow and liquidity management measures to manage the risk arising from the mismatch between the turnover days of trade receivables and those of trade and bills payables. We will prioritize projects with shorter payment cycles and stronger customers' financial capabilities, and maintain ongoing communication with customers to facilitate timely payments. Additionally, we seek to source quality raw materials from local suppliers to benefit from shorter lead times and longer payment terms compared to overseas suppliers. We will also explore supply chain finance options, such as factoring, to improve our cash flow.

- ***Effective Inventory Management***: We will optimize inventory control to improve production planning and inventory turnover days. We believe that maintaining appropriate inventory levels will help us to better plan our raw material purchases and timely delivery of products without adding pressure on working capital.

- ***Available Financial Resources***: We have obtained, and believe that we can continue to obtain, credit facilities from banks for our utilization when needed. If necessary, we may further raise funds through equity and debt financing.

For further information, see "Business — Business Sustainability" in this prospectus.

OUR CUSTOMERS AND SUPPLIERS

During the Track Record Period, our customers primarily consisted of commercial vehicle manufacturers located in China. We generated revenue of RMB393.0 million, RMB433.6 million, RMB620.8 million and RMB7.3 million from our five largest customers in each year/period during the Track Record Period, which accounted for 75.0%, 71.7%, 69.3% and 58.2% of our total revenue for the respective years/periods. We generated revenue of RMB117.4 million, RMB134.2 million, RMB261.8 million and RMB4.9 million from the largest customer in each year/period during the Track Record Period, which accounted for 22.4%, 22.2%, 29.2% and 38.9% of our total revenue for the respective years/periods. For more information, see "Business — Customers, Sales and Pricing" in this prospectus.

We select and procure raw materials and key components from third-party suppliers. Purchase from our five largest suppliers in each year/period during the Track Record Period amounted to RMB268.4 million, RMB214.5 million, RMB220.5 million and RMB53.0 million, which accounted for 29.5%, 27.5%, 23.3% and 20.3% of our total purchase for the respective years/periods. Purchase from the largest supplier in each year/period during the Track Record Period amounted to RMB82.5 million, RMB52.4 million, RMB65.3 million and RMB29.4 million, which accounted for 9.1%, 6.7%, 6.9% and 11.2% of our total purchase for the respective years/periods.

During the Track Record Period, we did not experience any shortage of raw materials that resulted in interruptions in our production. For more information, see "Business — Our Suppliers" in this prospectus.

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

COMPETITIVE LANDSCAPE

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

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

According to Frost & Sullivan, except for certain FCEV manufacturers, a majority of the market players, along the hydrogen value chain in China, whose main businesses are related to hydrogen industry, are still loss-making. We ranked the first in the hydrogen fuel cell system market in China, in terms of the sales power output of hydrogen fuel cell systems in 2023, with a market share of 23.8%. We ranked the first in the hydrogen fuel cell system market in China, in terms of the total sales power output of hydrogen fuel cell systems that have been used for heavy-duty trucks in 2023, with a market share of 42.4%. For details, see "Industry Overview" in this prospectus. As new market players are getting into the hydrogen fuel cell system market in China, it is expected that the competition is getting increasingly intensive.

THE IMPACT OF COVID-19

The COVID-19 pandemic has had a significant negative impact on the global economy since early 2020. In response, during the COVID-19 outbreak, governments around the world implemented various measures to control the pandemic.

As a result of the COVID-19 outbreak and the anti-pandemic measures implemented in places where our operation, the mobility of some employees was affected, and certain employees had to work remotely. However, such impact on our overall production and R&D processes was limited as we implemented various precautionary measures and flexibly adjusted work arrangement of our employees. During the COVID-19 outbreak, the progress of some R&D projects was delayed, with the delay generally within four weeks. Nonetheless, we managed to catch up the progress very soon after our R&D employees resumed their normal R&D activities.

During the Track Record Period and up to the Latest Practicable Date, we did not experience temporary closure or shutdown of our offices or production facilities due to the COVID-19 pandemic. During the COVID-19 outbreak, production activities of some raw materials suppliers and the logistics in some regions were affected to various degrees, which in turn resulted in the delay or failure to deliver raw materials we ordered to us. However, such delay or failure to deliver raw materials to us did not materially affect our operation or production activities, because we actively contacted with our suppliers and strategically procured key raw materials in advance according to our production plan, and thus our inventories were sufficient to support our normal production activities to fulfill orders from our customers when abovementioned delay or failure to deliver raw materials occurred. In addition, as the fuel cell industry in China typically has concentrated product deliveries in the third and fourth quarters of the year, the impact of COVID-19 on our product deliveries was limited. During the Track Record Period and up to the Latest Practicable Date, our production activities have not encountered any material disruption, nor has our product delivery been materially affected.

Accordingly, our Directors believe that the outbreak of COVID-19 has not had any material adverse impact on the Group's business, financial condition or results of operations. However, there is no assurance that our operation or production activities will not be affected in the future due to the COVID-19 pandemic and relevant restrictive measures. See "Risk Factors — Risks Relating to Our Business — Our business, results of operations and financial condition may be adversely affected by natural disasters, health epidemics and pandemics and other outbreaks, such as the COVID-19 outbreak" in this prospectus.

RECENT DEVELOPMENT

Since the end of the Track Record Period, we have continued to grow our business. During the period from June 1, 2024 to September 30, 2024, our revenue increased compared to the same period in 2023, which was attributable to the increased revenue from sales of components, provision of fuel cell engineering and technical services and others.

Specifically, the rise in revenue from sales of components was mainly driven by the increased customer demand for hydrogen supply systems and energy storage systems. During the period from June 1, 2024 to September 30, 2024, the sales volume of hydrogen supply systems and energy storage systems reached 412 units and 100 units, respectively, reflecting an increase from 64 units and nil units for the same period in 2023. However, this growth was partially offset by a decline in revenue from sales of hydrogen fuel cell systems, which saw a decrease in sales volume from 248 units for the same period in 2023 to 91 units from June 1, 2024 to September 30, 2024, primarily due to fluctuations in order delivery timing. Our main customers, fuel cell vehicle manufacturers, generally place orders with us after assessing their production and sales plans, which are influenced by various factors including the timing of related government award projects. As a result, large-scale orders and deliveries of our fuel cell systems are usually concentrated in the second half of the year, particularly in the fourth quarter. For further information, see "Business — Seasonality" in this prospectus.

In June 2024, Hong Kong government announced the city's Strategy of Hydrogen Development (香港氫能發展策略), and launched hydrogen-powered street-washing vehicles jointly developed by us and Yutong Group, which will be put into operation in near future. In June 2024, the Hong Kong Vocational Training Council and us signed a Memorandum of Understanding to explore opportunities for cooperation in the field of hydrogen energy.

On July 4, 2024, the first hydrogen-powered bus demonstration line in Xinjiang Uygur Autonomous Region officially commenced operations in Yiwu County, Hami City. Seven hydrogen fuel cell buses jointly developed by Yutong Group and us were delivered and put into service in Yiwu County, Hami City, Xinjiang Uygur Autonomous Region. They successfully achieved direct transportation from Naomao Lake Town to Naomao Lake Industrial Park and Baishi Lake Mining Area.

In August 2024, Hubei Chutian Smart Communication Co., Ltd. (湖北楚天智能交通股份有限公司), Hydrogen Accumulation Electric Energy Technology (Shanghai) Co., Ltd. (氫積電能源技術(上海)有限公司) and us signed a tripartite strategic framework agreement for the "High-speed Off-Grid Supercharging Station Operation" project in Wuhan. According to the strategic framework agreement, the three parties will establish a long-term and in-depth strategic relationship, leveraging their respective advantages in operations and technologies. Together, they will deploy hydrogen supercharging equipment along expressways in Hubei to provide supercharging services for electric vehicles.

We expect to record an increase in net losses for the year ending December 31, 2024, primarily due to a significant rise in share-based payments resulting from the grant of options under our employee incentive scheme in 2024, which will mainly be recognized as administrative, research and development, and selling and marketing expenses.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that up to the date of this prospectus, there had been no material adverse change in our financial, operational or prospects since May 31, 2024, being the date of our latest reviewed financial statements, and there is no event since May 31, 2024 that would materially affect the information as set out in the Accountants' Report set out in Appendix I to this prospectus.

DIVIDENDS

No dividend has been paid or declared by our Company during the Track Record Period. We currently do not have any specific dividend policy nor any pre-determined dividend payout ratio. The declaration and payment of any dividends in the future will be determined by our Board and subject to our Articles of Association and the PRC Company Law, and will depend on a number of factors, including our financial performance and business operation, capital requirements and contractual restrictions. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. As confirmed by our PRC Legal Adviser, according to the PRC law, any future net profit that we make will have to be first applied to make up for our historically accumulated losses, after which we will be obliged to allocate at least 10% of our net profit to our statutory common reserve fund until the cumulative amount of the reserve fund has reached more than 50% of our registered capital. We will therefore only be able to declare dividends after (i) all our historically accumulated losses from prior fiscal years have been made up for; and (ii) we have allocated sufficient net profit to our statutory common reserve fund as described above. Based on the above, and considering that we incurred accumulated losses as of May 31, 2024, we are not able to pay any dividend before we have made up for such accumulated losses.

GLOBAL OFFERING STATISTICS

	Based on the Offer Price of HK$145.00	Based on the Offer Price of HK$165.00
Market capitalization of our Shares	HK$12,490.20 million	HK$14,212.98 million
Unaudited pro forma adjusted net tangible assets per Share	HK$26.62	HK$27.69

Notes:

(1) All statistics in this table are on the assumption that the Over-allotment Option is not exercised.

(2) The calculation of market capitalization is based on total 86,139,291 Shares in issue after the completion of the Global Offering. If the Over-allotment Option is exercised in full, the additional Offer Shares to be issued pursuant thereto are 724,180 H Shares and the total Offer Shares under the Global Offering are 5,552,100 H Shares. Assuming the Over-allotment Option is fully exercised, the Company has 86,863,471 Shares in issue after the completion of the Global Offering. The market capitalization of our Shares is expected to be between HK$12,595.20 million (based on the Offer Price of HK$145.00 per Offer Share) and HK$14,332.47 million (based on the Offer Price of HK$165.00 per Offer Share) (assuming the Over-allotment Option is fully exercised).

(3) The unaudited pro forma adjusted net tangible assets per Share is calculated after making the adjustments referred to in "Financial Information — Unaudited Pro Forma Statement of Adjusted Net Tangible Assets" in this prospectus. The unaudited pro forma adjusted consolidated net tangible assets per Share is calculated based on total 86,139,291 Shares in issue after the completion of the Global Offering, representing the aggregate of the H Shares to be converted from Domestic Shares, the Domestic Shares in issue, and the 4,827,920 H Shares to be issued pursuant to the Global Offering, and does not take into account of any Shares which may be issued upon the exercise of the Over-allotment Option.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK$665.9 million, after deducting underwriting commissions, fees and estimated expenses payable by us in connection with the Global Offering, and assuming the Over-allotment Option being not exercised and an Offer Price of HK$155.00 per Share, which is the mid-point of the indicative Offer Price range stated in this prospectus. If the Offer Price is set at HK$165.00 per Share, which is the high end of the indicative Offer Price range, the net proceeds from the Global Offering will increase by approximately HK$46.2 million. If the Offer Price is set at

HK$145.00 per Share, which is the low end of the indicative Offer Price range, the net proceeds from the Global Offering will decrease by approximately HK$46.3 million. Assuming an Offer Price at the mid-point of the indicative Offer Price range, we currently intend to apply these net proceeds for the following purposes:

- 74.5%, or approximately HK$495.9 million, will be allocated to fund our R&D activities and production capacity expansion of our hydrogen fuel cell systems;
- 15.3%, or approximately HK$101.9 million, will be allocated to fund our production capacity expansion of our hydrogen production systems;
- 7.7%, or approximately HK$51.3 million, will be used for the expansion of our overseas market footprint; and
- 2.5%, or approximately HK$16.9 million, will be used for our working capital and general corporate purposes.

LISTING EXPENSES

Based on the mid-point of our indicative price range and assuming the Over-allotment Option is not exercised, the listing expenses to be borne by us are estimated to be approximately RMB76.1 million and are expected to represent approximately 11.0% of the gross proceeds of the Global Offering, comprising of (i) underwriting-related expenses, including underwriting commission and other expenses, of RMB31.1 million; and (ii) non-underwriting-related expenses of RMB45.0 million, including (a) fees and expenses of legal advisers and reporting accountant of RMB26.0 million; and (b) other fees and expenses of RMB19.0 million.

During the Track Record Period, we incurred listing expenses of RMB33.0 million, of which RMB28.1 million was charged to our consolidated income statements for the year ended December 31, 2023, while the listing expenses directly attributable to the issue of shares of RMB4.9 million was recognized in the consolidated statement of financial position as of December 31, 2023 and is expected to be accounted for as a deduction in equity upon completion of the Global Offering. We expect to incur additional listing expenses of RMB43.1 million (assuming the Over-allotment Option is not exercised and based on the mid-point of our indicative Offer Price range) will be incurred by us, approximately RMB12.1 million of which is expected to be charged to our consolidated statements of profit or loss, and approximately RMB31.0 million of which is expected to be recognized as a deduction from equity upon the Listing. The listing expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

REGULATORY DEVELOPMENT RELATING TO OVERSEAS LISTING AND CSRC FILING STATUS

On February 17, 2023, the CSRC promulgated the Overseas Listing Trial Measures and five guidelines for the filing-based administration of overseas securities offerings and listings by PRC companies, which have become effective since March 31, 2023 and require, among others, that PRC domestic enterprises seeking to overseas listing and public offering securities in overseas markets, either directly or indirectly, shall file the requisite documents with the CSRC within three business days after their application for overseas listing is submitted. In compliance with the aforementioned requirements, we had submitted our filing documents on March 5, 2024, within three business days after the submission of our listing application and the submission had been acknowledged by the CSRC on March 14, 2024. The CSRC issued a notification on our completion of the PRC filing procedures for the listing of our H Shares on the Stock Exchange and the Global Offering on October 18, 2024.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Stock Exchange for the listing of, and permission to deal in, our H Shares to be issued pursuant to Global Offering (including any H Shares which may be issued pursuant to the exercise of the Over-allotment Option) and the H Shares to be converted from Domestic 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 in the financial year ended December 31, 2023, being approximately RMB895.28 million (equivalent to approximately HK$969.22 million), which is over HK$500 million, and (ii) our expected market capitalization at the time of Listing, which, based on the Offer Price of HK$145.00 per H Share (being the low-end of the indicative Offer Price range), exceeds HK$4 billion.

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

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

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

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

"Frost & Sullivan Report"	the industry report commissioned by our Company and independently prepared by Frost & Sullivan, a summary of which is set forth in the section headed "Industry Overview" in this prospectus
"General Rules of HKSCC"	General Rules of HKSCC published by the Stock Exchange and as amended from time to time
"Global Offering"	the Hong Kong Public Offering and the International Offering
"Group", "our Group", "we", "us" or "our"	our Company and all of its subsidiaries, or any one of them as the context may require
"Guide for New Listing Applicants"	the Guide for New Listing Applicants published by the Stock Exchange
"Hangcha (杭叉)"	Hangcha Group Co., Ltd. (杭叉集團股份有限公司)
"H Share(s)"	overseas listed ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which are to be subscribed for and traded in Hong Kong dollars and to be listed on the Hong Kong 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, including by instructing your broker or custodian who is a clearing participant or a custodian participant under HKSCC to give **electronic application instructions** via 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
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HK$"	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
"Hong Kong Offer Shares"	the 482,800 H Shares being initially offered by us for subscription pursuant to the Hong Kong Public Offering (subject to reallocation as described in the section headed "Structure of the Global Offering" in this prospectus)
"Hong Kong Public Offering"	the offer for subscription of the Hong Kong Offer Shares to the public in Hong Kong, on and subject to the terms and conditions described in the section headed "Structure of the Global Offering" in this prospectus
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited
"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offering as listed in the section headed "Underwriting" in this prospectus
"Hong Kong Underwriting Agreement"	the underwriting agreement dated November 27, 2024 relating to the Hong Kong Public Offering and entered into among our Company, Mr. Lin, Shanghai Weilan, Shanghai Weiqing, Shanghai Weijing, the Joint Overall Coordinators and the Hong Kong Underwriters, as further described in the section headed "Underwriting" in this prospectus
"IFRSs"	International Financial Reporting Standards

"Independent Third Party(ies)"	any person(s) or entity(ies) who/which is not a connected person of our Company within the meaning of the Listing Rules
"International Offer Shares"	the 4,345,120 H Shares being initially offered by us for subscription under the International Offering (subject to reallocation as described in the section headed "Structure of the Global Offering" in this prospectus) together with any additional Shares that may be allotted and issued pursuant to the exercise of the Over-allotment Option
"International Offering"	the conditional placing of the International Offer Shares at the Offer Price outside the United States (including to professional and institutional investors within Hong Kong) in offshore transactions in reliance on Regulation S, as further described in the section headed "Structure of the Global Offering" in this prospectus
"International Underwriters"	the underwriters of the International Offering listed in the International Underwriting Agreement
"International Underwriting Agreement"	the underwriting agreement relating to the International Offering which is expected to be entered into among our Company, Mr. Lin, Shanghai Weilan, Shanghai Weiqing, Shanghai Weijing, the Joint Overall Coordinators and the International Underwriters, as further described in the section headed "Underwriting" in this prospectus
"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 Overall Coordinators"	the joint overall coordinators as named in the section headed "Directors, Supervisors and Parties Involved in the Global Offering" in this prospectus

"Latest Practicable Date"	November 18, 2024, being the latest practicable date for the purpose of ascertaining certain information contained in this prospectus prior to its publication
"Listing"	the listing of the H Shares on the Main Board of the Hong Kong Stock Exchange
"Listing Date"	the date, expected to be on or about December 6, 2024, on which the H Shares are listed and dealings in the H Shares are first permitted to commence on the Hong Kong Stock Exchange
"Listing Rules" or "Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)
"Main Board"	the stock market (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel with the GEM of the Hong Kong Stock Exchange
"MIIT"	Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)
"MOF"	Ministry of Finance of the PRC (中華人民共和國財政部)
"Mr. Lin"	Mr. LIN Qi (林琦), our founder, executive Director, chairperson of our Board and chief executive officer, and a member of our Single Largest Group of Shareholders
"NDRC"	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"Nomination Committee"	the nomination committee of our Board
"NPC"	the National People's Congress of the PRC (中華人民共和國全國人民代表大會)

"Offer Price"	the final offer price per Offer Share (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Hong Kong Stock Exchange trading fee of 0.00565%) at which the Offer Shares are to be subscribed for and issued pursuant to the Global Offering as described in the section headed "Structure of the Global Offering" in this prospectus
"Offer Shares"	the Hong Kong Offer Shares and the International Offer Shares, together with, where relevant, any additional H Shares which may be issued by our Company pursuant to the exercise of the Over-allotment Option
"Over-allotment Option"	the option expected to be granted by us to the International Underwriters exercisable by the Stabilizing Manager (for itself and on behalf of the International Underwriters) under the International Underwriting Agreement, to require our Company to allot and issue up to an aggregate of 724,180 additional H Shares at the Offer Price, representing approximately 15% of the total number of Offer Shares initially available under the Global Offering to cover over-allocations in the International Offering, if any, further details of which are described in the section headed "Structure of the Global Offering" in this prospectus
"Overseas Listing Trial Measures"	the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) promulgated by the CSRC on February 17, 2023
"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"PRC Company Law"	the Company Law of the People's Republic of China (《中華人民共和國公司法》), as amended, supplemented or otherwise modified from time to time
"PRC Data Compliance Adviser"	Tian Yuan Law Firm, the legal adviser of our Company as to the PRC cybersecurity and data privacy protection laws

"PRC Government"	the central government of the PRC and all governmental subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof or, where the context requires, any of them
"PRC Legal Adviser"	Tian Yuan Law Firm, the legal adviser of our Company as to the PRC laws
"PRC Securities Law"	the Securities Law of the PRC (《中華人民共和國證券法》), as amended, supplemented or otherwise modified from time to time
"Pre-IPO Investment(s)"	the investment(s) in our Company undertaken by the Pre-IPO Investors pursuant to the relevant equity transfer agreement(s) and/or capital increase agreement(s), details of which are set out in the section headed "History, Development and Corporate Structure" in this prospectus
"Pre-IPO Investor(s)"	the investor(s) who acquired interest in our Company pursuant to the relevant equity transfer agreement(s) and/or capital increase agreement(s), details of which are set out in the section headed "History, Development and Corporate Structure" in this prospectus
"Pre-IPO Share Option Scheme"	the share option scheme adopted by our Company on January 21, 2024, the principal terms of which are set out in the paragraph headed "Further Information About Our Directors, Supervisors and Substantial Shareholders — 6. Pre-IPO Share Option Scheme" in Appendix VI to this prospectus
"Price Determination Agreement"	the agreement to be entered into between our Company and the Joint Overall Coordinators (for themselves and on behalf of the Underwriters) on the Price Determination Date to record and fix the Offer Price
"Price Determination Date"	the date on which the Offer Price is to be fixed
"REFIRE Technology"	Shanghai REFIRE Technology Co., Ltd. (上海重塑能源科技有限公司), a limited liability company incorporated in the PRC on December 17, 2014 and one of our subsidiaries

"Regulation S"	Regulation S under the U.S. Securities Act
"Remuneration and Appraisal Committee"	the remuneration and appraisal committee of our Board
"Renminbi" or "RMB"	Renminbi, the lawful currency of the PRC
"R&D"	research and development
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國外匯管理局)
"Securities and Futures Commission" or "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
"Shanghai Unilia"	Unilia (Shanghai) Fuel Cells Inc. (上海韻量新能源科技有限公司), a limited liability company incorporated in the PRC on May 23, 2017 and one of our subsidiaries
"Shanghai Weijing"	Shanghai Weijing Management Consulting Partnership (Limited Partnership) (上海蔚鏡管理諮詢合夥企業(有限合夥)), one of our ESOP Platforms and a member of our Single Largest Group of Shareholders
"Shanghai Weijun"	Shanghai Weijun Management Consulting Partnership (Limited Partnership) (上海蔚駿管理諮詢合夥企業(有限合夥)), one of our ESOP Platforms
"Shanghai Weilan"	Shanghai Weilan Business Consulting Partnership (Limited Partnership) (上海蔚瀾商務諮詢合夥企業(有限合夥)), one of our ESOP Platforms and a member of our Single Largest Group of Shareholders
"Shanghai Weiqing"	Shanghai Weiqing Management Consulting Partnership (Limited Partnership) (上海蔚清管理諮詢合夥企業(有限合夥)), one of our ESOP Platforms and a member of our Single Largest Group of Shareholders

"Shanghai Weiyi"	Shanghai Weiyi Management Consulting Partnership (Limited Partnership) (上海蔚儀管理諮詢合夥企業(有限合夥)), one of our ESOP Platforms
"Shanghai Yuanyiqing"	Shanghai Yuanyiqing Management Consulting Partnership (Limited Partnership) (上海源亦氫管理諮詢合夥企業(有限合夥)), one of our ESOP Platforms
"Share(s)"	ordinary share(s) in the capital of our Company with a nominal value of RMB1.00 each, including both Domestic Shares and H Shares
"Shareholder(s)"	holder(s) of our Share(s)
"Single Largest Group of Shareholders"	the single largest group of Shareholders which comprise Mr. Lin, Shanghai Weiqing, Shanghai Weilan and Shanghai Weijing
"Sole Sponsor" and "Sponsor-overall Coordinator"	the sole sponsor and the sponsor-overall coordinator of the listing of the H Shares on the Hong Kong Stock Exchange as named in the section headed "Directors, Supervisors and Parties Involved in the Global Offering" in this prospectus
"sq.m."	square meters
"Stabilizing Manager"	China International Capital Corporation Hong Kong Securities Limited
"State Council"	the State Council of the PRC (中華人民共和國國務院)
"Strategy Committee"	the strategy committee of our Board
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Supervisor(s)"	member(s) of our Supervisory Committee
"Supervisory Committee"	the supervisory committee of our Company
"Takeovers Code"	the Code on Takeovers and Mergers and Share Buy-backs published by the SFC (as amended, supplemented or otherwise modified from time to time)

"Track Record Period"	the three financial years ended December 31, 2021, 2022 and 2023 and the five months ended May 31, 2024
"Underwriters"	the Hong Kong Underwriters and the International Underwriters
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"U.S. dollars", "US$" or "USD"	United States dollars, the lawful currency of the United States
"U.S. Securities Act"	the U.S. Securities Act of 1933, as amended, supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder
"**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 **White Form eIPO** Service Provider at **www.eipo.com.hk**
"**White Form eIPO** Service Provider"	Computershare Hong Kong Investor Services Limited
"Yutong Group"	Zhengzhou Yutong Group Co., Ltd. (鄭州宇通集團有限公司) and its subsidiaries
"%"	per cent

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

"alkaline electrolysis cells"	a device for the production of electrolytic hydrogen, by which water is decomposed into hydrogen and oxygen in an electrolytic cell
"anode"	an electrode through which the conventional current enters a polarized electrical device, which contrasts with a cathode
"bipolar plates"	a key component of a single hydrogen fuel cell system, which connects and separates the individual hydrogen fuel cells in series to form a fuel cell stack with required voltage, aids uniform distribution of fuel gas and air over the reaction area of the membrane electrode assemblies
"by-product hydrogen"	hydrogen gas produced as a result of a process or processes dedicated to producing other products
"CAGR"	compound annual growth rate
"carbon neutrality"	the state where emissions of carbon dioxide and other greenhouse gases due to human activities and removals of these gases are in balance over a given period
"carbon peaking"	a point in time when carbon dioxide and other greenhouse gases emissions stop growing and peak, and then gradually fall back
"cathode"	through which the conventional current enters a polarized electrical device, which contrasts with an anode
"CCM"	catalyst coated membrane, a component used in fuel cells. The CCM consists of a thin membrane coated with catalyst particles on both sides. The catalyst enables electrochemical reactions, while the membrane allows the passage of protons and prevents electron flow. The CCM plays a crucial role in facilitating the conversion of hydrogen and oxygen into electricity

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

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

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

"kilowatts" or "kW"	a unit equals to one thousand watts
"LOHC"	a method of hydrogen storage utilizing a catalytic device to store hydrogen in organic liquid compounds such as benzene, toluene, and methylcyclohexane. Hydrogen can be safely stored and transported in these organic liquid compounds
"low-carbon hydrogen"	hydrogen produced from renewable energy sources and hydrogen processed by CCUS (Carbon Capture, Utilization, and Storage) technology
"membrane-electrode assemblies" or "MEAs"	a crucial site for electrochemical reactions in proton exchange membrane fuel cells that primarily consists of a proton exchange membrane, catalyst layers, and gas diffusion layers. MEA serves as the core component of a fuel cell stack
"MEFA"	membrane electrode framed assembly. A membrane assembly comprises a frame, and the frame is formed by bonding two opposing polymeric thin-film layers that encompasses the edge of a MEA
"MJ"	megajoules, a unit of calorific value equals to one million joules
"MPa"	megapascal pressure per unit, a unit of pressure measurement equals to 1,000,000 pascals
"MW"	megawatt, a unit of power equals to one million watts
"peak cut"	a measure to adjust electrical loads. It involves strategically organizing and planning the electricity usage of various users according to their consumption patterns, aiming to reduce peak loads and fill in load valleys. It helps to minimize the disparity between peak and off-peak loads, achieving a balance between electricity generation and consumption
"PEN"	polyethylene naphthalate. A type of frame material bonded to the edge of MEA, which is capable of handling high stresses and temperatures and offers stability in the corrosive environment

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

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

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

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

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

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

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

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

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

RISKS RELATING TO OUR INDUSTRY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

RISKS RELATING TO OUR BUSINESS

We recorded net losses in the past and had negative cash flows from operating activities, and our trade receivables turnover days remained at a relatively high level, all of which may continue if we may not be able to implement our business plans successfully in the future.

We recorded net losses of RMB654.3 million, RMB546.1 million, RMB577.5 million and RMB409.4 million in 2021, 2022, 2023 and the five months ended May 31, 2024, respectively. We had net cash flows used in operating activities of RMB768.2 million, RMB728.1 million, RMB718.4 million and RMB144.1 million in 2021, 2022, 2023 and the five months ended May 31, 2024, respectively. Such loss making position is expected to continue in the near future. The pressure on us to generate positive cash flow from operating activities may be further exacerbated if we fail to collect our trade receivables in time.

We typically grant credit terms to our customers, which are negotiated based on various factors such as years of relationship. However, we may not be able to receive payment for our products on time. As of December 31, 2021, 2022, 2023 and May 31, 2024, we recorded trade and bills receivables and contract assets (net of impairment) of RMB1.2 billion, RMB1.5 billion, RMB2.0 billion and RMB1.9 billion, respectively, representing 47.8%, 36.7%, 50.0% and 51.4% of our total assets as of the same dates, respectively. Due to the policy-driven nature of China's hydrogen fuel cell industry, our receivables turnover days remained at a relatively high level during the Track Record Period. Specifically, In 2021, 2022 and 2023, our trade receivables turnover days were 909 days, 1,029 days and 866 days, respectively.

In contrast, our trade and bills payables turnover days were 501 days, 435 days and 325 days in 2021, 2022 and 2023, respectively. With our business grows, the mismatch between trade receivables turnover days and trade and bills payables turnover days would raise our liquidity risk. We cannot assure you that our customers will pay us in full for their purchases in a timely manner pursuant to the payment schedules listed in our agreements or at all in the future. If we fail to receive such outstanding amounts from our customers in full or in a timely manner, or at all, our liquidity might be adversely affected, and our business and financial condition will be materially and adversely affected.

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

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

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

The commercialization of hydrogen related products, such as hydrogen fuel cell systems and hydrogen production systems in China is still at an early stage. In 2021, 2022 and 2023 and the five months ended May 31, 2024, the sales volume of fuel cell systems equipped with fuel cell stacks provided by our Group were 639, 790, 1,234 and 11 units, respectively. At the moment, our industry is in the critical period of technology research and development, pilot adoption and core technology commercialization. However, we may face difficulties and obstacles in the process of exploring the large-scale commercialization of our products, including weak supply chains, insufficient batch production progress, inefficient and inadequate production equipment and quality controls, and other unexpected risks which may occur during the large-scale commercialization of fuel cell systems.

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

Most of our products are sold to commercial vehicle manufacturers, whose development capabilities, financial condition, and commercial success will directly affect our results of operations.

Our major customers are commercial vehicle manufacturers in China, many of whom operate in markets that are subject to cyclical fluctuations resulting from market uncertainty, government policies, costs of goods sold, market competition, labor shortages, and other factors beyond our control. The market demand for our customers' products may also be affected by the price fluctuations due to the changes in the government's subsidy policy. In addition, any financial or economic crisis, perceived threat of such crisis or deterioration of PRC and global macroeconomic environment may make it difficult for our customers to accurately plan their future business activities. Any of these factors could affect our customers' sales volume, profit margin and working capital and cause them to idle or close facilities, delay purchases, reduce production levels, or experience reductions in the demand for their own products or services. Any of these events could affect the business operation of our customers and also reduce the volume of products these customers purchase from us, impair the ability of our customers to make full and timely payments and could cause increased pressure on our selling prices and terms of sale or even cause them to terminate their relationships with us. For example, commercial vehicle manufacturers may face working capital constraints and some of them may even face operation pressure due to continuous losses. If their financial situations are not improved due to a long period for collecting government subsidy and other factors, this may result in our slower collection of these trade receivables. See ''— Risks Relating to Our

Business — We recorded net losses in the past and had negative cash flows from operating activities, and our trade receivables turnover days remained at a relatively high level, all of which may continue if we may not be able to implement our business plans successfully in the future" in this section.

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

According to Frost & Sullivan, since both fuel cell industry and hydrogen production industry in China are still at an early stage of development, their market sizes are relatively small and major customers are highly concentrated. During the Track Record Period, most of our revenue was generated from a limited number of customers. Our sale to our top five customers accounted for approximately 75.0%, 71.7%, 69.3% and 58.2% of our total revenue in 2021, 2022 and 2023 and the five months ended May 31, 2024, respectively. Our results of operations and financial condition will continue to depend on (i) our ability to continue to obtain orders from these major customers; (ii) the financial condition and commercial success of these customers; and (iii) factors that affect the development of the fuel cell industry and hydrogen production industry. We cannot assure you that we will be able to retain any of our largest customers or any other key customers. Any material delay, cancelation or reduction of orders from our major customers could cause our sales volume to decline significantly, and in any such event, our results of operations may be materially and adversely affected.

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

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

We had inventories of RMB336.4 million as of May 31, 2024. Our inventories mainly consist of raw materials, work in progress and finished goods. We cannot assure you that our inventories will not be damaged or impaired, as our storage may encounter unforeseeable events. As such, failure to manage our inventories effectively may adversely affect our financial condition and results of operations. The demand for our fuel cell systems depends on their market conditions as well as the performance of downstream commercial vehicle manufacturers, which are beyond our control. We maintain an adequate stock of various models of fuel cell systems. Therefore, any unexpected change in the economic condition or the performance of our customers may render our inventory obsolete. Our impairment losses on inventories increased by 72.2% from RMB47.7 million in 2021 to RMB82.1 million in 2022, primarily attributable to the rapid product iterations towards high-output fuel cell systems and the decline in market prices, and decreased by 61.3% to RMB31.8 million in 2023. Our impairment losses on inventories decreased from RMB16.5 million for the five months ended May 31, 2023 to RMB8.5 million for the same period in 2024. We may continue to record impairment of inventories arising from the decline in market prices of hydrogen fuel cell systems and the rapid product iterations toward high-output fuel cell systems in the future. During the Track Record Period, provision for impairment of inventories is made when the net realizable value of inventories falls below the cost or any of the inventories is identified as obsolete. As of December 31, 2021, 2022, 2023 and May 31, 2024, our provision for impairment of inventories were RMB73.6 million, RMB125.4 million, RMB115.6 million and RMB102.4 million, respectively. With the development of fuel cell system market and according to our business scale expansion, aging of inventory balance, adjustment of subsidy policy and upgrading and iteration of our products, the amount and proportion of our provision of the inventories may further increase, which may have an adverse impact on our financial and results of operations.

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

Research and development and technological development is critical to the improvement of our product quality and performance, and we compete on the basis of our products' reliability, fuel efficiency, environmental considerations and cost. We have been making substantial investments in our research and development endeavors. In 2021, 2022, 2023 and the five months ended May 31, 2024, we incurred research and development expenses of RMB230.9 million, RMB198.7 million, RMB220.9 million and RMB90.3 million, respectively, accounting for 44.1%, 32.9%, 24.7% and 721.0% of our total revenue during the respective periods.

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

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

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

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

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

As advised by Frost & Sullivan, the fuel cell vehicle industry experiences seasonality which is mainly influenced by the periodical issuance or updates of related governmental policies in the hydrogen fuel cell industry and the kick-off of related government award projects, which generally occurs in the second half of the year. Our main customers, i.e., the fuel cell vehicle manufacturers, generally determine and place orders accordingly only after their assessment of such newly issued or updated award policies. We generally commence production in the second half of the year after negotiating with our customers regarding the purchase orders. Therefore, our final production completion and delivery time will usually be in the second half of the year, especially in the forth quarter of a year. Hence, a substantial portion of our revenue is usually recognized in the latter half of the year, especially in the fourth quarter. In 2021, 2022 and 2023, we recorded a significant portion of revenue in the second half of the respective years, and our revenue recorded in the fourth quarter amounted to RMB501.0 million, RMB489.2 million and RMB675.8 million, representing 95.6%, 80.9% and 75.5% of our total revenue for the same years, respectively.

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

We may be subject to risks relating to strategic investments.

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

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

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

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

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

If our products face insufficient or unstable demand, our utilization of production capacity will be affected. In 2021, 2022, 2023 and the five months ended May 31, 2024, the utilization rates for (i) our hydrogen fuel cell systems were 27.2%, 26.5%, 35.1% and 0.1%, respectively; (ii) our fuel cell stacks were 29.6%, 26.2%, 43.8% and 7.3%; (iii) our graphite bipolar plates were nil, nil, 92.5% and 53.2%; and (iv) our MEAs were 89.7%, 49.4%, 59.1% and 10.7%, respectively. Due to the seasonality of our business, our utilization rates are higher in the second half of the year. See "Business — Seasonality" in this prospectus.

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

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

We rely on a combination of invention patent, utility model, design patent, trademark and trade secret laws and restrictions and confidentiality agreements on disclosure to protect our intellectual property rights. As of the Latest Practicable Date, we had (i) 339 registered patents in China, including 120 invention patents, 206 utility model patents and 13 design patents, (ii) 108 registered trademarks in China, two registered trademarks in Hong Kong, five registered trademarks in Japan, seven registered trademarks in European Union, eight registered trademarks in United States, and one registered trademark in Canada, (iii) 37 registered software copyrights and six registered work copyrights in China, as well as (iv) seven registered domain names in China. Despite our efforts to protect our proprietary intellectual property rights, third parties may attempt to copy or otherwise obtain or use our intellectual property, including seeking court declarations that they do not infringe upon our intellectual property rights. Monitoring unauthorized use of our intellectual property is difficult and costly, and the steps we have taken may not be able to fully prevent misappropriation of our intellectual property. From time to time, we may have to resort to litigation to enforce our intellectual property rights, which could result in substantial costs and inversion of our resources, and thus may adversely affect our business.

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

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

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

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

Hydrogen produced by traditional methods is commonly used in China to operate hydrogen fuel cell vehicles, which causes certain environmental impact and may in turn, adversely affect business, results of operations, financial condition, and prospects of our Company.

During the Track Record Period, hydrogen fuel cell vehicle manufacturers constituted our primary group of customers. As advised by Frost & Sullivan, the types of hydrogen available in the market for the operation of hydrogen fuel cell vehicles manufactured by their manufacturers include (i) hydrogen produced from traditional sources (such as fossil fuels or industrial by-products), (ii) hydrogen produced by combining traditional sources with CCUS (Carbon Capture, Utilization, and Storage) technology, and (iii) hydrogen produced from renewable energy sources. Hydrogen produced through traditional methods currently constitutes the predominant form of hydrogen globally, accounting for approximately 86.9% of the total, measured by the sales volume of hydrogen in the global market in 2023. While traditional methods are mature and easily accessible in hydrogen production, they poses environmental concerns and regulatory compliance risks. The production process of traditional methods releases large amount of carbon dioxide, resulting in significant carbon emissions into the atmosphere. In response to the growing emphasis on reducing greenhouse gas emissions, governments in China, other countries, and international bodies may introduce regulatory and policy restrictions regarding the use of hydrogen produced by traditional methods. These restrictions could have a negative impact on the hydrogen fuel cell vehicle industry.

If hydrogen produced by traditional methods is restricted or limited, the availability of hydrogen supplies may be constrained, leading to potential fluctuations in hydrogen prices or supplies. As a result, the hydrogen fuel cell vehicle industry could be adversely affected. Though supply limitation can be mitigated by hydrogen production using renewable energy sources, and the carbon emissions from hydrogen through traditional methods are not directly related to our company's fuel cell systems, the hydrogen fuel cell vehicle manufacturers, our primary group of customers, may still face risks related to the environmental and potential policy changes, which may in turn, adversely affect business, results of operations, financial condition, and prospects of our Company.

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

For the years ended December 31, 2021, 2022, 2023 and the five months ended May 31, 2024, we recorded share of losses of associates of RMB2.5 million, RMB2.7 million, RMB3.9 million and RMB5.7 million, respectively. If the share of results of our associates continue to decrease, our results of operations and financial condition may be adversely affected.

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

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

During the Track Record Period, we incurred share-based payment expenses of RMB31.3 million, RMB27.1 million, RMB87.1 million and RMB117.5 million in 2021, 2022, 2023 and the five months ended May 31, 2024, respectively.

The share-based payment expenses are primarily resulted from our employee incentive schemes. For details, see note 34 to the Accountants' Report in Appendix I to this prospectus. To further incentivize our employees to contribute to us, we may grant additional share-based payment compensations in the future. Issuance of additional Shares with respect to such share-based payment may dilute the shareholding percentage of our existing shareholders. Expenses incurred with respect to such share-based payment may also increase our operating expenses and therefore have a material and adverse effect on our financial performance.

We may need additional capital and may not be able to obtain it in a timely manner or under commercially acceptable terms, or at all.

We believe that our current cash and cash equivalents and the net proceeds from the Global Offering and the financial resources available to us will be sufficient to meet our anticipated cash needs, including our cash needs for working capital and capital expenditures, for at least the next 12 months from the date of this prospectus. We may, however, require additional cash resources to finance our continued growth or other future developments, such as business expansion or investments we may decide to pursue. However, no assurance can be given that we will be able to generate sufficient cash from our operations or obtain the necessary financing or that such financing will be at interest rates and on other terms that are commercially reasonable to us or consistent with our expectations. To the extent we cannot finance our expansion or acquisitions at reasonable rates or at all in the future, our business may be harmed. In addition, if we raise additional financing by issuance of additional equity securities, our Shareholders may experience dilution. To the extent we engage in debt financing, the incurrence of indebtedness would result in increased debt servicing obligations and could result in operating and financing covenants that may, among other things, restrict our operational flexibility or our ability to pay dividends. Servicing such debt obligations could also be burdensome to our operations. If we fail to service the debt obligations or are unable to comply with such debt covenants, we could be in default under the relevant debt obligations and our liquidity and financial conditions may be materially and adversely affected.

Our ability to obtain additional capital on commercially acceptable terms is subject to a variety of uncertainties, some of which are beyond our control, including general economic and capital market conditions, credit availability of financial institutions, receipt of necessary government approvals, investors' confidence in us, the performance of the hydrogen fuel cell industry in general, and our operating and financial performance in particular. We cannot assure you that future financing will be available in amounts or on terms commercially acceptable to us, if at all. In the event that financing is not available or is not available on terms commercially acceptable to us, our business, results of operations and growth prospects may be adversely affected.

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

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

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

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

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

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

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

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

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

Our prepayments, other receivables and other assets primarily consist of prepayments to suppliers, other tax recoverable, prepaid expenses, and other long term assets. Our prepayments, other receivables and other assets balances as of December 31, 2021, 2022 and 2023 and May 31, 2024 were RMB120.3 million, RMB165.7 million, RMB364.2 million and RMB268.8 million. We had impairment allowance of RMB1.5 million, RMB2.0 million, RMB4.9 million and RMB4.5 million as of December 31, 2021, 2022, 2023 and May 31, 2024. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses. The assessment of impairment losses involves a significant degree of management judgments as well as estimates in determining the key assumptions. Therefore, there is uncertainty on the prediction of the movement of impairment of prepayments, deposits and other receivables. Significant impairment losses on prepayments, deposits and other receivables may have a material adverse effect on our financial condition and results of operations.

We may face exposure to fair value change for financial assets at FVPL and valuation uncertainty due to the use of unobservable inputs.

As of December 31, 2021, 2022, 2023 and May 31, 2024, our financial assets at FVPL was RMB6.4 million, RMB342.3 million, RMB44.4 million and RMB52.2 million, respectively. We may continue to record financial assets and therefore may face exposure to fair value change for the financial assets at FVPL. We cannot assure you that we can recognize comparable fair value gains in the future, and we may, on the contrary, recognize fair value losses, which would affect the results of our operations for future periods. In addition, the valuation of fair value changes of financial assets at FVPL is subject to uncertainties in estimations. Such estimated changes in fair values involve the exercise of professional judgment and the use of certain bases, assumptions and unobservable inputs, which, by their nature, are subjective and uncertain. As such, the financial assets at FVPL valuation has been, and will continue to be, subject to uncertainties in estimations, which may not reflect the actual fair value of these financial assets and result in significant fluctuations in profit or loss from period to period.

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

Our business and future strategy are capital intensive and require substantial investments in, among other things, research and development, increasing the production capability and products promotion and marketing. As we increase our production capacity and operations, we may also require significant capital to maintain our property, plant and equipment and such costs may be greater than anticipated. We expect that our level of capital expenditures will be significantly affected by user demand for our products. Our future capital requirements may be uncertain and actual capital requirements may be different from those we currently anticipate. We may seek equity or debt financing to finance a portion of our capital expenditures. If we fail to obtain sufficient capital in a timely manner or on acceptable terms, or at all, we may be required to significantly reduce our spending, delay or cancel our planned activities, or substantially change our corporate strategy, which may materially and adversely affect our business, financial condition, and prospects.

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

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

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

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

Our major product, fuel cell systems, is made up of a large number of engineered parts and components, and its quality warranties are mainly for repairing or replacing faulty parts. We have been maintaining warranty provisions to cover warranty-related claims. Our product warranties provisions were RMB53.7 million, RMB38.8 million, RMB42.3 million and RMB42.4 million as of December 31, 2021, 2022, 2023 and May 31, 2024, respectively. If our product warranties provisions are inadequate to cover future warranty claims on our products, our financial condition, results of operations, and cash flows could be materially and adversely affected. We expect to record and adjust warranty provisions based on changes in estimated costs and actual warranty costs. However, since the fuel cell industry in China is at its early stage, and there is a general lack of historical data and experience for the return rate of the defective components, we have limited operating experience with warranty claims for our products or with estimating warranty provisions. In the future, we may be subject to significant and unexpected warranty expenses. We cannot assure you that the then-existing warranty provisions will be sufficient to cover all claims.

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

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

The unavailability, reduction or elimination of government grants and subsidies which we are currently entitled to could have an adverse effect on our business, financial condition, results of operations and prospects and we are subject to the risk of delayed collection of trade receivables as affected by government subsidy policies.

In 2021, 2022, 2023 and the five months ended May 31, 2024, we accrued government grants and subsidies of RMB32.2 million, RMB34.3 million, RMB39.4 million and RMB14.5 million, respectively, which were intended to support our business and reward our efforts in technological development.

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

In addition, according to Frost & Sullivan, China's fuel cell vehicle industry is still in the early stages of development and is highly affected by government subsidy policies. Under certain circumstances, we applied on behalf of certain customers, who are manufacturers of hydrogen fuel cell vehicles (i.e. downstream customers), for subsidies with the local government, and then distribute such subsidies to them, in line with relevant policies and implementation rules. However, even if we transfer the full amount of government subsidies to our downstream customers in a timely manner, we could still be subject to the risk of delayed collection of our trade receivables due from them. For details, see "Business — Customers, Sales and Pricing — Involvement in Application Projects For 'Award in Lieu of Subsidy' ", "Financial Information — Discussion of Certain Selected Items From the Consolidated Statements of Financial Position — Trade and Bills Receivables and Contract Assets" and "Financial Information — Discussion of Certain Selected Items From the Consolidated Statements of Financial Position – Prepayments, Other Receivables and Other Assets" in this prospectus.

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

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

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

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

In addition, 23 of our lease agreements have not been registered with the relevant PRC government authorities as of the Latest Practicable Date. Our PRC Legal Adviser is of the view that the non-registration and filing of the relevant property lease will not affect the validity of the lease contracts and the legal use of the leased properties, but relevant local housing authorities may require us to complete the filing within the prescribed period and we may be subject to penalties of RMB1,000 to RMB10,000 for each of such properties if we fail to file within the prescribed period. In the event that we are required by the competent authorities to register the property lease agreements, we may be subject to a maximum penalty of around RMB0.2 million for the failure to register the property lease agreements. Even if certain properties we leased have property titleship and the lease agreements are properly registered, we cannot assure you that we would be able to renew the relevant lease agreements without substantial additional cost or increase in the rental cost payable by us. If a lease agreement is renewed at a rent substantially higher than the current rate, or currently existing favorable terms granted by the lessor are not extended, our business and results of operations may be adversely affected.

Shortage of utilities supplies could affect our business.

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

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

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

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

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

We started to sell our products to overseas counties since 2019, including United States, Germany, Japan, Italy and other countries. In 2021, 2022, and 2023 and the five months ended May 31, 2024, we generated 1.1%, 1.7%, 2.6% and 11.4%, respectively, of our total revenue from sales outside China. In addition to sales offices in 20 cities in China, we also have one subsidiary in Stuttgart, Germany. We have built a research and development team of fuel cell stacks and key components in Vancouver, Canada.

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

- fluctuations in currency exchange rates;
- costs associated with understanding local markets and trends;
- marketing and distribution costs;
- customer services and support costs;
- risk management and internal control structures for our overseas operations;
- compliance with the different commercial, operational, environmental and legal requirements;
- obtaining or maintaining certifications for marketing, distribution and sales of our products;
- maintaining our reputation as an environmentally friendly enterprise for our products;
- obtaining, maintaining or enforcing intellectual property rights;
- changes in prevailing economic conditions and regulatory requirements;
- transportation and freight costs;
- employing and retaining technology, sales and other personnel who are knowledgeable about, and can function effectively in, overseas markets;
- trade barriers such as trade remedies, which could increase the prices of the raw materials for our products, and export requirements, tariffs, taxes, anti-dumping and countervailing duty orders or safeguard measures and other restrictions and expenses, which could increase the prices of our products and make us less competitive in some countries;

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

- other various risks that are beyond our control.

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

Changes in the international trade policies may affect our business operations.

Governments around the world may make changes in their trade policies and/or take certain actions that may materially impact international trade. Any unfavorable government policies on international trade, such as export requirements, tariffs, taxes, anti-dumping and countervailing duty orders or safeguard measures and other restrictions and expenses, might result in the increased price of our products, making our products more expensive to procure, which would in turn affect the demand for our products and the competitive position of our products, or may prevent us from selling our products in certain countries. If any new tariffs, legislation and regulations are implemented, or if existing trade agreements are renegotiated, such changes could have an adverse effect on our business, financial condition and results of operations.

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

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

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

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

Our business, results of operations and financial condition may be adversely affected by natural disasters, health epidemics and pandemics and other outbreaks, such as the COVID-19 outbreak.

Our operations and workforce are mainly based in China. The world has in the past experienced natural disasters such as earthquakes, floods and droughts, as well as public health issues, including epidemics, pandemics, and other outbreaks, such as the COVID-19 outbreak. Any future occurrence of severe natural disasters or public health issues in China may materially and adversely affect our business. In the event of a major disruption caused by a natural disaster, we may be unable to continue our operations and may endure reputational harm, lengthy delays in our development activities and product deliveries, any of which could adversely affect our business, results of operations and financial condition. In addition, our business could be affected by public health epidemics and pandemics, such as the outbreak of avian influenza, severe acute respiratory syndrome, or SARS, Zika virus, Ebola virus, COVID-19 virus or other diseases. Even if we are not directly affected, such a disaster or disruption could affect the operations or financial condition of our customers, which could harm our results of operations. If any of our employees are suspected of having contracted a contagious disease, the mobility of our employees may be affected and we may have to adjust or even suspend our operations. Furthermore, any future outbreak may restrict economic activities in affected regions, resulting in reduced business volume, temporary closure of our offices or otherwise disrupt our business operations and adversely affect our financial condition and results of operations.

RISKS RELATING TO GOVERNMENT REGULATIONS

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

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

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

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

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

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

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

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

During the Track Record Period, we failed to make full contributions to social insurance and housing provident fund for certain of our employees in accordance with the relevant PRC laws and regulations. In 2021, 2022, 2023 and the five months ended May 31, 2024, the shortfall amounts were approximately RMB0.1 million, RMB0.1 million, RMB17,000 and RMB56,610, respectively. See "Business — Legal Proceedings and Compliance — Social Insurance and Housing Provident Funds" in this prospectus. Although as of the Latest Practicable Date, we had not received any notification from the relevant PRC authorities requiring us to pay shortfalls or the penalties with respect to social insurance and housing provident funds from the competent regulatory authorities, we cannot assure you that we will not be required by competent authorities to make up for any underpaid employee benefits, or to pay any late fees or fines in relation thereof. Pursuant to relevant PRC laws and regulations, the relevant PRC authorities may (i) demand us to pay the outstanding social insurance contributions within a prescribed period and we may be liable to a late payment fee equal to 0.05% of the outstanding amount for each day of delay. If we fail to make such payments, we may be liable to a penalty of one to three times the amount of the outstanding contributions; and (ii) order us to pay the outstanding housing provident fund contributions within a prescribed time period, failing which the relevant PRC authorities may apply to the People's Court for compulsory enforcement. If we are required to make up for any underpaid employee benefits, or any late fees or fines in relation thereof, our business operations or financial condition could be adversely affected.

We are subject to the currency exchange regulatory system.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

RISKS RELATING TO THE GLOBAL OFFERING

There has been no prior public market for our H Shares, and their liquidity and market price following the Global Offering may be volatile.

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. The initial Offer Price for our H Shares to the public will be the result of negotiations between us and the Joint Overall Coordinators (for themselves and on behalf of the Underwriters), and the Offer Price may differ significantly from the market price of the H Shares following the Global Offering.

We have applied to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the H Shares (including any H Shares which may be issued pursuant to the exercise of the Over-allotment Option and the H Shares to be converted from Domestic Shares). A listing on the Hong Kong Stock Exchange, however, does not guarantee that an active and liquid trading market for the H Shares will develop, or if it does develop, that it will be sustained following the Global Offering, or that the market price of the H Shares will not decline following 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.

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

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

Future sales or perceived sales of substantial amounts 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 amounts 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.

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

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

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

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

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

Immediately following the Global Offering, our Single Largest Group of Shareholders will control approximately 20.73% voting rights in our Company, assuming the Over-allotment Option is not exercised and the options granted under the Pre-IPO Share Option Scheme are not exercised. Our Single Largest Group of Shareholders will, through their voting power at the Shareholders' meetings, have significant influence over our business and affairs, including decisions for mergers or other business combinations, acquisition or disposition of assets, issuance of additional shares or other equity securities, timing and amount of dividend payments, and our management. Our Single Largest Group of Shareholders may not act in the best interests of our minority Shareholders.

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

Facts, forecasts and statistics in this prospectus relating to the PRC and the global economy are obtained from various sources that we believe are reliable, including official government publications that we commissioned. However, we cannot assure you the quality or reliability of these sources. We believe that the sources of this information are appropriate and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information from official government sources has not been independently verified by us, the Sole Sponsor, the Joint Overall Coordinators, or any other party involved in the Global Offering and no representation is given as to its accuracy. Due to possibly flawed or ineffective collection methods or discrepancies between published information and factual information and other problems, the statistics in this prospectus relating to the PRC and the global economy in China and oversea markets may be inaccurate and you should not place undue reliance on it.

Investors should read the entire prospectus carefully and should not consider any statements in this prospectus or in published media reports without carefully considering the risks and other information contained in this prospectus.

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

In preparation for the Global Offering, our Company has sought and has been granted the following waivers from strict compliance with the relevant provisions of the Listing Rules and the following exemption from strict compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance:

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

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

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

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

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

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

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

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

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

WAIVER IN RESPECT OF APPOINTMENT OF JOINT COMPANY SECRETARY

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

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

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

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

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

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

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

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

(d) professional qualifications in other jurisdictions.

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

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

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

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

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

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

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

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

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

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

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

WAIVER AND EXEMPTION IN RELATION TO THE PRE-IPO SHARE OPTION SCHEME

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

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

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

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

As of Latest Practicable Date, our Company has granted options under the Pre-IPO Share Option Scheme to 128 grantees, including Directors, senior management of our Company and other employees of our Group (who are not Directors, senior management or connected persons of our Company), to subscribe for an aggregate of 4,828,750 Domestic Shares, representing approximately 5.61% of the total issued share capital of our Company immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised and the options granted under the Pre-IPO Share Option Scheme are not exercised), on the terms as set out in the paragraph headed "Further Information about our Directors, Supervisors and Substantial Shareholders — 6. Pre-IPO Share Option Scheme" in Appendix VI to this prospectus.

Our Company has applied to (i) the Stock Exchange for a waiver from strict compliance with the requirements under Rule 17.02(1)(b) of and paragraph 27 of Appendix D1A to the Listing Rules, and (ii) the SFC for a certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting our Company from strict compliance with paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, on the ground that strict compliance with the Share Option Disclosure Requirements would be unduly burdensome for our Company and the waiver and the exemption would not prejudice the interest of the investing public for the following reasons:

(a) given that 128 grantees are involved, strict compliance with the Share Option Disclosure Requirements in setting out full details of all the grantees under the Pre-IPO Share Option Scheme in this prospectus would be costly and unduly burdensome for our Company in light of a significant increase in cost and time for information compilation and prospectus preparation;

(b) as of the Latest Practicable Date, save for five grantees who are Directors and three grantees who are senior management of our Company, the remaining 120 grantees are employees of our Group, all of whom are not connected persons of our Company. Strict compliance with the applicable Share Option Disclosure Requirements to disclose names, addresses and entitlements on an individual basis in this prospectus will require additional pages of disclosures that do not provide any material information to the investing public;

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

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

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

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

(a) full details of the options under the Pre-IPO Share Option Scheme granted to each of the Directors, members of senior management of our Company, connected persons of our Company and grantees who have been granted options to subscribe for 150,000 Shares or more will be disclosed in the paragraph headed "Further Information about our Directors, Supervisors and Substantial Shareholders — 6. Pre-IPO Share Option Scheme" in Appendix VI to this prospectus on an individual basis as required under the applicable Share Option Disclosure Requirements;

(b) for the remaining grantees, disclosures will be made, on an aggregate basis, categorized into lots based on the number of Shares underlying each individual grant, being (1) one Share to 99,999 Shares and (2) 100,000 Shares to 149,999 Shares, of (i) the aggregate number of grantees and the number of Shares underlying the options granted to them under the Pre-IPO Share Option Scheme, (ii) the consideration paid for the grant of the options under the Pre-IPO Share Option Scheme (if any), and (iii) the exercise period and the exercise price for the options granted under the Pre-IPO Share Option Scheme;

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

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

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

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

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

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

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

(a) full details of the options under the Pre-IPO Share Option Scheme granted to each of the Directors, members of senior management of our Company, connected persons of our Company and grantees who have been granted options to subscribe for 150,000 Shares or more will be disclosed in the paragraph headed "Further Information about our Directors, Supervisors and Substantial Shareholders — 6. Pre-IPO Share Option Scheme" in Appendix VI to this prospectus on an individual basis as required under paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;

(b) for the remaining grantees, disclosures will be made, on an aggregate basis, categorized into lots based on the number of Shares underlying each individual grant, being (1) one Share to 99,999 Shares and (2) 100,000 Shares to 149,999 Shares, of (i) the aggregate number of grantees and the number of Shares underlying the options granted to them under the Pre-IPO Share Option Scheme, (ii) the consideration paid for the grant of the options under the Pre-IPO Share Option Scheme (if any), and (iii) the exercise period and the exercise price for the options granted under the Pre-IPO Share Option Scheme;

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

(d) the particulars of the exemption will be disclosed in this prospectus and this prospectus will be issued on or before November 28, 2024.

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

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which all of our Directors (including proposed Directors named in this prospectus) 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 is no other matter the omission of which would make any statement in this prospectus misleading.

CSRC FILING

On February 17, 2023, the CSRC released the Overseas Listing Trial Measures and five guidelines for the filing-based administration of overseas securities offerings and listings by PRC companies, which have become effective since March 31, 2023 and require, among others, that PRC domestic enterprises seeking to overseas listing and public offering securities in overseas markets, either directly or indirectly, shall file the requisite documents with the CSRC within three business days after their application for overseas listing is submitted. In compliance with the aforementioned requirements, we submitted a filing to the CSRC for application for the Listing on March 5, 2024 within three business days after the submission of our listing application and the submission had been acknowledged by the CSRC on March 14, 2024. The CSRC issued a notification on our completion of the PRC filing procedures for the listing of our H Shares on the Stock Exchange and the Global Offering on October 18, 2024. No other approvals from the CSRC are required to be obtained for the Listing. For further details, see "Regulatory Overview — Regulations relating to Overseas Offering and Listing" in this prospectus.

INFORMATION ON THE GLOBAL OFFERING

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 sets out the terms and conditions of the Hong Kong Public Offering. The Global Offering comprises the Hong Kong Public Offering of initially 482,800 Offer Shares and the International Offering of initially 4,345,120 Offer Shares (subject to, in each case, reallocation on the basis referred to under the section headed "Structure of the Global Offering" in this prospectus and, in case of the International Offering, any exercise of the Over-allotment Option).

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 subject to the conditions set out herein and therein. No person is authorized to give any information in connection with the Global Offering or to make any representation not contained in this prospectus, and any information or representation not contained herein must not be relied upon as having been authorized by our Company, the Sole Sponsor, the Joint Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, the Capital Market Intermediaries, any of their respective directors, officers, agents, employees or advisers or any other party involved in the Global Offering.

Neither the delivery of this prospectus nor any offering, sale or delivery made in connection with the Offer Shares should, under any circumstances, constitute a representation 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 contained in this prospectus is correct as of any date subsequent to the date of this prospectus.

See "Structure of the Global Offering" in this prospectus for details of the structure of the Global Offering, including its conditions and the arrangements relating to the Over-allotment Option and stabilization.

UNDERWRITING

The Listing is sponsored by the Sole Sponsor. 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 us and the Joint Overall Coordinators (for themselves and on behalf of the Underwriters) agreeing on the Offer Price. The International Underwriting Agreement relating to the International Offering is expected to be entered into on or around the Price Determination Date, subject to the determination of the pricing of the Offer Shares. The Global Offering is managed by the Joint Overall Coordinators.

If, for any reason, the Offer Price is not agreed among us and the Joint Overall Coordinators (for themselves and on behalf of the Underwriters), the Global Offering will not proceed and will lapse. For full information about the Underwriters and the underwriting arrangements, see "Underwriting" in this prospectus.

STRUCTURE OF THE GLOBAL OFFERING

Details of the structure of the Global Offering (including its conditions) and the arrangements relating to the Over-allotment Option and stabilization are set out in the sections headed "Structure of the Global Offering" and "Underwriting" in this prospectus.

RESTRICTIONS ON OFFER AND SALE OF THE OFFER SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his/her acquisition of Hong Kong Offer Shares to, confirm that he/she is aware of the restrictions on the offer and sale of the Hong Kong Offer Shares described in this prospectus.

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 authorized or to any person to whom it is unlawful to make such an offer or invitation for subscription. The distribution of this prospectus and the offering and sale 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. In particular, the Offer Shares have not been offered and sold, and will not be offered and sold, directly or indirectly, in the PRC or the United States.

APPLICATION FOR LISTING OF THE H SHARES ON THE HONG KONG STOCK EXCHANGE

We have applied to the Hong Kong Stock Exchange for the granting of listing of, and permission to deal in, our H Shares to be issued pursuant to the Global Offering (including any H Shares which may be issued pursuant to the exercise of the Over-allotment Option) and the H Shares to be converted from Domestic Shares.

Save as disclosed in the section headed "History, Development and Corporate Structure" in this prospectus, no part of our Shares 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 as of the Latest Practicable Date.

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, the H Shares on the Hong Kong 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 Hong Kong Stock Exchange.

H SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the listing of, and permission to deal in, the H Shares on the Hong Kong Stock Exchange and compliance 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 on the Hong Kong Stock Exchange or on any other date as determined by HKSCC. Settlement of transactions between participants of the Hong Kong Stock Exchange 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. Investors should seek the advice of their stockbrokers or other professional advisers for details of the settlement arrangements as such arrangements may affect their rights and interests.

PROCEDURES FOR APPLICATION FOR HONG KONG OFFER SHARES

The procedures for applying for Hong Kong Offer Shares are set out in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus.

H SHARE REGISTER AND STAMP DUTY

All of the H Shares will be registered on our register of members of H Share 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 headquarters in the PRC.

Dealings in the H Shares registered on the H Share register of members of our Company in Hong Kong will be subject to Hong Kong stamp duty.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisers as to the taxation implications of subscribing for, purchasing, holding or disposal of, and/or dealing in the H Shares or exercising rights attached to them. None of us, the Sole Sponsor, the Joint Overall Coordinators, the Joint Global Coordinators, the Capital Market Intermediaries, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, officers, employees, partners, agents, advisers or representatives 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, purchasing, holding, disposition of, or dealing in, the H Shares or exercising any rights attached to them.

EXCHANGE RATE CONVERSION

Solely for your convenience, this prospectus contains translations among certain amounts denominated in Renminbi, Hong Kong dollars and U.S. dollars.

Unless indicated otherwise, (i) the translations between Renminbi and U.S. dollars were made at the rate of RMB7.1907 to USD1.00; (ii) the translations between Hong Kong dollars and Renminbi were made at the rate of RMB0.92371 to HK$1.00; and (iii) the translations between U.S. dollars and Hong Kong dollars were made at the rate of HK$7.7753 to USD1.00.

No representation is made that the amounts denominated in one currency could actually be converted into the amounts denominated in another currency at the rates indicated or at all.

LANGUAGE

If there is any inconsistency between this prospectus and its Chinese translation, this prospectus shall prevail. However, for ease of reference, the names of the PRC laws and regulations, government authorities, institutions, natural persons or other entities (including certain of our subsidiaries) have been included in this prospectus in both Chinese and English languages. In the event of any inconsistency, the Chinese versions shall prevail.

ROUNDING

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Any discrepancies between totals and sums of amounts listed in any table, chart or elsewhere in this prospectus are due to rounding.

DIRECTORS

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

Independent non-executive Directors

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

SUPERVISORS

Name	Address	Nationality
Mr. WU Yang (武洋)	No. 121, Zhongshan Yi Road West District Zhongshan Guangdong PRC	Chinese
Mr. ZHANG Cheng (張程)	No. 63, Fuxing Road Haidian District Beijing PRC	Chinese

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

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

PARTIES INVOLVED IN THE GLOBAL OFFERING

Sole Sponsor and Sponsor-overall Coordinator	**China International Capital Corporation Hong Kong Securities Limited** 29/F, One International Finance Centre 1 Harbor View Street Central Hong Kong
Joint Overall Coordinators	**China International Capital Corporation Hong Kong Securities Limited** 29/F, One International Finance Centre 1 Harbor View Street Central Hong Kong
	CMB International Capital Limited 45/F, Champion Tower 3 Garden Road Central Hong Kong
	BNP Paribas Securities (Asia) Limited 60/F. and 63/F., Two International Finance Centre 8 Finance Street Central Hong Kong
Joint Global Coordinators	**China International Capital Corporation Hong Kong Securities Limited** 29/F, One International Finance Centre 1 Harbor View Street Central Hong Kong
	CMB International Capital Limited 45/F, Champion Tower 3 Garden Road Central Hong Kong

BNP Paribas Securities (Asia) Limited
60/F. and 63/F., Two International Finance Centre
8 Finance Street
Central
Hong Kong

BOCI Asia Limited
26/F, Bank of China Tower
1 Garden Road
Central
Hong Kong

China Galaxy International Securities (Hong Kong) Co., Limited
20/F Wing On Centre
111 Connaught Road Central
Hong Kong

Joint Bookrunners and Capital Market Intermediaries	**China International Capital Corporation Hong Kong Securities Limited** 29/F, One International Finance Centre 1 Harbor View Street Central Hong Kong

CMB International Capital Limited
45/F, Champion Tower
3 Garden Road
Central
Hong Kong

BNP Paribas Securities (Asia) Limited
60/F. and 63/F., Two International Finance Centre
8 Finance Street
Central
Hong Kong

BOCI Asia Limited
26/F, Bank of China Tower
1 Garden Road
Central
Hong Kong

China Galaxy International Securities (Hong Kong) Co., Limited
20/F Wing On Centre
111 Connaught Road Central
Hong Kong

ABCI Capital Limited
11/F, Agricultural Bank of China Tower
50 Connaught Road Central
Hong Kong

China Merchants Securities (HK) Co., Limited
48/F, One Exchange Square
8 Connaught Place
Central
Hong Kong

Livermore Holdings Limited
Unit 1214A, 12/F, Tower II Cheung Sha Wan Plaza
833 Cheung Sha Wan Road
Kowloon
Hong Kong

	Soochow Securities International Brokerage Limited 17/F, Three Pacific Place 1 Queen's Road East Hong Kong
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Note: For further details, see "Other Information — 13. Financial Adviser" in Appendix VI to this prospectus.

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Receiving Bank	**Bank of China (Hong Kong) Limited** 1 Garden Road Hong Kong

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Principal Place of Business in Hong Kong	19/F, Golden Centre 188 Des Voeux Road Central Hong Kong
Company's Website	**www.refire.com** *(Information contained on this website does not form part of this prospectus)*
Joint Company Secretaries	**Mr. ZHENG Zhong (鄭重)** No. 97, Lane 651 Donghuan Road Jiading District Shanghai PRC **Mr. POON Ping Yeung (潘秉揚)** 19/F, Golden Centre 188 Des Voeux Road Central Hong Kong
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Audit Committee	Mr. CHEN Fei (陳飛) *(Chairperson)* Dr. QIAN Meifen (錢美芬) Mr. LI Wei (李偉)
Remuneration and Appraisal Committee	Mr. LI Wei (李偉) *(Chairperson)* Mr. LIU Huiyou (劉會友) Dr. QIAN Meifen (錢美芬)
Nomination Committee	Dr. QIAN Meifen (錢美芬) *(Chairperson)* Mr. LI Wei (李偉) Mr. LIN Qi (林琦)
Strategy Committee	Mr. LIN Qi (林琦) *(Chairperson)* Dr. HU Zhe (胡哲) Mr. ZHAO Yongsheng (趙泳生) Mr. LIU Huiyou (劉會友) Mr. CHEN Fei (陳飛)
H Share Registrar	**Computershare Hong Kong Investor Services Limited** Shops 1712-1716 17th Floor, Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Principal Bankers	**China Construction Bank Corporation Shanghai Jiangqiao Subbranch** No. 138, Jiayi Road Jiangqiao Town Jiading District Shanghai PRC **China Merchants Bank Co., Ltd. Shanghai Branch** No. 161, Lujiazui East Road Pudong New Area Shanghai PRC **Bank of Communications Co., Ltd. Shanghai Yangpu Subbranch** No. 1317, Changyang Road Yangpu District Shanghai PRC

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

SOURCE OF INFORMATION

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

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

RESEARCH METHODOLOGY

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

Basis and assumptions

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

OVERVIEW OF THE HYDROGEN INDUSTRY

Analysis of the Advantages and Disadvantages of Hydrogen Energy

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

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

- Hydrogen is extremely abundant. This abundance provides us with a wide range of possibilities and opportunities, making it possible to access hydrogen energy resources without the need for geographic restrictions.

- The hydrogen production and utilization from renewable energy is eco-friendly. Firstly, significant quantities of renewable energy sources, such as solar and wind energy, can be effectively used for hydrogen production. The utilization of these energy sources not only serves to mitigate greenhouse gas emissions but also plays a significant role in preserving the integrity of the ecological environment.

- High energy density is also one of the advantages of hydrogen. Diesel has an energy density of 45.5 megajoules per kilogram (MJ/kg), slightly lower than gasoline, which has an energy density of 45.8 MJ/kg. By contrast, hydrogen has an energy density of approximately 120 MJ/kg, almost three times of diesel or gasoline. 1 kg of hydrogen, used in a fuel cell to power an electric motor, contains approximately the same energy as a gallon of diesel.

- Hydrogen can be used in a wide range of applications. In the field of transportation, fuel cell electric vehicle ("**FCEV**") has great business potential. In industrial production, hydrogen can be used in industries such as industrial gas, synthetic ammonia and coke, which has a huge economic value. In the field of power generation and storage, the nature of large-scale, long-period energy storage of hydrogen provides a new path to address the imbalance between power supply and demand. The fuel cell power generation solution has strong competitiveness in the field of future stationary power supply. In addition, because hydrogen fuel cells can be grid-independent, they also serve as an well-recognized option to offer secure power supply for critical load functions such as data centers, telecommunications towers, hospitals and emergency response systems.

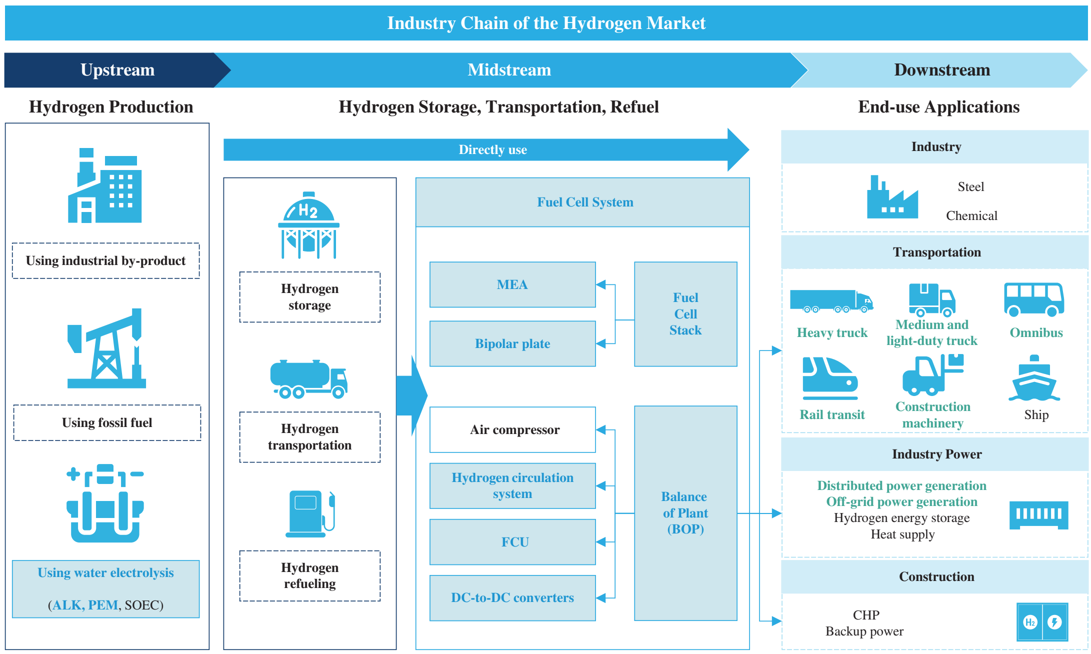
- Storable on large scale of hydrogen energy is an intrinsic part of complete energy chains, starting from energy generation to end-use. Hydrogen can be stored in above-ground containments on a large scale. For example, hydrogen produced from renewable energy can be stored for a long period and utilized or absorbed in remote locations. The possibility of scalable storage for long periods of hydrogen power provides opportunities for more convenient usage.

However, there are also a few disadvantages of hydrogen, including but not limited to (i) producing hydrogen through electrolysis using renewable electricity can be costly and energy-intensive; (ii) hydrogen is a highly reactive and low-density gas, which presents challenges for distribution. Current infrastructure for hydrogen storage and transportation is limited, requiring significant investments in infrastructure development; and (iii) most energy systems were designed for fossil fuels, and while renewable energy like solar and wind energy can be integrated with existing infrastructure, hydrogen energy requires special fuel cells for storage, which could be challenging.

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

Industry Chain of the Hydrogen Market

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



Notes:

1. the blue-colored text represents items which fall within the Group's business scope.

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

Source: Frost & Sullivan

Upstream: hydrogen production

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

Hydrogen produced through traditional methods currently constitutes the predominant form of hydrogen globally, accounting for approximately 86.9% of the total, measured by the sales volume of hydrogen in the global market in 2023. Nonetheless, hydrogen produced from renewable energy sources presents numerous advantages, particularly in terms of low carbon emissions and environmental sustainability. As technology progresses, the production costs of hydrogen produced from renewable energy sources are expected to decrease in the future, making it a promising growth area for the hydrogen market. For details, see "— Overview of the Hydrogen Production Industry — Definition and Methods of Hydrogen Production" in this section.

Midstream: hydrogen storage, transportation and refueling

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

- ***Transportation:*** the transportation of hydrogen varies based on storage methods, including the transportation in gas, solid, and liquid forms. Currently, the primary methods of long-distance distribution for gas hydrogen involves using long-haul trailers or pipelines. However, pipeline transportation demands significant upfront investment for construction. Liquid hydrogen can be conveyed using specialized tanks installed in trucks or ships. This method enhances transport efficiency and augments the supply capacity of hydrogen refueling stations. Solid-state hydrogen storage involves using materials to physically and chemically absorb hydrogen, storing it within solid substances. An example is magnesium-based solid-state storage, where hydrogen is stored in the form of magnesium alloy MgH_2 (magnesium hydride).

- ***Refueling:*** Among the emerging downstream applications of hydrogen, fuel cell vehicles represent the largest segment with the great growth potential. Therefore, hydrogen refueling stations have become crucial infrastructural facilities for promoting the development of the hydrogen industry.

Midstream to downstream: hydrogen fuel cell system

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

Downstream: end-use applications

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

Preferential Policies and Regulations

Overseas policies

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

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

Region	Released date	Policies	Comments
Middle East	Nov. 2023	United Arab Emirates (UAE): National Hydrogen Strategy	The UAE hydrogen production capacity is targeted to reach 1.4 million tons/year by 2031, including 1 million tons of hydrogen produced from renewable sources and 400,000 tons of hydrogen possessed with CCUS. The UAE government plans to set up Hydrogen Oasis to promote the development of the UAE's hydrogen industry chain in terms of policies, platforms and talents.
Hong Kong .	Jun. 2024	Strategy of Hydrogen Development	The government formulated the strategy to address the technical challenges in the six major areas of safety, suitable technologies, infrastructure, cost effectiveness, capacity building and public acceptance, as well as the unique situation of Hong Kong. The strategy sets out the four major strategies of improving legislations, establishing standards, aligning with the market, and advancing with prudence to create an environment conducive to the development of hydrogen energy in Hong Kong in a prudent and orderly manner, so that Hong Kong would be able to capitalize on the environmental and economic opportunities brought about by the recent developments of hydrogen energy in different parts of the world, the country in particular.

China national-level policies

Release Date	Issued by	Policies	Comments
Mar. 2024 . .	National Energy Administration	Guiding Opinions on Energy Work (2024)	The government encourages the release of new policies that accelerate the development of the hydrogen energy industry, promote hydrogen technology innovation and industrial development in an orderly manner, carry out hydrogen energy demonstrations projects, focus on hydrogen production from renewable energy sources, and expand the application scenarios of hydrogen energy
Apr. 2024 . .	The Standing Committee of the National People's Congress	The Energy Law of the People's Republic of China (Draft)	This is the foundational and overarching legal draft in the field of energy in China, which clarifies that hydrogen energy is included as a part of the energy sector. The law stipulates provisions for improving the energy planning system, perfecting the systems for energy development and utilization, strengthening the construction of the energy market system, enhancing the energy reserve system and emergency mechanisms, promoting energy technology innovation, and intensifying supervision and management
Jul. 2024. . .	The State Council	The Guidance on Accelerating the Comprehensive Green Transformation of Economic and Social Development	The guidance proposes that, by 2030, the scale of the energy-saving and environmental protection industry will reach about 15 trillion yuan; the proportion of non-fossil energy consumption will be raised to about 25%; the carbon emission intensity per unit of transported volume of operational transport vehicles will decrease by about 9.5% compared to the year 2020; and the annual utilization volume of bulk solid waste will reach about 4.5 billion tons, etc.

Release Date	Issued by	Policies	Comments
Dec. 2023 . .	National Development and Reform Commission	Guiding Catalogue for Industrial Structure Adjustment (2024)	This catalogue is an important guide for all levels of government in China to allocate resources and guide investment. This catalogue is divided into three categories: encouragement, restriction and elimination. Under this catalogue, various operations or items in relation to the hydrogen industry, including hydrogen storage, applications of hydrogen technology, hydrogen production through renewable methods, hydrogen fuel engines, etc., are categorized under the encouraged category of industries.
Jun. 2023 . .	National Energy Administration	The Blue Book on the Development of New Power Systems	The government encourages breakthroughs in key technologies applicable to renewable energy electrolysis for hydrogen production, including proton exchange membrane (PEM) and high temperature solid oxide electrolysis. Efforts are underway to conduct research and development on critical technologies in hydrogen storage, transportation, and refueling, as well as in fuel cell equipment and system integration. By the year of 2030 the proportion of non-fossil energy consumption is targeted to reach 25%.
Mar. 2022 . .	National Development and Reform Commission	The Medium and Long-term Plan for Hydrogen Industry (2021-2035)	This plan analyses the current development situation of China's hydrogen industry and clarifies the strategic positioning, overall requirements, and development goals of the industry.

Release Date	Issued by	Policies	Comments
			This plan proposes that by 2025 (i) the fleet of fuel cell vehicles is expected to reach approximately 50,000, with the deployment and construction of a number of hydrogen refueling stations; and (ii) the target of hydrogen production from renewable energy will reach 100,000 to 200,000 tons per year, becoming a significant component of the newly added hydrogen consumption, reducing carbon dioxide emissions by 1 to 2 million tons per year.
Jan. 2022 . .	National Development and Reform Commission, National Energy Administration	The 14th Five-Year Plan for Modern Energy System	Throughout the 14th Five-Year Plan period, there is a specific focus on achieving an annual average growth in R&D funding for energy of over 7%. It is anticipated that there will be approximately 50 breakthroughs in key technology areas, aligning with the overarching objective of reaching a non-fossil energy consumption share of 25% by 2030.
Nov. 2021 . .	National Energy Administration, Ministry of Science and Technology	The 14th Five-Year Plan (FYP) on Scientific and Technological Innovation in the Energy Sector	This plan includes targets such as (i) conduct research on critical technologies for integrating, structurally designing, and precision manufacturing high-performance, long-lasting proton exchange membrane fuel cell (PEMFC) stacks, (ii) achieve breakthroughs in key solid oxide fuel cell (SOFC) technologies, master system integration optimization design, and understand operational characteristics and load response patterns, (iii) enhance critical technologies such as stack stacking and power amplification for molten carbonate fuel cells (MCFC) and acquire expertise in integrated design for molten carbonate fuel cells ranging from hundred-kilowatt to megawatt levels, and (iv) demonstrate the application of stationary fuel cell power generation and distributed energy supply in various scenarios.

Release Date	Issued by	Policies	Comments
Oct. 2021 . .	State Council	Action Plan for Upgrading Carbon Dioxide Peaking Before 2030	This action plan focuses on the research and development of technical standards for hydrogen production, storage, transportation, refueling, and diversified applications of hydrogen energy, to support the development of the entire industrial chain. This action plan proposes that (i) the proportion of renewable energy in newly constructed channels shall, in principle, not be less than 50%; (ii) by 2030, the proportion of newly added vehicles powered by new energy and clean energy is expected to reach around 40%; (iii) the carbon emission intensity per unit of turnover for operational vehicles is targeted to decrease by approximately 9.5% compared to the levels in 2020; and (iv) the comprehensive energy consumption per unit of turnover for the national railway is aimed to decrease by around 10% from the levels in 2020.
Oct. 2021 . .	National Development and Reform Commission, National Energy Administration, MOF, Ministry of Natural Resources, Ministry of Ecology and Environment, Ministry of Housing and Urban-Rural Development, Ministry of Agriculture and Rural Affairs, China Meteorological Administration, National Forestry and Grassland Administration	The 14th Five-Year Plan for the Development of Renewable Energy	This plan (i) promotes hydrogen production from renewable energy and promotes large-scale utilization of hydrogen, and (ii) aims to achieve a proportion of new energy-electricity consumption exceeding 70%.

China local level policies

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

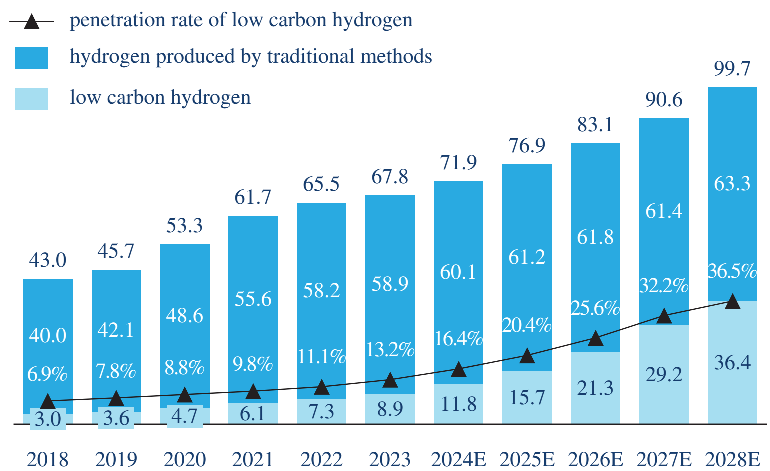
Market Size of Global and China Hydrogen Consumption

The market size of global hydrogen consumption is substantial, and increased from 43.0 million tons in 2018 to 67.8 million tons in 2023. The market size of global hydrogen consumption is expected to reach 99.7 million tons in 2028. From the supply side, as technology advances, the cost of hydrogen production, storage, and transportation will reduce in the future. From the downstream demand side, the production, storage, and transportation costs for hydrogen are decreasing with technological advancements, stimulating the demand for hydrogen. Therefore, hydrogen will remain in strong demand in the future. In particular, low-carbon hydrogen will be the trend in the context of carbon reduction. The penetration of low-carbon hydrogen will experience a great increase and the low-carbon hydrogen consumption volume will increase from 8.9 million tons in 2023 to 36.4 million tons in 2028, with a CAGR of 32.5%.

The market size of global hydrogen consumption measured by value is also substantial, increased from USD113.4 billion in 2018 to USD137.3 billion in 2023. The market size of global hydrogen consumption measured by value is expected to reach USD203.1 billion in 2028. The low-carbon hydrogen consumption measured by value will increase from USD27.8 billion in 2023 to USD88.0 billion in 2028, with a CAGR of 25.9%.

Market Size of Global Hydrogen Consumption, by Volume
Million Tons, 2018-2028E

CAGR	2018-2023	2023-2028E
Total	9.5%	8.0%
Low carbon hydrogen*	24.3%	32.5%



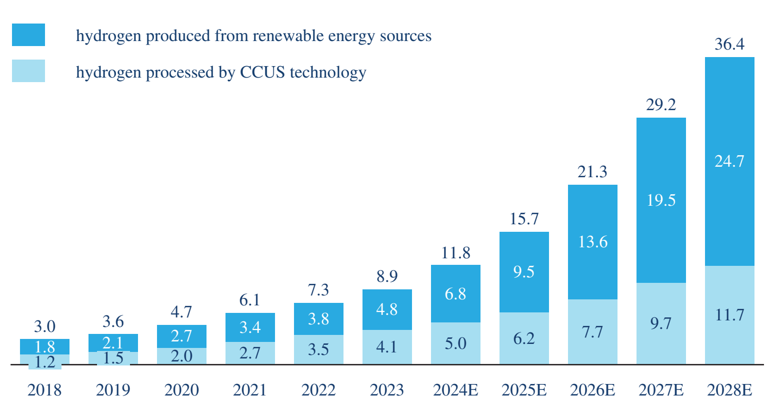
Note:

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

Source: IEA, Hydrogen Council, Frost & Sullivan

Market Size of Global Low Carbon Hydrogen Consumption, by Volume
Million Tons, 2018-2028E

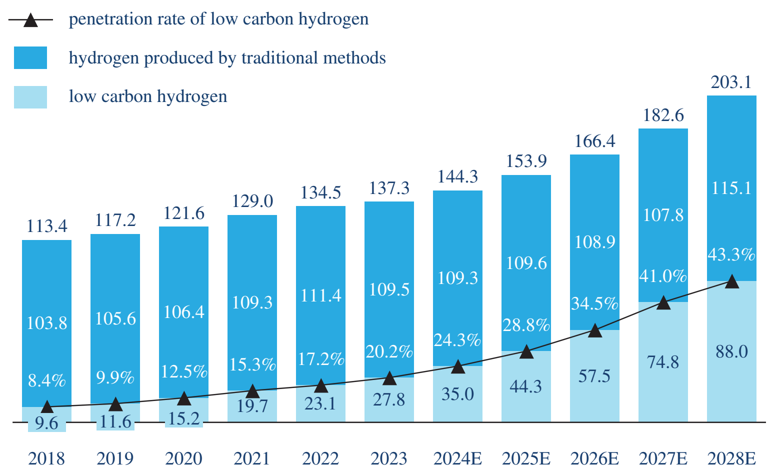
CAGR	2018-2023	2023-2028E
Hydrogen produced from renewable energy sources	23.1%	38.8%
Hydrogen processed by CCUS technology	27.9%	23.3%



Source: IEA, Hydrogen Council, Frost & Sullivan

Market Size of Global Hydrogen Consumption, by Value[1]
USD Billion, 2018-2028E

CAGR	2018-2023	2023-2028E
Total	3.9%	8.1%
Low carbon hydrogen[2]	23.7%	25.9%



Notes:

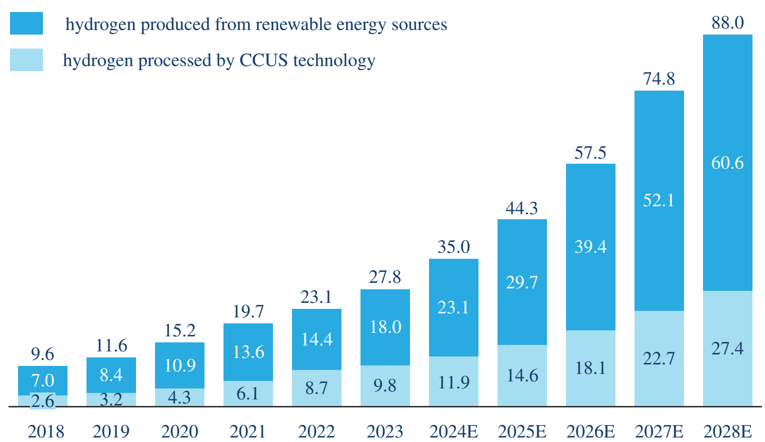
(1) The market size of global hydrogen consumption, by value, refers to the corresponding output value in various fields of global hydrogen consumption.

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

Source: IEA, Hydrogen Council, Frost & Sullivan

Market Size of Global Low Carbon Hydrogen Consumption, by Value
USD Billion, 2018-2028E

CAGR	2018-2023	2023-2028E
Hydrogen produced from renewable energy sources	20.8%	27.5%
Hydrogen processed by CCUS technology	30.4%	22.8%



Note:

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

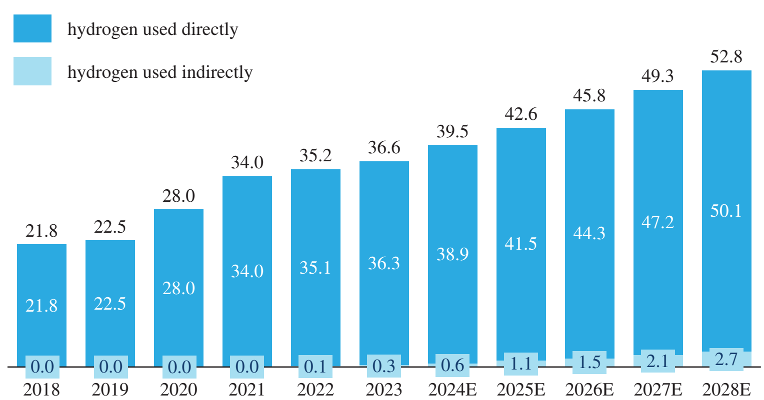
Source: IEA, Hydrogen Council, Frost & Sullivan

The market size of China's hydrogen consumption measured by volume is substantial. In 2023, China holds approximately a 54.0% share of the global hydrogen consumption market in terms of consumption volume. The market size of China's hydrogen consumption measured by volume increased from 21.8 million tons in 2018 to 36.6 million tons in 2023 with a CAGR of 10.9%. Since 2018, China's hydrogen consumption has been driven by technological developments in the downstream petrochemical and metallurgical industries. The utilization of hydrogen as the reducing agent in the metallurgical industry has gradually become more prevalent. It is expected that the hydrogen market measured by consumption volume in China will reach 52.8 million tons in 2028 with a CAGR of 7.6% from 2023. In the future, low carbon hydrogen will be the trend and experience fast growth, with the consumption volume of which increasing from 2.9 million tons in 2023 to 13.5 million tons in 2028 with a CAGR of 36.0%.

The market size of China's hydrogen consumption measured by value is also substantial. In 2023, China holds approximately a 36.9% share of the global hydrogen consumption market in terms of consumption value. The market size of China's hydrogen consumption measured by value increased from RMB244.3 billion in 2018 to RMB355.2 billion in 2023. The market size of China's hydrogen consumption measured by value is expected to reach RMB578.1 billion in 2028. The low-carbon hydrogen consumption in China measured by value will increase from RMB78.0 billion in 2023 to RMB267.7 billion in 2028, with a CAGR of 28.0% from 2023.

Market Size of China's Hydrogen Consumption, by Volume
Million Tons, 2018-2028E

CAGR	2018-2023	2023-2028E
Hydrogen used directly	10.7%	6.6%
Hydrogen used indirectly	126.8%	59.9%



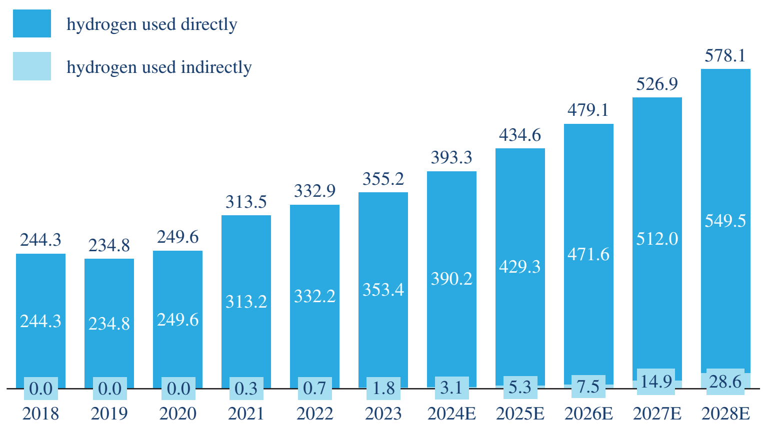
Note:

* Hydrogen could be directly used in the chemical industry, iron industry, and so on; hydrogen can be indirectly used in the transportation industry, electricity generation, construction industry, etc., through fuel cell systems.

Source: China Hydrogen Alliance, Frost & Sullivan

Market Size of China's Hydrogen Consumption, by Value
RMB Billion, 2018-2028E

CAGR	2018-2023	2023-2028E
Hydrogen used directly	7.7%	9.2%
Hydrogen used indirectly	/	74.4%



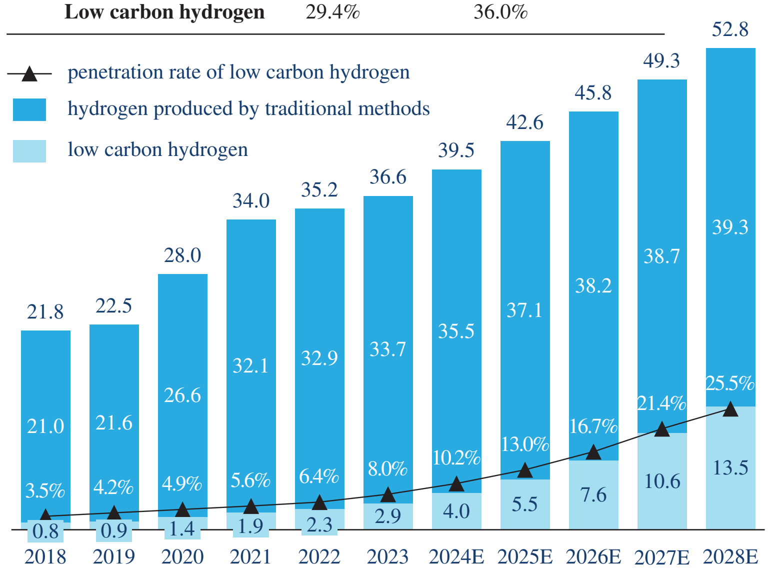
Note:

* Hydrogen could be directly used in the chemical industry, iron industry, and so on; hydrogen can be indirectly used through fuel cell systems in the transportation industry, electricity generation, construction industry, etc.

Source: China Hydrogen Alliance, Frost & Sullivan

Market Size of China's Hydrogen Consumption, by Volume
Million Tons, 2018-2028E(1)

CAGR	2018-2023	2023-2028E
Total	10.9%	7.6%
Low carbon hydrogen	29.4%	36.0%



Notes:

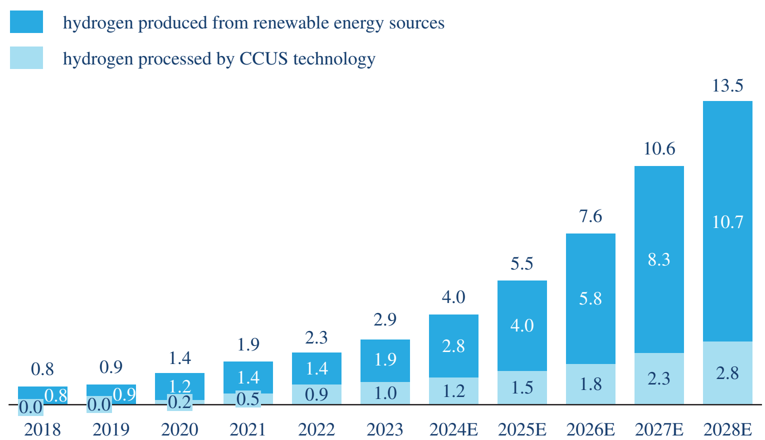
(1) The market size of China's hydrogen consumption, by volume, refers to the apparent consumption volume of hydrogen in China. (apparent consumption = current year imports - current year exports + current year production)

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

Source: China National Coal Association (CNCA), National Alliance of Hydrogen and Fuel Cell (CHA), Frost & Sullivan

Market Size of China Low Carbon Hydrogen Consumption, by Volume Million Tons, 2018-2028E

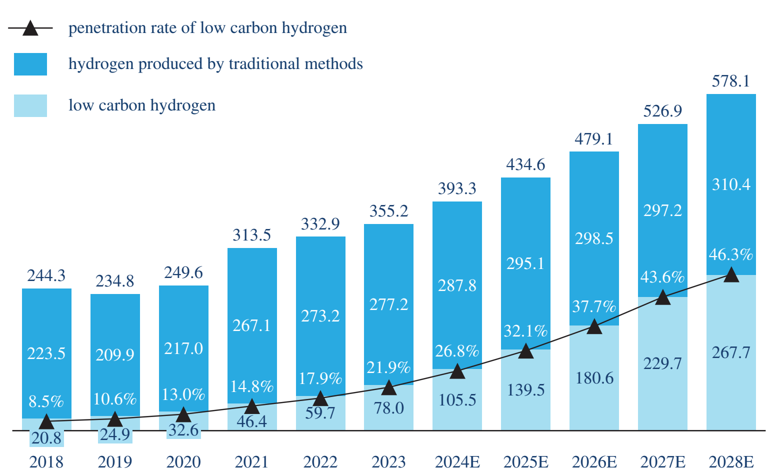
CAGR	2018-2023	2023-2028E
Hydrogen produced from renewable energy sources	18.9%	41.3%
Hydrogen processed by CCUS technology	/	22.9%



Source: IEA, Hydrogen Council, Frost & Sullivan

Market Size of China's Hydrogen Consumption, by Value RMB Billion, 2018-2028E(1)

CAGR	2018-2023	2023-2028E
Total	7.8%	10.2%
Low carbon hydrogen	30.3%	28.0%



Notes:

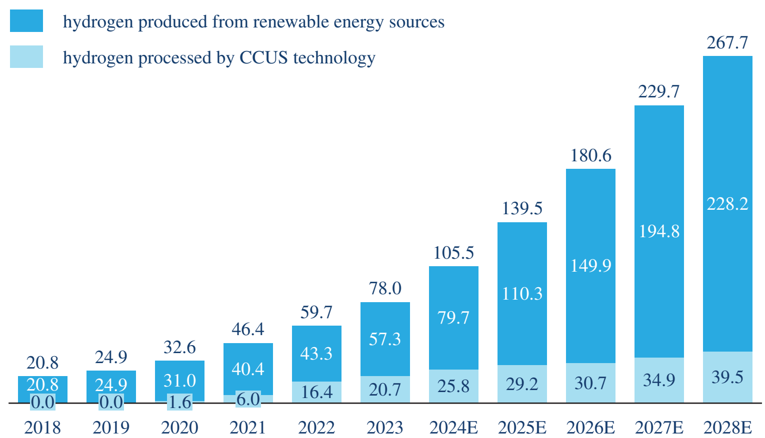
(1) The market size of China's hydrogen consumption, by value, refers to the corresponding output value in various fields of hydrogen consumption in China.

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

Source: China National Coal Association (CNCA), National Alliance of Hydrogen and Fuel Cell (CHA), Frost & Sullivan

Market Size of China Low Carbon Hydrogen Consumption, by Value RMB Billion, 2018-2028E

CAGR	2018-2023	2023-2028E
Hydrogen produced from renewable energy sources	22.5%	31.8%
Hydrogen processed by CCUS technology	/	13.8%



Note:

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

Source: IEA, Hydrogen Council, Frost & Sullivan

Market Driver of China's Hydrogen Industry

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

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

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

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

More favorable policies to support the growth of the industry

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

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

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

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

Future Trends of China's Hydrogen Industry

Transition from policy-driven to market-driven

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

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

The main costs of producing hydrogen from renewable energy sources are electricity and equipment depreciation. Therefore, reducing electricity prices and electrolysis equipment costs are the two key factors for achieving the industrialization and scalable production of such hydrogen. In recent years, the cost of renewable energy generation has further decreased, and the large-scale and modular development of electrolysis cells has lowered their prices, contributing to the overall reduction of costs of producing hydrogen from renewable energy sources. Specifically, according to data from the National Energy Administration, from 2013 to 2023, the costs of electricity generation from wind power and photovoltaic (PV) power have decreased by approximately 60% and 80%, respectively. With the continuous improvement of related infrastructure construction, the installed capacity of wind power grew from over 76 million kilowatts to around 440 million kilowatts; the installed capacity of photovoltaic power increased from around 19 million kilowatts to around 600 million kilowatts. The economies of scale in installed capacity of such power sources will further drive down the cost of generating such renewable power, which in turn drive down cost of electricity generation from such power sources. The cost of hydrogen production equipment is also continuously decreasing. Currently, ALK and PEM are still the mainstream methods for water electrolysis hydrogen production, with ALK being the most commonly used method. As confirmed by Frost & Sullivan, the selling price of ALK equipment has shown a significant downward trend in recent years, dropping from about RMB1,998.5/kW in 2018 to about RMB1,194.3/kW in 2023, with a CAGR of -11.4%. It is expected that there is still room for further reduction in the future. With additional requirements for carbon reduction, the proportion of hydrogen produced from traditional methods is expected to decline continuously, and the penetration rate of hydrogen produced from renewable sources will continue to increase.

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

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

Overview of the Hydrogen Fuel Cell Industry

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

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

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

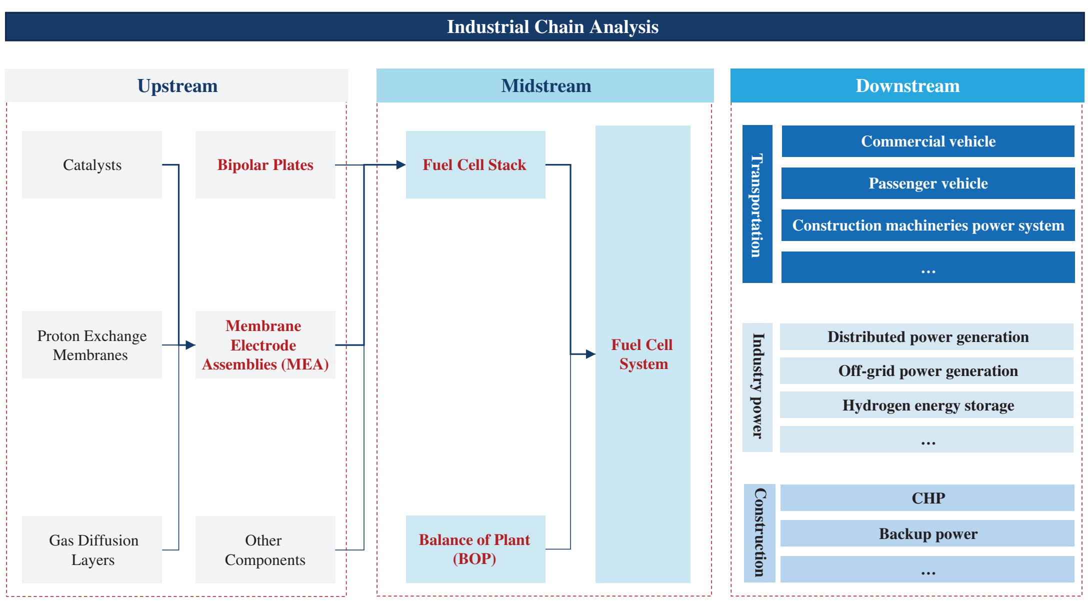
The Industrial Chain Analysis

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

- **Upstream.** The upstream of the fuel cell industry are manufacturers of key components of the fuel cell system. The key components mainly include MEA, bipolar plates, proton exchange membranes (PEM), catalyst and gas diffusion layers.

- **Midstream.** The midstream players are system integrators, responsible for the research, development and integration of the key components and systems and selling fuel cell systems to the downstream enterprises.

- **Downstream.** The downstream application mainly focuses on the fields of FCEV, ships, aviation, and stationary power.



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

Source: Frost & Sullivan

Upstream Analysis

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

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

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

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

Midstream Analysis

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

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

- Cross-industry players, such as some of the large domestic automotive enterprises are actively engaged in research and development, achieving localization of the fuel cell system engine and the entire fuel cell vehicles.

Downstream Analysis

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

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

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

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

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

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

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

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

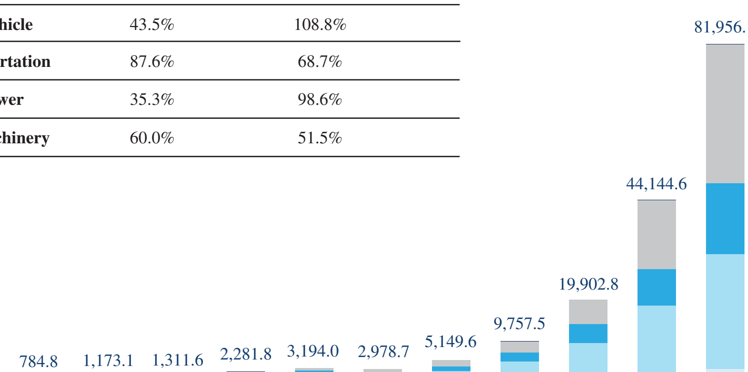
- **Rail Transit** . . . . The hydrogen fuel cell power system enables trains to operate independently of the overhead line traction power system, reducing infrastructure investments. Additionally, it offers advantages such as low noise, minimal pollution, and a long lifespan.

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

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

Market Size of Global Hydrogen Fuel Cell Industry, by Sales Power Output, by Type MW, 2018-2028E

CAGR	2018-2023	2023-2028E
Total	30.6%	94.0%
Passenger vehicle	15.5%	83.0%
Commercial vehicle	43.5%	108.8%
Others in transportation	87.6%	68.7%
Stationary power	35.3%	98.6%
Construction machinery	60.0%	51.5%



	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E	2028E
Total	784.8	1,173.1	1,311.6	2,281.8	3,194.0	2,978.7	5,149.6	9,757.5	19,902.8	44,144.6	81,956.1
Others in transportation	0.4	0.1	0.4	0.5	3.8	9.3	13.5	22.5	40.8	73.0	127.1
Commercial vehicle	139.2	213.5	201.3	444.8	613.9	847.5	1,573.2	2,788.3	5,976.1	16,836.3	33,646.0
Passenger vehicle	410.3	673.7	765.9	1,285.8	1,542.1	841.8	1,067.8	2,178.0	4,576.7	8,810.4	17,261.6
Stationary power	198.9	247.5	292.5	313.2	778.5	903.2	1,933.0	3,920.1	8,012.8	16,420.5	27,914.8
Construction Machinery	36.0	38.3	51.5	237.6	255.7	376.9	562.1	848.6	1,296.4	2,004.4	3,006.6

Notes:

(1) Stationary power refers to distributed generation, combined heat and power (CHP), and other stationary power; others in transportation involves fuel cell-powered aircraft, hydrogen-powered ship, fuel cell train, and etc.

(2) Sales power output refers the aggregate of the power supplied by the fuel cell system manufacturers.

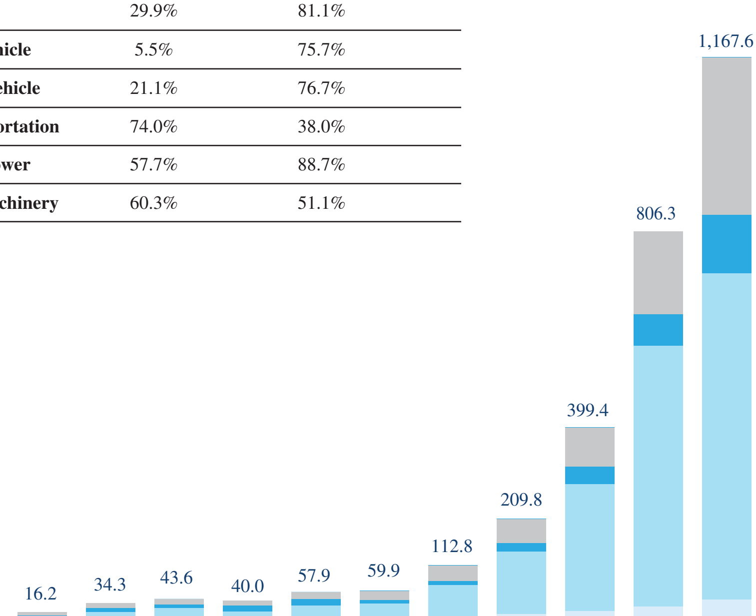
(3) The historical data for total sales power output is derived by multiplying the sales volume of each type of downstream applications globally (such as commercial vehicles, passenger vehicles, others in transportation, stationary power, construction machinery) by the average power output per unit of each type of downstream applications, and then adding up the power outputs of all such types of downstream applications. The underlying assumptions for the expected future growth rate mainly include three aspects: (1) as the cost of producing hydrogen fuel cell systems is driving down. Taking two major markets globally as examples, in China, the cost of producing hydrogen fuel cell systems had decreased significantly from RMB9,600/kW in 2018 to RMB2,400/kW in 2023, and is expected to further decrease to RMB1,100/kW in 2028. In Japan, the cost of producing hydrogen fuel cell systems is expected to decrease from JPY20,000/kW in 2019 to JPY5,000/kW in 2025; (2) the infrastructure of the hydrogen industry has reached a relatively advanced level,

and will be continuously improved. Specifically, the number of hydrogen refueling stations globally increased from 597 in 2019 to 1,362 in 2023, and is expected to increase significantly to 4,761 in 2028. The market's acceptance of hydrogen fuel cell systems will gradually increase, thereby promoting a rapid growth trend in downstream applications. In addition, in the future, as the production, storage, transportation, refueling, and utilization of hydrogen are streamlined, hydrogen fuel cell systems will also be promoted on a larger scale; and (3) as the cost of producing hydrogen globally continues to decrease, the hydrogen price will therefore continue to decrease, the demand for FCEVs will correspondingly increase, thereby further expanding the market size of fuel cell systems. The traditional sources are major sources for hydrogen production globally. Hydrogen produced from traditional sources accounts for more than 85% of the total hydrogen consumption, while hydrogen produced from renewable energy sources accounts for about 7%. The production cost of hydrogen produced from traditional sources globally is expected to decrease from the range of USD1.0/kg to USD2.0/kg in 2021 to the range of USD0.9/kg to USD1.8/kg in 2030. The production cost of hydrogen produced from renewable energy sources globally is expected to decrease from the range of USD2.5/kg to USD8.0/kg in 2021 to the range of USD1.3/kg to USD5.0/kg in 2030. FCEV users pay attention to hydrogen retail prices, regardless of the hydrogen production sources. The retail price of hydrogen is influenced by hydrogen production costs, storage costs and refueling costs. Regardless of whether hydrogen is derived from traditional or renewable energy sources, production costs are on a downward trend. While shifts in the mix of production sources can marginally impact retail prices, it is primarily technological advancements that are reducing hydrogen production costs, not the proportion of production sources. Taking two major markets globally as examples, in China, the hydrogen retail price is expected to decrease from the range of RMB50/kg to RMB60/kg in 2023 to the range of RMB30/kg to RMB40/kg in 2030. In Japan, the hydrogen retail price is expected to decrease from around JPY100/Nm^3 in 2017 to around JPY30/Nm^3 in 2030.

Source: E4tech, Hydrogen and Fuel Cell Strategy Council of Japan, Frost & Sullivan

Market Size of Global Hydrogen Fuel Cell Industry, by Sales Value, by Type USD100 Million, 2018-2028E

CAGR	2018-2023	2023-2028E
Total	29.9%	81.1%
Passenger vehicle	5.5%	75.7%
Commercial vehicle	21.1%	76.7%
Others in transportation	74.0%	38.0%
Stationary power	57.7%	88.7%
Construction machinery	60.3%	51.1%



	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E	2028E
Total	16.2	34.3	43.6	40.0	57.9	59.9	112.8	209.8	399.4	806.3	1,167.6
Others in transportation	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.2	0.3	0.4	0.5
Commercial vehicle	7.3	10.0	11.4	10.1	15.3	19.0	31.8	50.8	81.6	172.4	327.3
Passenger vehicle	5.5	8.1	8.2	12.3	13.2	7.2	9.2	17.7	35.4	64.7	120.5
Stationary power	2.9	15.6	23.2	14.1	25.7	28.3	63.8	129.3	264.3	541.6	677.6
Construction Machinery	0.5	0.6	0.8	3.4	3.7	5.3	7.9	11.8	17.8	27.2	41.7

Notes:

(1) Stationary power refers to distributed generation, combined heat and power (CHP), and other stationary power; others in transportation involves fuel cell-powered aircraft, hydrogen-powered ship, fuel cell train, and etc.

(2) Sales value refers to the total value of products delivered by fuel cell system manufacturers.

(3) The historical data for total sales value is derived by multiplying the total sales output of each type of downstream applications globally by the average selling price per kW of each type of downstream applications, and then adding up the sales value of all such types of downstream applications. The underlying assumptions for the expected future growth rate mainly include three aspects: (1) as the cost of producing hydrogen fuel cell systems is driving down. Taking two major markets globally as examples, in China, the cost of producing hydrogen fuel cell systems had decreased significantly from RMB9,600/kW in 2018 to RMB2,400/kW in 2023, and is expected to further decrease to RMB1,100/kW in 2028. In Japan, the cost of producing hydrogen fuel cell systems is expected to decrease from JPY20,000/kW in 2019 to JPY5,000/kW in 2025; (2) the infrastructure of the hydrogen industry has reached a relatively advanced level, and will be continuously improved. Specifically, the number of hydrogen refueling stations globally increased from 597 in 2019 to 1,362 in 2023, and is expected to increase significantly to 4,761 in 2028. The market's acceptance of hydrogen fuel cell systems will gradually increase, thereby promoting a rapid growth trend in downstream applications. In addition, in the future, as the production, storage, transportation, refueling, and utilization of hydrogen are streamlined, hydrogen fuel cell systems will also be promoted on a larger scale; and (3) as the cost of producing hydrogen globally continues to decrease, the hydrogen price will therefore continue to decrease, the demand for FCEVs will correspondingly increase, thereby further expanding the market size of fuel cell systems. The traditional sources are major sources for hydrogen production globally. Hydrogen produced from traditional sources accounts for more than 85% of the total hydrogen consumption, while hydrogen produced from renewable energy sources accounts for about 7%. The production cost of hydrogen produced from traditional sources globally is expected to decrease from the range of USD1.0/kg to USD2.0/kg in 2021 to the range of USD0.9/kg to USD1.8/kg in 2030. The production cost of hydrogen produced from renewable energy sources globally is expected to decrease from the range of USD2.5/kg to USD8.0/kg in 2021 to the range of USD1.3/kg to USD5.0/kg in 2030. FCEV users pay attention to hydrogen retail prices, regardless of the hydrogen production sources. The retail price of hydrogen is influenced by hydrogen production costs, storage costs and refueling costs. Regardless of whether hydrogen is derived from traditional or renewable energy sources, production costs are on a downward trend. While shifts in the mix of production sources can marginally impact retail prices, it is primarily technological advancements that are reducing hydrogen production costs, not the proportion of production sources. Taking two major markets globally as examples, in China, the hydrogen retail price is expected to decrease from the range of RMB50/kg to RMB60/kg in 2023 to the range of RMB30/kg to RMB40/kg in 2030. In Japan, the hydrogen retail price is expected to decrease from around JPY100/Nm^3 in 2017 to around JPY30/Nm^3 in 2030.

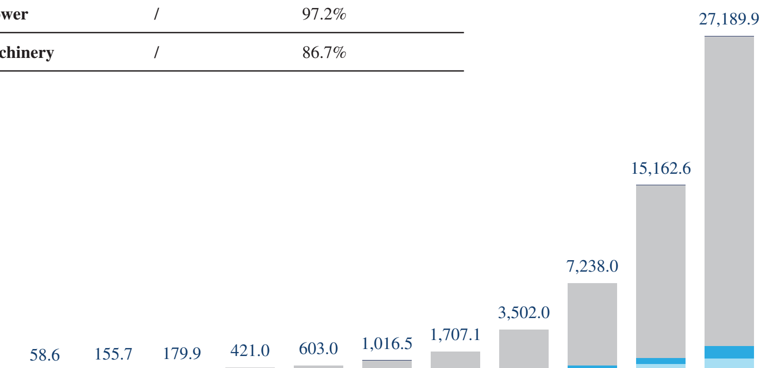
Source: E4tech, Hydrogen and Fuel Cell Strategy Council of Japan, Frost & Sullivan

Globally, the hydrogen fuel cell sales power output has increased from 784.8MW in 2018 to 2,978.7 MW in 2023, growing at a CAGR of 30.6%. Now transportation and stationary power are the two largest segments in the downstream application scenarios of hydrogen fuel cell systems globally, accounting for 56.7% and 30.3% respectively in 2023. FCEV is the main driver, but as the hydrogen fuel cell market continues to develop, stationary power and other transportation sectors will gradually commercialize. According to forecasts, the global hydrogen fuel cell market will reach 81,956.1MW by 2028, with an expected CAGR of 94.0% from 2023 to 2028.

The market size of global hydrogen fuel cell industry measured by sales value has reached USD6.0 billion in 2023, growing at a CAGR of 29.9% since 2018. In 2023, transportation and stationary power are the two largest segments in the downstream applications of the hydrogen fuel cells globally, accounting for 43.9% and 47.2% respectively. It is expected that the global hydrogen fuel cell market will reach USD116.8 billion by 2028, with a CAGR of 81.1% from 2023 to 2028.

Market Size of China Hydrogen Fuel Cell Industry, by Sales Power Output, by Type MW, 2018-2028E

CAGR	2018-2023	2023-2028E
Total	76.9%	93.0%
Passenger vehicle	/	150.2%
Commercial vehicle	75.1%	91.8%
Others in transportation	74.1%	65.2%
Stationary power	/	97.2%
Construction machinery	/	86.7%



	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E	2028E
Total	58.6	155.7	179.9	421.0	603.0	1,016.5	1,707.1	3,502.0	7,238.0	15,162.6	27,189.9
Others in transportation	0.1	0.1	0.3	0.4	0.8	1.6	2.6	4.4	7.5	12.7	19.7
Commercial vehicle	58.5	155.6	179.6	412.4	585.3	963.0	1,590.2	3,222.1	6,654.6	13,948.9	24,988.8
Passenger vehicle	0.0	0.0	0.0	1.1	2.7	10.6	30.2	95.6	218.6	499.8	1,039.9
Stationary power	0.0	0.0	0.0	0.0	8.2	28.8	53.9	107.4	227.6	496.0	858.0
Construction Machinery	0.0	0.0	0.0	7.1	6.0	12.5	30.2	72.5	129.7	205.2	283.5

Notes:

(1) Stationary power refers to distributed generation, combined heat and power (CHP), and other stationary power; others in transportation involves fuel cell-powered aircraft, hydrogen-powered ship, fuel cell train, and etc.

(2) Sales power output refers the aggregate of the power supplied by the fuel cell system manufacturers.

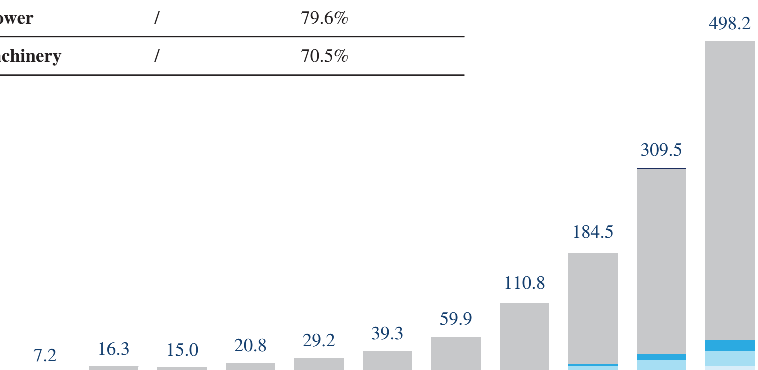
(3) The historical data for total sales power output is derived by multiplying the sales volume of each type of downstream applications in China (such as commercial vehicles, passenger vehicles, others in transportation, stationary power, construction machinery) by the average power output per unit of each type of downstream applications, and then adding up the power outputs of all such types of downstream applications. The underlying assumptions for the expected future growth rate mainly include three aspects: (1) as the cost of producing hydrogen fuel cell systems is driving down. Specifically, the cost of producing hydrogen fuel cell systems in China had decreased significantly from RMB9,600/kW in 2018 to RMB2,400/kW in 2023, and is expected to further decrease to RMB1,100/kW in 2028, help making the hydrogen fuel cell systems cost efficient in downstream applications; (2) the infrastructure of the hydrogen industry has reached a relatively advanced level, and will be continuously improved. Specifically, the number of hydrogen refueling stations in China increased significantly from 56 in 2019 to 428 in 2023, and is expected to increase significantly to 2,766 in 2028. The market's acceptance of hydrogen fuel cell systems will gradually increase, thereby promoting a rapid growth trend in downstream applications. In addition, in the future, as the production, storage, transportation, refueling, and utilization of hydrogen are streamlined, hydrogen fuel cell systems will also be promoted on a larger scale; and (3) as the cost of producing hydrogen in China continues to decrease, the hydrogen price will therefore continue to decrease, the demand for FCEVs will correspondingly increase, thereby further expanding the market size of fuel cell systems in China. The traditional sources are major sources for hydrogen production in China. Hydrogen produced from traditional sources accounts for more than 90% of the total hydrogen consumption, while hydrogen produced from renewable energy sources accounts for about 5%. The production cost of hydrogen produced from traditional sources in China is expected to decrease from the range of RMB6.0/kg to RMB10.0/kg in 2023 to the range of RMB5.0/kg to RMB9.0/kg in 2030. The production cost of hydrogen produced from renewable energy sources in China is expected to decrease from the range of RMB15.0/kg to RMB45.0/kg in 2023 to the range of RMB5.0/kg to RMB15.0/kg in 2030. FCEV users pay attention to hydrogen retail prices, regardless of the hydrogen production sources. The retail price

of hydrogen is influenced by hydrogen production costs, storage costs and refueling costs. Regardless of whether hydrogen is derived from traditional or renewable energy sources, production costs are on a downward trend. While shifts in the mix of production sources can marginally impact retail prices, it is primarily technological advancements that are reducing hydrogen production costs, not the proportion of production sources. The hydrogen retail price in China is expected to decrease from the range of RMB50/kg to RMB60/kg in 2023 to the range of RMB30/kg to RMB40/kg in 2030.

Source: GGII, E4tech, Ministry of Industry and Information Technology of the People's Republic of China (MIIT), Frost & Sullivan

Market Size of China Hydrogen Fuel Cell Industry, by Sales Value, by Type RMB100 Million, 2018-2028E

CAGR	2018-2023	2023-2028E
Total	40.4%	66.2%
Passenger vehicle	/	121.0%
Commercial vehicle	38.4%	64.7%
Others in transportation	/	32.0%
Stationary power	/	79.6%
Construction machinery	/	70.5%



	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E	2028E
Others in transportation	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.2	0.3	0.4
Commercial vehicle	7.2	16.3	15.0	20.1	28.1	36.5	54.3	99.0	163.6	274.3	442.3
Passenger vehicle	0.0	0.0	0.0	0.0	0.1	0.3	0.8	2.2	4.4	8.7	15.8
Stationary power	0.0	0.0	0.0	0.7	0.6	1.2	2.9	6.5	10.9	16.2	22.4
Construction Machinery	0.0	0.0	0.0	0.0	0.4	1.2	1.8	3.0	5.4	10.0	17.3
Total	7.2	16.3	15.0	20.8	29.2	39.3	59.9	110.8	184.5	309.5	498.2

Notes:

(1) Stationary power refers to distributed generation, combined heat and power (CHP), and other stationary power; others in transportation involves fuel cell-powered aircraft, hydrogen-powered ship, fuel cell train, and etc.

(2) Sales value refers to the total value of products delivered by fuel cell system manufacturers.

(3) The historical data for total sales value is derived by multiplying the total sales output of each type of downstream applications in China by the average selling price per kW of each type of downstream applications, and then adding up the sales value of all such types of downstream applications. The underlying assumptions for the expected future growth rate mainly include three aspects: (1) as the cost of producing hydrogen fuel cell systems is driving down. Specifically, the cost of producing hydrogen fuel cell systems in China had decreased significantly from RMB9,600/kW in 2018 to RMB2,400/kW in 2023, and is expected to further decrease to RMB1,100/kW in 2028, help making the hydrogen fuel cell systems cost efficient in downstream applications; (2) the infrastructure of the hydrogen industry has reached a relatively advanced level, and will be continuously improved. Specifically, the number of hydrogen refueling stations in China increased significantly from 56 in 2019 to 428 in 2023, and is expected to increase significantly to 2,766 in 2028. The market's acceptance of hydrogen fuel cell systems will gradually increase, thereby promoting a rapid growth trend in downstream applications. In addition, in the future, as the production, storage, transportation, refueling, and utilization of hydrogen are streamlined, hydrogen fuel cell systems will also be promoted on a larger scale; and (3) as the cost of producing hydrogen in China continues to decrease, the hydrogen price will therefore continue to decrease, the demand for FCEVs will correspondingly increase,

thereby further expanding the market size of fuel cell systems in China. The traditional sources are major sources for hydrogen production in China. Hydrogen produced from traditional sources accounts for more than 90% of the total hydrogen consumption, while hydrogen produced from renewable energy sources accounts for about 5%. The production cost of hydrogen produced from traditional sources in China is expected to decrease from the range of RMB6.0/kg to RMB10.0/kg in 2023 to the range of RMB5.0/kg to RMB9.0/kg in 2030. The production cost of hydrogen produced from renewable energy sources in China is expected to decrease from the range of RMB15.0/kg to RMB45.0/kg in 2023 to the range of RMB5.0/kg to RMB15.0/kg in 2030. FCEV users pay attention to hydrogen retail prices, regardless of the hydrogen production sources. The retail price of hydrogen is influenced by hydrogen production costs, storage costs and refueling costs. Regardless of whether hydrogen is derived from traditional or renewable energy sources, production costs are on a downward trend. While shifts in the mix of production sources can marginally impact retail prices, it is primarily technological advancements that are reducing hydrogen production costs, not the proportion of production sources. The hydrogen retail price in China is expected to decrease from the range of RMB50/kg to RMB60/kg in 2023 to the range of RMB30/kg to RMB40/kg in 2030.

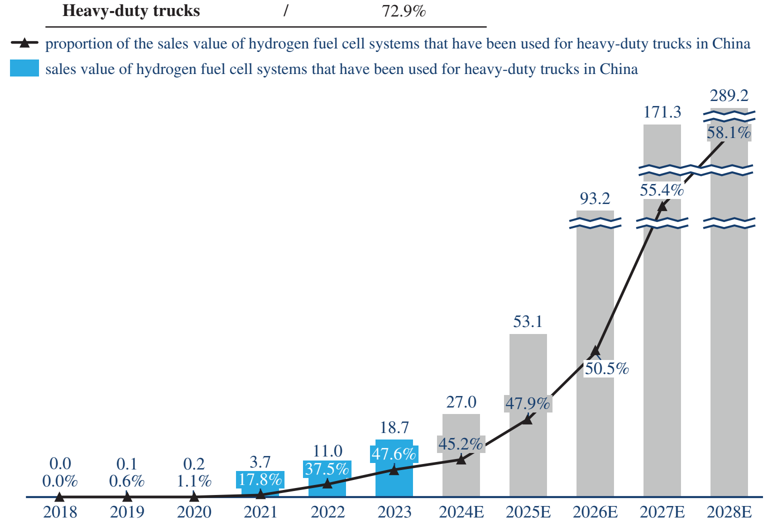
Source: GGII, E4tech, MIIT, Frost & Sullivan

In 2023, the market size of hydrogen fuel cell industry in China accounted for 34.1% of the global hydrogen fuel cell market in terms of sales power output. In the same year, the sales power output of China hydrogen fuel cell system has reached 1,016.5MW, with a CAGR of 76.9% from 2018 to 2023. As China's strategic approach to decarbonization is gradually landing, investment in hydrogen industry is increasing, and the hydrogen industry is moving towards commercialization. With the technology development and the scale effect, the cost of fuel cell systems will be reduced in the future, stimulating downstream demand. It is expected that the sales power output of the hydrogen fuel cell systems will reach 27,189.9 MW in 2028 in China.

The market size of China's hydrogen fuel cell industry measured by sales value grew from RMB0.7 billion in 2018 to RMB3.9 billion in 2023, with a CAGR of 40.4%. It is expected that China's hydrogen fuel cell industry measured by sales value will reach RMB49.8 billion in 2028.

Market Size of Hydrogen Fuel Cell Systems Used For Heavy-duty Trucks in China, by Sales Value, RMB100 Million, 2018-2028E

CAGR	2018-2023	2023-2028E
Heavy-duty trucks	/	72.9%



Source: Frost & Sullivan

The sales value of hydrogen fuel cell systems used for heavy-duty trucks in China is RMB1.9 billion in 2023, accounting for around 47.6% of the total sales value of hydrogen fuel cell systems in China in 2023, representing the largest application segment of hydrogen fuel cell systems in 2023. The market size of hydrogen fuel cell systems used for heavy-duty trucks is expected to continue to grow to RMB28.9 billion by 2028, with a CAGR of 72.9% from 2023 to 2028.

There are multiple factors contributing to the significant anticipated growth trajectory of the China's hydrogen fuel cell industry. Firstly, government support for the hydrogen fuel cell industry in China has been and will continue to be significant. According to the Medium and Long-Term Plan for Hydrogen Industry (2021-2035) issued by China, by 2025, companies in China are expected to master core technologies and manufacturing processes, and the total fleet of fuel cell vehicles is projected to reach approximately 50,000 units. Additionally, significant efforts are being made to deploy a network of hydrogen refueling stations and increase the production of hydrogen from renewable sources to 100,000 to 200,000 tons per year. Moreover, various provinces and cities in China have issued supportive policies to promote the development of the hydrogen fuel cell industry. For example, Lvliang City, Shanxi Province, Ordos, Inner Mongolia, Shaanxi Province, Jilin Province, Sichuan Province, and Shandong Province have implemented a policy exempting hydrogen-powered vehicles from toll fees on highways equipped with ETC devices. This policy, aims to promote the adoption of hydrogen-powered vehicles and drive demand growth in the hydrogen fuel cell industry. Furthermore, Shanghai aims to achieve the deployment of over 10,000 fuel cell vehicles by 2025, while Foshan plans to promote the adoption of at least 3,000 fuel cell vehicles and establish 60 hydrogen refueling stations by the same year. These policy initiatives provide a strong basis for the anticipated growth of the hydrogen fuel cell industry.

In addition, the significant cost reductions and the resulting decrease in the total cost of ownership (TCO) for fuel cell electric vehicles (FCEVs) will also drive the future growth of the hydrogen fuel cell market. Technological advancements, particularly in fuel-cell technology, are continuously driving down the purchase price of FCEVs and lowering the terminal price of hydrogen. One significant factor is the continuous reduction in the cost of hydrogen fuel cell systems themselves. Advancements in technology, such as the optimization of system design and the localization of critical components, have contributed to substantial reductions in the production costs of fuel cell systems. Additionally, economies of scale in production have further mitigated costs, making hydrogen fuel cell systems more economically viable. The decreasing TCO of FCEVs, in comparison to traditional energy vehicles, underscores their growing competitiveness in the market. For instance, heavy-duty trucks, which constitute a substantial market segment within the hydrogen fuel cell industry, exhibit significant growth potential. Sales of heavy-duty fuel cell electric trucks are projected to increase rapidly, with a compound annual growth rate (CAGR) of 92.5% from 2023 to 2028, reaching 96,676 units by 2028.

Furthermore, the competitive advantages of FCEVs, particularly heavy-duty trucks, over traditional diesel combustion engine vehicles and electric heavy trucks in terms of range, overall vehicle load capacity, and performance in long-distance heavy-load scenarios, position them favorably in the market. As the TCO of hydrogen fuel cell heavy trucks continues to decrease due to advancements in technology and economies of scale, they are expected to surpass both traditional energy heavy trucks and electric heavy trucks in terms of cost-effectiveness. Ultimately, the combination of government support, cost reduction efforts, technological innovation, and market expansion initiatives will drive the rapid growth of the hydrogen fuel cell market in the foreseeable future.

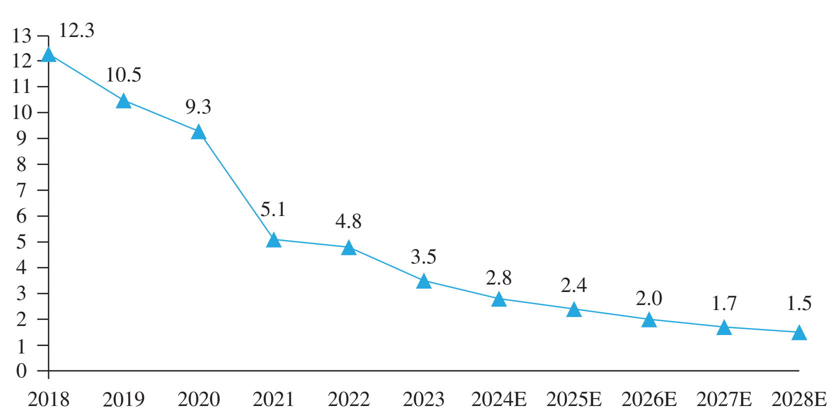
Price Analysis of Hydrogen Fuel Cell Systems in China

Price Analysis of Hydrogen Fuel Cell Systems

The price of hydrogen fuel cell systems decreased from RMB12.3 thousand/kW in 2018 to RMB3.5 thousand/kW in 2023, with a CAGR of -22.2%. This decline was primarily driven by the advancement of material technology and manufacturing process, the localization of key components and the emergence of economies of scale.

Average Price of Hydrogen Fuel Cell Systems in China
RMB Thousand/KW, 2018-2028E

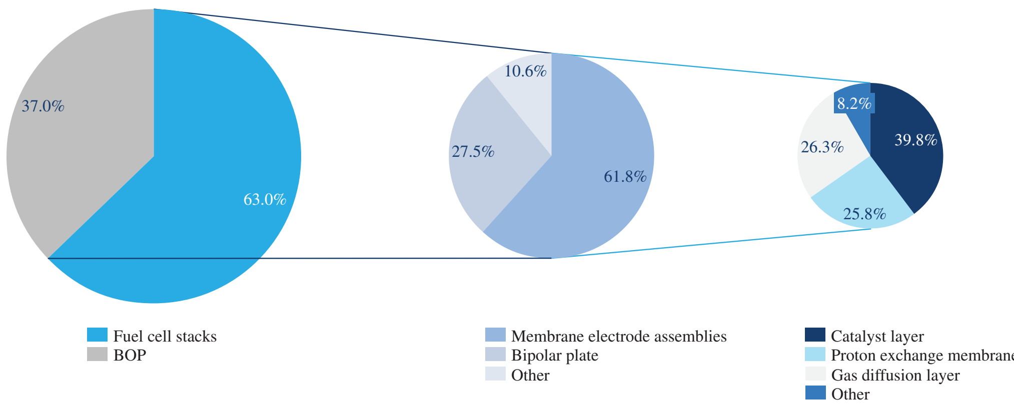
CAGR	2018-2023	2023-2028E
Market	-22.2%	-15.6%



Source: China Society of Automotive Engineers (China-SAE), Frost & Sullivan

Cost Structure and Analysis of Hydrogen Fuel Cell Cost Reduction Paths

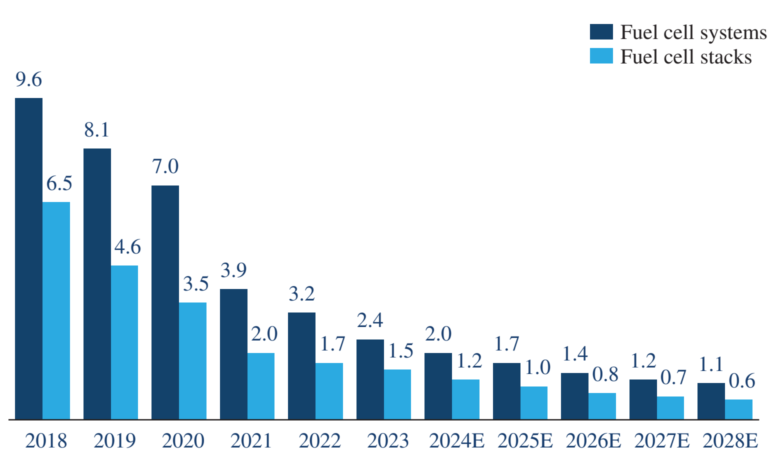
Cost Structure of Hydrogen Fuel Cell System's Key Components



Source: Frost & Sullivan

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

Cost Analysis of Fuel Cell System and Stacks in China
RMB Thousand/kW, 2018-2028E

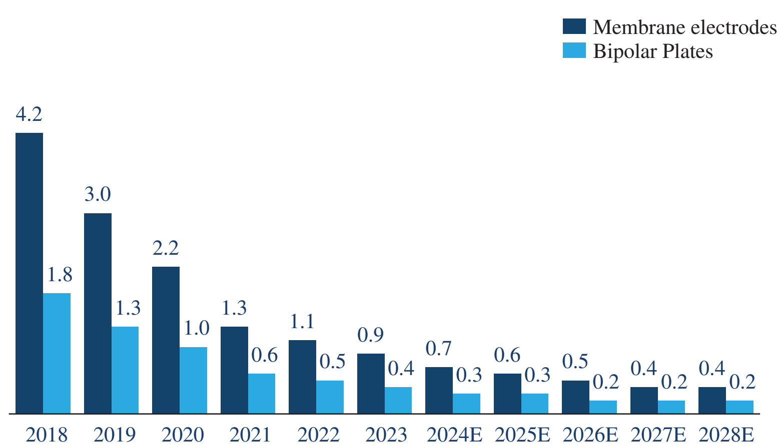


Source: China-SAE, Frost & Sullivan

The cost of fuel cell system has decreased from RMB9.6 thousand/kW to RMB2.4 thousand/kW from 2018 to 2023. It is expected that the cost of the fuel cell system will decrease to RMB1.1 thousand/kW by 2028. The cost reduction of fuel cell systems primarily stems from technological advancement, economies of scale, and the localization of key components.

The cost of the fuel cell stack has decreased from RMB6.5 thousand/kW to RMB1.5 thousand/kW from 2018 to 2023. It is expected that the cost of the fuel cell stack will decrease to RMB0.6 thousand/kW by 2028. The cost reduction stems from technological advancements, process innovations, and the domestication of critical components, such as MEA and bipolar plates. With the cost reduction of fuel cell system and fuel cell stack, the cost of hydrogen vehicles is expected to significantly decrease, thereby enhancing the commercialization rate of downstream applications for hydrogen energy.

Cost Analysis of Membrane Electrode Assemblies and Bipolar Plates in China
RMB Thousand/kW, 2018-2028E



Source: China-SAE, Frost & Sullivan

The cost of membrane electrode assemblies has decreased from RMB4.2 thousand/kW to RMB0.9 thousand/kW from 2018 to 2023. It is expected that the cost of membrane electrode assemblies will decrease to RMB0.4 thousand/kW by 2027. The membrane electrode assembly consists of PEM, catalyst, gas diffusion layer, and other important components.

The cost of bipolar plate has decreased from RMB1.8 thousand/kW to RMB0.4 thousand/kW from 2018 to 2023. It is expected that the cost of bipolar plates will decrease to RMB0.2 thousand/kW by 2026. At present, domestic bipolar plate enterprises are expanding their production in graphite bipolar plate, and the cost reduction brought by the scale effect will directly drive down the overall cost.

Analysis of Fuel Cell Cost Reduction Paths

- ***Technological Progress***

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

- ***Localization***

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

- ***Scale Effect***

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

Future Trends of China's Hydrogen Fuel Cell Industry

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

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

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

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

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

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

Market Drivers of China's Hydrogen Fuel Cell Industry

- ***Significant Government Support***. According to the Medium and Long-Term Plan for Hydrogen Industry (2021-2035) issued by China, by 2025, companies in China are expected to master core technologies and manufacturing processes, and the total fleet of fuel cell vehicles is projected to reach approximately 50,000 units. Furthermore, significant efforts are being made to deploy a network of hydrogen refueling stations and increase the production of hydrogen from renewable sources to 100,000 to 200,000 tons per year. These policy initiatives are expected to continue to drive the growth of the hydrogen fuel cell industry.

- ***Continuous growth in downstream application markets***. The future growth of the Chinese fuel cell vehicle market will drive an increase in demand for hydrogen fuel cells. The market size of fuel cell vehicles in China was RMB7.0 billion in 2023, and is expected to reach a total market size of RMB102.3 billion by 2028, with a compound annual growth rate of up to 71.2%. Benefiting from the rapid development of fuel cell vehicles in major downstream scenarios, global demand for hydrogen fuel cells will continue to increase. On the other hand, the emergence of the "abandonment of wind and light" problem brought about by the grid connection of new energy generation provides opportunities for the development of the hydrogen storage market. As China continues to attach importance to environmental governance and energy crises caused by other geopolitical crises, new energy generation is gradually becoming one of the focuses of attention. At present, new energy generation such as photovoltaics and wind energy generation suffer from many pain points such as poor regulation flexibility, intermittency, and strong volatility. Hydrogen storage, as an emerging energy storage technology, will effectively solve these pain points. Future grid connection of new energy generation will drive the development of the hydrogen fuel cell market on the demand side.

- ***Continued Improvement of Infrastructure***. As the hydrogen fuel cell industry advances, there is a growing emphasis on infrastructure development. This includes the expansion of hydrogen refueling stations, hydrogen supply centers, and hydrogen pipelines, among other components. The ongoing enhancement of infrastructure is crucial for supporting the growth of the hydrogen fuel cell industry. It ensures adequate accessibility to refueling stations and hydrogen supply points, facilitating the widespread adoption of fuel cell vehicles and other hydrogen-based applications. Moreover, a well-established infrastructure network contributes to the overall efficiency and reliability of hydrogen fuel cell systems, thereby boosting confidence among industry stakeholders and consumers. Therefore, the sustained improvement of infrastructure serves as a significant driver for the growth and development of the hydrogen fuel cell industry.

Entry Barriers of China's Hydrogen Fuel Cell Industry

- ***Difficulty in R&D of Core Components.*** Fuel cell systems comprise various components, including stacks, hydrogen supply systems, and air supply systems. Among these, the development of core components, such as proton exchange membranes and electrode materials, presents significant challenges. The intricate nature of electrochemical materials and membrane electrodes, crucial for efficient fuel cell operation, amplifies the complexity of research and development efforts. These components are predominantly led by overseas companies, heightening the barriers to entry for new market players.

- ***Rapid Iteration Speed of Fuel Cell Systems.*** With the acceleration of the deployment of fuel cell commercial vehicles and other downstream applications, there is an increasing demand for enhanced performance, cost-effectiveness, and durability of fuel cells. Leading manufacturers are actively engaged in research and development to meet these evolving market demands. This rapid iteration of fuel cell technology aims to transition from meeting policy requirements to addressing market-driven needs for improved performance, cost-efficiency, and durability. However, the swift pace of iteration also presents challenges and serves as a barrier for new entrants, who must contend with the complexities of meeting these dynamic market demands while navigating the competitive landscape.

Challenges of China's Hydrogen Fuel Cell Industry

- ***Gradual reduction of future government subsidies.*** Currently, the government's subsidies for the application of fuel cells in the transportation sector are relatively large, aimed at promoting the increase of fuel cell applications. However, government subsidies will gradually decrease in the future, and this impact will also be transmitted to fuel cell manufacturers. Automotive companies will squeeze the cost of fuel cells, so reducing the cost of fuel cells is a major challenge in the future.

Competitive Landscape of China's Hydrogen Fuel Cell Industry

In 2023, the market size of hydrogen fuel cell market in terms of sales power output was approximately 1,016.5MW, of which the top five companies accounted for approximately 70.7% of the total market size. As of December 31, 2023, there were nearly 57 fuel cell system companies in the China's hydrogen fuel cell market, excluding their holding subsidiaries. The number of hydrogen fuel cell manufacturers increased in 2023, indicating potential expansion of market players within the hydrogen energy industry chain entering the fuel cell market. In 2023, the total sales power output of hydrogen fuel cell systems sold by us was 242.3MW. We ranked the first in the hydrogen fuel cell market in China in 2023, in terms of total sales power output of fuel cell systems, with a market share of 23.8%.

In addition, we ranked the first in the hydrogen fuel cell market in China, in terms of the total sales power output of hydrogen fuel cell systems that have been used for heavy-duty trucks in 2023, with a market share of 42.4%. According to Frost & Sullivan, heavy-duty truck represents the largest application segment of hydrogen fuel cell systems in 2023. To be specific, the sales value of hydrogen fuel cell used for heavy-duty trucks is RMB1.9 billion in 2023, accounting for around 47.6% of the total sales value of hydrogen fuel cell in China in 2023. The sales value of hydrogen fuel cell systems used for heavy-duty trucks is expected to grow to RMB28.9 billion by 2028, with a CAGR of 72.9% from 2023 to 2028.

Ranking of top five fuel cell system providers in terms of total sales power output of hydrogen fuel cell systems in China
MW, 2023

Ranking	Company	Sales Power Output	Market Share
1	Our Group	242.3	23.8%
2	SinoHytec	189.4	18.6%
3	Sino-Synergy	148.6	14.6%
4	SHPT	~100	~9.8%
5	SFCC	~40	~3.9%

Notes:

(1) Beijing SinoHytec Co., Ltd. (北京億華通科技股份有限公司), a high-tech enterprise established in Beijing in 2012, integrating research and industrialization of hydrogen energy and fuel cells. It is currently listed on the Hong Kong Stock Exchange.

(2) Sino-Synergy Hydrogen Energy Technology (Jiaxing) Co., Ltd. (國鴻氫能科技(嘉興)股份有限公司), an enterprise established in 2015, headquartered in Jiaxing, Zhejiang Province, specializing in the development of fuel cells. It is currently listed on the Hong Kong Stock Exchange.

(3) Shanghai Hydrogen Propulsion Technology Co. Ltd. (上海捷氫科技股份有限公司), a high-tech enterprise established in 2018, headquartered in Shanghai, specializing in the research and development, design, manufacturing, sales, and engineering technology services of hydrogen fuel cell stacks, systems, and core components.

(4) State Fuel Cell Technology Corporation (深圳國氫新能源科技有限公司), an enterprise founded in 2016 in Shenzhen. Its main business includes fuel cell power system solutions related to leading fuel cell power system and core components R&D and manufacturing, and fuel cell application development; and fuel cell industry ecological closed-loop solutions related to hydrogen refuelling station energy foundation R&D, production, design, construction and operation of core equipment of the facility, operation and management of new energy vehicles.

Source: Frost & Sullivan

Ranking of top five fuel cell system providers in terms of total sales power output of hydrogen fuel cell systems that have been used for heavy-duty trucks in China MW, 2023

Ranking	Company	Sales Power Output	Market Share
1	Our Group	209.2	42.4%
2	SinoHytec	99.8	20.2%
3	Sino-Synergy	86.7	17.6%
4	SHPT	23.1	4.7%
5	Weichai Group[1]	14.3	2.9%

Note:

(1) Weihai Power Co., Ltd. (濰柴動力股份有限公司), an equipment manufacturing enterprise established in 2002, headquartered in Weifang.

Source: Frost & Sullivan

Ranking of top five fuel cell system providers in terms of sales value of hydrogen fuel cell systems that have been used for heavy-duty trucks in China RMB100 Million, 2023

Ranking	Company	Sales Value	Market Share
1	Our Group	5.5	29.4%
2	Sino-Synergy	3.2	17.2%
3	SinoHytec	3.0	16.0%
4	SHPT	0.9	4.8%
5	Weichai Group	0.6	3.2%

Source: Frost & Sullivan

Ranking of top five fuel cell system providers in terms of sales value of hydrogen fuel cell systems in China
RMB100 Million, 2023

Ranking	Company	Sales Value	Market Share
1	SinoHytec	7.2	18.2%
2	Sino-Synergy	6.8	17.3%
3	Our Group	6.4	16.2%
4	SHPT	~4.0	~10.2%
5	SFCC	~2.4	~6.4%

Source: Frost & Sullivan

Favorable Policies for Hydrogen Fuel Cell Industry in China

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

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

Demonstration city-clusters	Leading city	Cities involved	Policies and Launch time	Main points
Guangdong Demonstration City Cluster	Foshan	• Guangdong: Guangzhou, Shenzhen, Zhuhai, Dongguan, Zhongshan, Yangjiang, Yunfu • Inner Mongolia: Baotou • Anhui: Lu'an • Shandong: Zibo • Fujian: Fuzhou	Action Plan for Accelerating the Construction of Fuel Cell Vehicle Demonstration City Clusters (2022-2025) <Aug. 2022>	• Support production of main components such as fuel cell stack, MEA, bipolar plates, PEM, catalyst, carbon paper, air compressor, and hydrogen circulation system. At the end of the demonstration period, the eight main components should be ranked in top five in China. • Realize the goal of promoting over 10,000 fuel cell vehicles, with an annual hydrogen supply capacity exceeding 100,000 tons. Establish more than 200 hydrogen refueling stations, and reduce the retail price of automotive hydrogen to below 30 RMB/kg.
Henan Demonstration City Cluster	Zhengzhou	• Henan: Xinxiang, Kaifeng, Anyang, Luoyang, Jiaozuo • Ningxia • Hebei: Zhangjiakou, Baoding, Xinji • Shandong: Yantai, Zibo, Weifang • Guangdong: Foshan • Shanghai: Jiading District, Fengxian District, Lingang section of Shanghai Pilot Free Trade Zone	Medium- and Long-Term Plan for the Development of Hydrogen Industry in Henan Province (2022-2035) <Aug. 2022>	• The application fields of hydrogen energy are expected to expand. By 2025, the promotion of more than 5,000 various types of FCEVs is anticipated, with the automotive hydrogen supply capacity expected to reach 30,000 tons/year. The terminal selling price of hydrogen is expected to be reduced to less than RMB30/kg, and the proportion of low-carbon hydrogen is expected to increase.

Demonstration city-clusters	Leading city	Cities involved	Policies and Launch time	Main points
Hebei Demonstration City Cluster	Zhangjiakou	• Hebei: Tangshan, Baoding, Handan, Qinhuangdao, Dingzhou, Xinji, Xiong'an New Area • Hubei: Wuhan • Shanghai: Fengxian District • Henan: Zhengzhou • Shandong: Zibo, Liaocheng	Several Measures of Zhangjiakou to Support the Construction of Fuel Cell Vehicle Demonstration City <Jul. 2022>	• Support production of main components such as fuel cell stack, MEA, bipolar plates, PEM, catalyst, carbon paper, air compressor, and hydrogen circulation system. • Supporting enterprises engaging in transportation services with fuel cell vehicles, incentives will be provided for vehicles meeting the average hydrogen mileage condition per vehicle (≥7,500 kilometers per year, exceeding 30,000 kilometers in 4 years). For hydrogen fuel cell-powered small and large passenger vehicles, light and medium-duty trucks, and heavy-duty trucks, each vehicle will be eligible for an annual incentive of RMB20,000, RMB30,000, RMB30,000, and RMB50,000, respectively. A municipal financial allocation of RMB10 million will be coordinated to establish a comprehensive supervision platform for fuel cell vehicles in urban clusters.

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

Comparative Analysis of Key Features of Fuel Cell Systems and Fuel Cell Stacks Among Competitors

Please see below for a comparative analysis of the features, average selling prices, and technologies of hydrogen fuel cell systems offered by the Group and two leading competitors:

	The Group	SinoHytec	Sino-Synergy
Proprietary core components	Fuel cell stacks, MEAs, bipolar plates, hydrogen circulation system	Fuel cell stacks, bipolar plates	Fuel cell stacks, bipolar plates
Application scenarios	Vehicle scenarios: commercial vehicles; Non-vehicle scenarios: power generation applications, construction machinery, rail transit	Vehicle scenarios: commercial vehicles; Non-vehicle scenarios: power generation applications	Vehicle scenarios: commercial vehicles; Non-vehicle scenarios: power generation applications, construction machinery, rail transit
Range of rated power	63kW-220kW	80.5kW-240kW	65kW-240kW
Range of power density	400W/kg-815W/kg	494W/kg-820W/kg	402W/kg-906W/kg
Life-span	30,000 hours for majority of the products	5,000 hours and 20,000 hours for majority of the products	20,000 hours for majority of the products, only one model reaches 30,000 hours
Freeze-start temperature	-30°C without auxiliary heat nor damage to system	-35°C/-30°C	-30°C
High-temperature operating capability	95°C	95°C	95°C
Hydrogen consumption	9.0kg/100km-10.0kg/100km	10.0kg/100km-12.0kg/100km	~10.0kg/100km
Average selling prices	~3,720 RMB/kW	~4,238 RMB/kW	~4,079 RMB/kW
Synergies with in-house developed hydrogen production products	Yes	N/A	N/A

Notes:

(1) The average selling price of fuel cell systems listed here refers to price in 2022; the average selling price of the Company's fuel cell systems refer to price of those incorporating its own fuel cell stacks.

(2) Hydrogen consumption listed above refers to related figures for hydrogen fuel cell systems empowering 49T heavy-duty trucks.

Hydrogen consumption is an indicator influenced by multiple factors, for instance, vehicle types, vehicle weight, power output of the hydrogen fuel cell systems, etc. To assess performance of hydrogen fuel cell systems, it is reasonable and meaningful to compare hydrogen consumption of same vehicle type and weight incorporating hydrogen fuel cell systems provided by different companies, than to compare hydrogen consumption of different vehicle types and weight.

As confirmed by Frost & Sullivan, heavy-duty truck is the largest application segment of hydrogen fuel cell systems in 2023. Among heavy-duty trucks in different weights, 49T heavy-duty truck is the most commonly used type, accounted for approximately 40% of all heavy-duty trucks as of the end of 2023.

The table above demonstrates that the Group is the only one out of the three that is capable of developing and producing MEAs independently. MEA is a crucial component of the fuel cell system and fuel cell stack, that plays a dominant role in determining the overall performance of the fuel cell system and fuel cell stack, including factors such as, reliability, lifespan, cost-effectiveness, etc. In terms of cost structure, MEAs accounts for approximately 40.0% of the total cost of a fuel cell system. Therefore, since the Group can independently develop and produce MEAs, it has more flexibility and autonomy in controlling the overall performance and cost of the hydrogen fuel cell system, enabling better cost reduction and efficiency improvement. In contrast, the other two shall rely on third-party developed MEAs, therefore are harder to control costs, and are also constrained by the development strategy and development progress of the third parties.

In terms of application scenarios, rated power and power density, the Group's products exhibit a wider or comparable range of application scenarios, extending beyond various commercial vehicle types; and also exhibit similar ranges of rated power and power density. While the Group may not have a distinct advantage over the competitors listed above in terms of application scenarios, power and power density, it is crucial to look into the lifespan of the fuel cell systems and their adaptability to different temperature conditions, when evaluating the durability and cost-effectiveness of the FCEVs in specific application contexts, which holds greater value for end-users of FCEVs.

Specifically, in terms of product lifespan, the majority of the Group's products can reach lifespan of 30,000 hours. In contrast, for SinoHytec, the lifespan ranges between 5,000 hours and 20,000 hours for majority of its products. For Sino-Synergy, majority of its products can only reach lifespan over 20,000 hours, only one model can reach lifespan of 30,000 hours.

Moreover, the Group's products exhibit enhanced adaptability to extreme temperature conditions. While freeze-start generally requires auxiliary heat assistance or otherwise may cause material fatigue, degradation or failure of the fuel cell system, the Group's fuel cell system can initiate a freeze-start without requiring auxiliary heat (thereby reducing energy consumption) and without causing any damage to the fuel cell system (thereby extending lifespan). Moreover, these products have high-temperature operation capability to withstand high reaction temperature in the fuel cell stacks, thereby reducing the amount of heat dissipated into the environment. Such increased resilience renders the Group's products more reliable and capable of performing optimally in diverse environments over an extended period.

The hydrogen consumption is a crucial metric for evaluating the commercial viability of hydrogen fuel cell systems. It indicates how efficiently the system utilizes hydrogen to generate power. Similar to how fuel efficiency is important for conventional diesel-powered vehicles, hydrogen consumption plays a vital role in the overall cost-effectiveness and practicality of FCEVs. In the case of 49T heavy-duty trucks, the Group's hydrogen fuel cell systems have demonstrated an advantage in achieving lower hydrogen consumption as compared to those of the two competitors as listed above. This means that while offering similar load-carrying capacity and transportation capabilities, the Group's hydrogen fuel cell systems can effectively help end-users reduce their daily operational costs associated with using FCEVs in the long term, which contributes to the market-driven transformation, and widespread adoption of hydrogen fuel cell systems without subsidies going forward.

Furthermore, despite possessing key features that are equally good or better than those of its main competitors, the Group's products have lower average selling prices (measured in RMB/kW). This cost efficiency makes the Group's products more appealing to customers in terms of affordability while maintaining their qualities as described above.

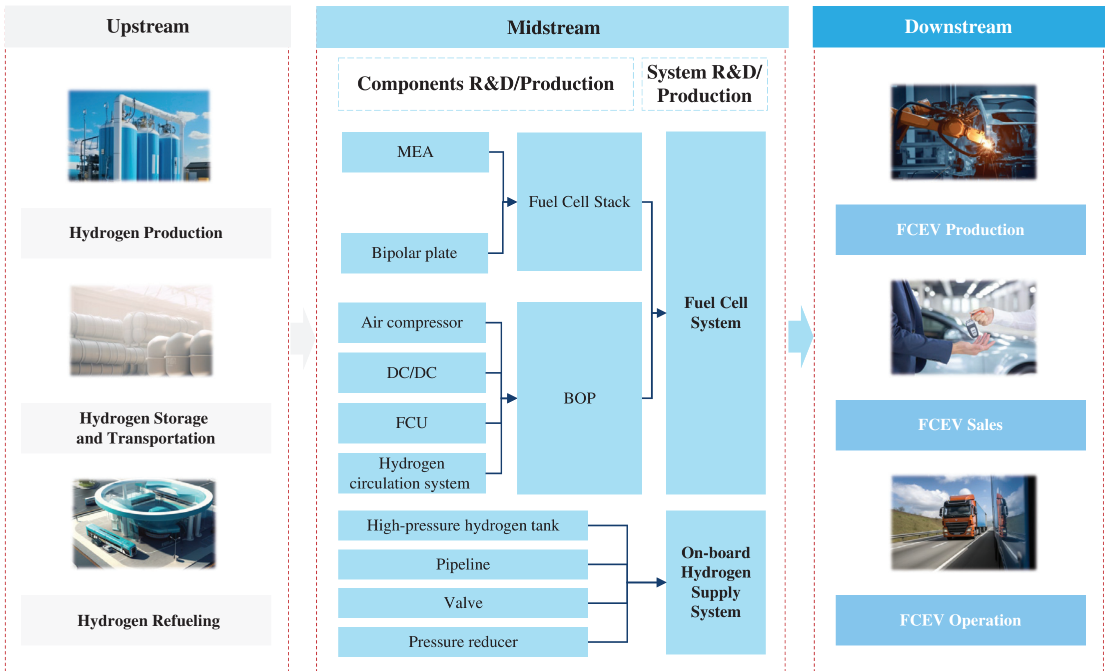
With the Group's continuous development, it not only focuses on hydrogen fuel cell systems but also gradually expands into hydrogen production systems. Such expansion is not only built upon the Group's mature network in the hydrogen industry and solid collaborations with other relevant stakeholders in hydrogen market, but more importantly, built upon the Group's existing technologies and know-hows in MEAs. PEM fuel cell systems and PEM water electrolysis hydrogen production systems have a reciprocal relationship in terms of chemical reactions. As the Group has core technologies in developing and producing MEAs, its research and development capabilities and technological foundation provide a solid basis for the development of hydrogen production systems, which provide robust support for development of hydrogen production systems. Conversely, without the core technologies of MEAs, it would be difficult to develop PEM water electrolysis hydrogen production products. Unlike SinoHytec and Sino-Synergy, the Group can provide comprehensive hydrogen energy solutions that encompass both hydrogen fuel cell systems and hydrogen production systems, which enables the Group to better meet customer needs and offer integrated solutions, further driving the development of the hydrogen industry.

OVERVIEW OF THE FUEL CELL ELECTRIC VEHICLE INDUSTRY

Definition and Importance of Fuel Cell Electric Vehicle

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

Industry Chain of the FCEV Industry



Source: Frost & Sullivan

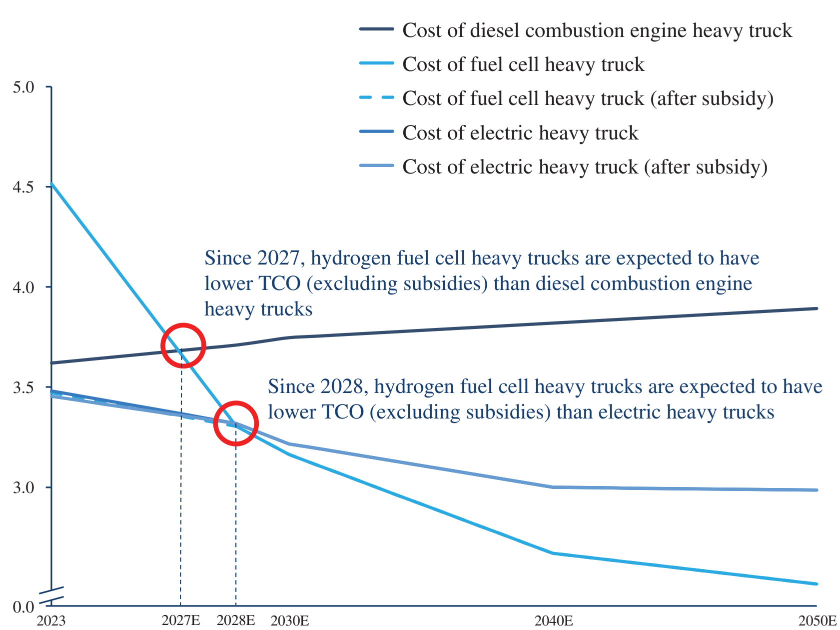
Analysis of the Advantages of Fuel Cell Electric Vehicle

Metric	Fuel cell electric vehicle	Electric vehicle	Fuel-driven vehicle
Mechanical system	Fuel cell systems	Lithium battery	Internal combustion engine
Filling material	Hydrogen	Electricity	Gasoline or diesel
Safety	Risks arise mainly from hydrogen storage and hydrogenation processes	Risks mainly come from the battery system, where it is difficult to balance high-quality power density with safety	Not applicable
Low-temperature performance	-30°C low ambient temperature self-activation -40°C low-temperature storage	Conventional lithium batteries cannot be recharged in low ambient temperatures below -20°C and can lose up to approximately 30% of their range	Below -18°C require high-performance engine lubricants, inlet cryogenic preheaters, and high-energy auxiliary machinery
Environmental protection	Reduce or zero carbon emissions	Pollution partially transferred upstream	Emissions of greenhouse gases such as CO_2, CO, SO_2, etc.

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

Advantages of Fuel Cell Heavy Truck

Total Cost of Ownership of China Heavy Truck, by Value, by Type
RMB Million, 2023, 2027E, 2030E, 2040E, 2050E



Source: Frost & Sullivan

Both fuel cell heavy trucks and electric heavy trucks are alternatives to diesel combustion engine heavy truck. However, when compared, electric heavy trucks face distinct challenges, particularly in crucial areas such as payload capacity and cargo volume. As heavy-duty vehicles used for transporting goods, payload capacity and cargo volume are essential metrics, influencing their value as productive assets. Electric heavy trucks often lag behind in these aspects, despite potentially comparable Total Cost of Ownership (TCO). This disparity can be likened to renting a property with shared amenities, where the actual utility value diminishes due to increased shared usage. This inherent limitation significantly impacts the ability of electric heavy trucks to create value, particularly in scenarios requiring long-distance heavy-load freight transport. Therefore, it is imperative to underscore this point when contrasting electric heavy trucks with other alternatives.

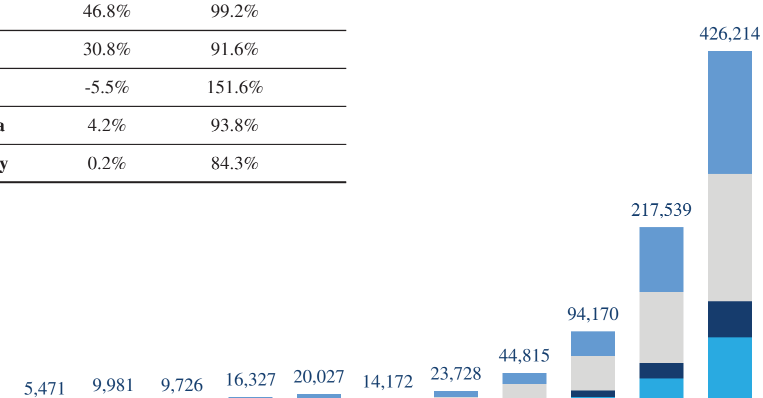
As for comparison between fuel cell heavy trucks and diesel combustion heavy trucks, if fuel cell heavy trucks demonstrate a favorable TCO, it becomes feasible to replace diesel combustion engine-heavy trucks on a scalable basis with fuel cell heavy trucks.

In 2023, the total cost of ownership of hydrogen fuel cell heavy trucks was lower than that of traditional energy heavy trucks after government subsidy, and since 2027, the cost of ownership of fuel cell heavy trucks without government subsidy is expected to be lower than that of diesel combustion engine heavy trucks. Since 2028, cost of ownership of fuel cell heavy trucks is expected to be lower than that of electric heavy truck. In 2050, the cost of ownership of hydrogen fuel cell heavy trucks will decrease significantly due to the scale effect and the enhancement of the technology of hydrogen fuel cell system, and the cost of the life cycle will be reduced to RMB2.52 million, which is lower than that of electric heavy truck.

Market Size of Fuel Cell Electric Vehicles

Market Size of Global Fuel Cell Electric Vehicle, by Sales Volume, by Country Unit, 2018-2028E

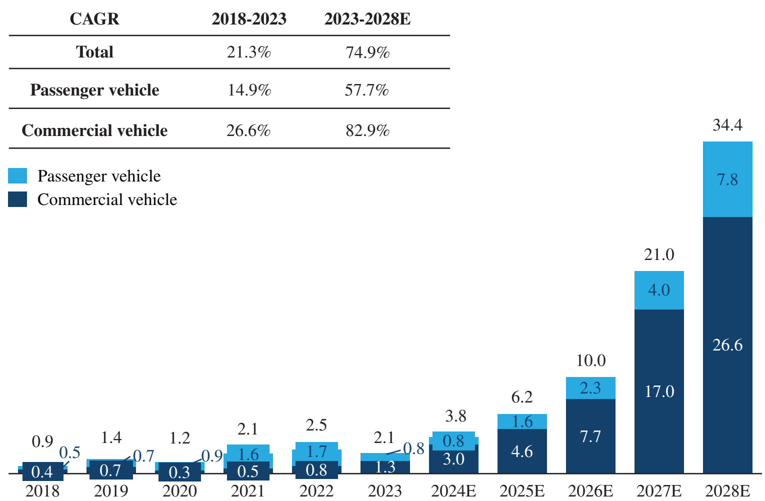
CAGR	2018-2023	2023-2028E
Total	21.0%	97.5%
Korea	46.8%	99.2%
China	30.8%	91.6%
Japan	-5.5%	151.6%
America	4.2%	93.8%
Germany	0.2%	84.3%



	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E	2028E
Total	5,471	9,981	9,726	16,327	20,027	14,172	23,728	44,815	94,170	217,539	426,214
Korea	680	4,174	5,793	8,412	10,164	4,635	7,184	13,111	29,336	76,531	145,410
China	1,527	2,737	1,177	1,586	3,397	5,843	9,678	19,742	40,534	84,425	150,889
Japan	560	634	1,445	2,464	2,784	422	1,477	3,249	7,539	18,485	42,515
America	2,429	2,083	937	3,341	2,707	2,978	4,467	7,371	14,557	34,427	81,420
Germany	260	303	304	424	835	263	736	1,119	1,936	3,350	5,594

Source: IEA, The Orange Group, Frost & Sullivan

Market Size of Global Fuel Cell Electric Vehicle, by Sales Value, by Type USD Billion, 2018-2028E



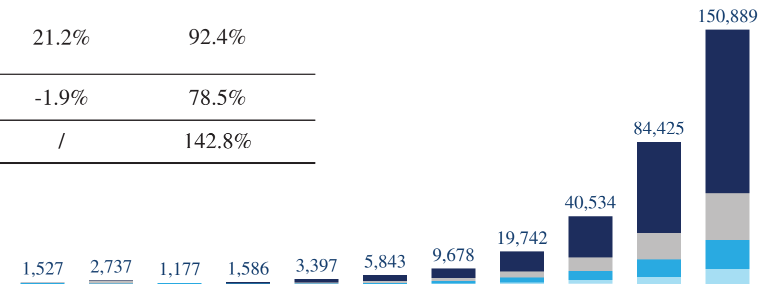
Source: IEA, The Orange Group, Frost & Sullivan

Global fuel cell vehicle sales reached 14,172 units in 2023. From 5,471 units in 2018 to 2023 scale, the industry as a whole has grown rapidly, with a CAGR of 21.0%. In addition, with the further increase in investment in the hydrogen fuel vehicle industry in various countries, the overall global fuel cell vehicle market size is expected to reach 426,214 units by 2028, with a CAGR of 97.5% from 2023, forming a trend of gradually replacing fossil fuel vehicles.

The global fuel cell vehicle market size reached USD2.1 billion in 2023, and the global fuel cell vehicle market has grown at a CAGR of 21.3% since it developed at USD0.9 billion in 2018. With the active deployment of countries for the clean energy vehicle market, the fuel cell vehicle market is expected to reach a size of USD34.4 billion by 2028, with an overall CAGR of up to 74.9% from 2023.

Market Size of China Hydrogen Fuel Cell Electric Vehicle, by Sales Volume, by Type Unit, 2018-2028E

CAGR	2018-2023	2023-2028E
Total	30.8%	91.6%
Heavy trucks	/	92.5%
Medium and Light-duty trucks	21.2%	92.4%
Omnibus	-1.9%	78.5%
Passenger vehicle	/	142.8%

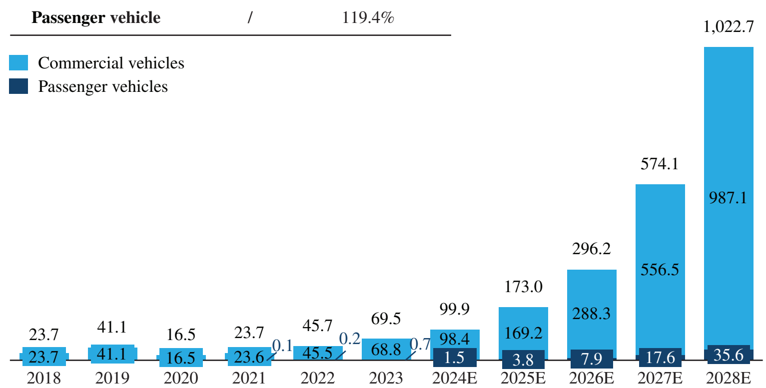


	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E	2028E
Total	1,527	2,737	1,177	1,586	3,397	5,843	9,678	19,742	40,534	84,425	150,889
Heavy trucks	0	10	20	690	1,829	3,653	5,589	11,625	24,413	53,709	96,676
Medium and Light-duty trucks	402	2,015	128	51	762	1,052	1,914	3,828	7,925	15,849	27,736
Omnibus	1,031	638	947	723	737	935	1,543	2,854	5,365	10,086	16,945
Passenger vehicle	0	0	0	12	29	111	306	941	2,088	4,636	9,365
Others	94	74	82	110	40	92	326	494	743	145	167

Source: GGII, China Association of Automobile Manufacturers, CPCA, Frost & Sullivan

Market Size of China Hydrogen Fuel Cell Electric Vehicle, by Sales Value, by Type, RMB100 Million, 2018-2028E

CAGR	2018-2023	2023-2028E
Total	24.0%	71.2%
Commercial vehicle	23.8%	70.4%
Passenger vehicle	/	119.4%

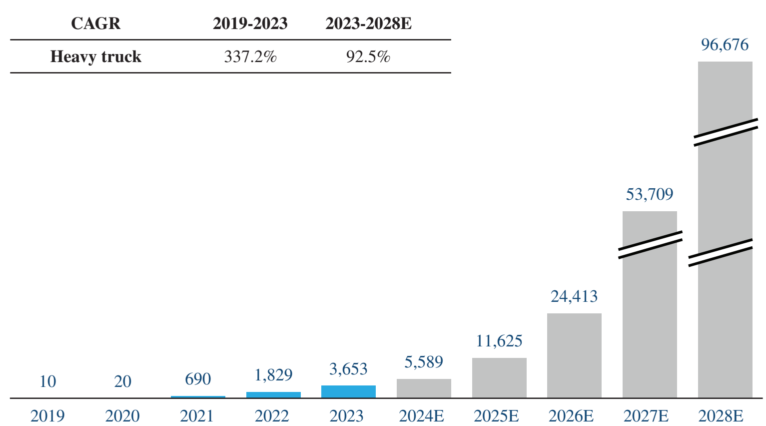


Source: GGII, China Association of Automobile Manufacturers, CPCA, Frost & Sullivan

In 2023, China holds approximately a 41.2% share of the global fuel cell electric vehicles market in terms of sales volume. From 2018 to 2023, the overall fuel cell vehicle market in China grew from 1,527 units in 2018 to 5,843 units in 2023, representing a CAGR of 30.8%. The government has vigorously promoted establishing hydrogen energy demonstration zones and cities since 2021. Therefore, driven by strong policy support, continuous breakthroughs in core tech, improved infrastructure, and a further reduction in production costs, with further acceleration of market development and the gradual popularization of passenger cars, the production of fuel cell vehicles will gradually form a scale effect. It is expected that China's fuel cell vehicle sales will increase to 150,889 units in 2028, with a CAGR of 91.6% from 2023.

In 2023, China holds approximately a 47.3% share of the global fuel cell electric vehicle market in terms of sales value. China's fuel cell vehicle market size grew from RMB2.4 billion in 2018 to RMB7.0 billion in 2023, with a CAGR of 24.0%. The fuel cell vehicle market is expected to reach a size of RMB102.3 billion by 2028, with a CAGR of 71.2% from 2023.

Market Size of China Hydrogen Fuel Cell Heavy Truck, by Sales Volume Unit, 2019-2028E



Source: Frost & Sullivan

China's fuel cell heavy truck sales volume is 3,653 units in 2023 and is expected to be 96,676 units in 2028, with a CAGR as high as 92.5%. Combined with its rising penetration rate in the overall domestic automobile market, the fuel cell heavy truck market is growing rapidly, and the development strategy of fuel cells mainly applied to heavy-duty trucks is promising in the future, with good prospects.

Future Trends of China's Fuel Cell Electric Vehicle Industry

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

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

The TCO of fuel cell electric vehicles is primarily composed of purchase costs and energy usage costs. Advancements in fuel cell technology are continuously reducing the purchase price of fuel cell electric vehicles. In addition, progress in upstream production, storage, transportation and refueling, and technology is lowering the terminal price of hydrogen, consequently reducing the energy usage costs of these vehicles. Given these cost reduction factors, the current industry trend is to promote fuel cell electric vehicles in regions abundant in low-price hydrogen resources, with a primary focus on areas with rich industrial by-product hydrogen resources. Taking into account the current status of technological development, industrial by-product hydrogen represents a low-cost method of hydrogen production. Promoting fuel cell electric vehicles in these regions translates to lower energy consumption costs and a reduced TCO, making them more economically competitive compared to traditional fuel vehicles. For instance, in Shanxi province, where chemical enterprises such as coke plants, steel mills, and chlor-alkali plants are concentrated, there exists a robust industrial foundation for industrial by-product hydrogen. From the supply side, fuel cell electric vehicles in these regions provide businesses with lower transportation costs, and from the demand side, industries in low-price hydrogen regions, particularly chemical enterprises, exhibit a demand for long-distance transportation, precisely the downstream application area where fuel cell electric vehicles targeted to. In China, as of 2023, there are over one million heavy trucks utilized in bulk cargo transportation scenarios. Consequently, the future market for fuel cell electric vehicles will gradually expand into regions with low-price hydrogen, eventually replacing traditional fuel vehicles. Even in scenarios where future policy subsidies diminish, fuel cell electric vehicles continue to possess extensive application scenarios and can maintain a high growth rate.

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

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

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

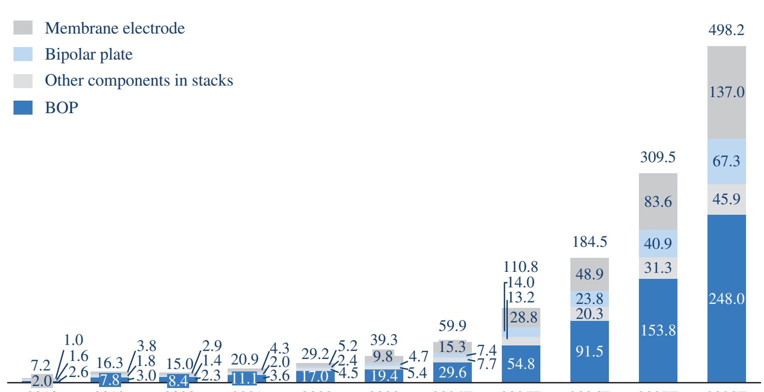
OVERVIEW OF THE HYDROGEN FUEL CELL COMPONENT INDUSTRY

Market Size of The Hydrogen Fuel Cell Component Industry

In 2023, system sales amounted to RMB3.9 billion, with membrane electrodes and bipolar plate sales reaching RMB1.0 billion and RMB0.5 billion, respectively. As the domestication of components deepens, sales value for various components will continue to rise. By 2028, fuel cell system sales are estimated to reach RMB49.8 billion, with a compound annual growth rate of 65.9%. Within the fuel cell stack, the bipolar plate accounts for about 27.5% of cost of the fuel cell stack; the membrane electrode accounts for about 61.8% of cost of the fuel cell stack; in the membrane electrode structure, the catalyst is the largest cost item, accounting for about 39.8% of the overall membrane electrode cost, followed by the gas diffusion layer, which accounts for about 26.3% of the overall membrane electrode cost, and the proton exchange membrane cost accounts for about 25.8% of the overall membrane electrode cost.

Market Size of China Hydrogen Fuel Cell Component Industry, by Sales Value RMB100 Million, 2018-2028E

CAGR	2018-2023	2023-2028E
Membrane electrode*	37.4%	69.5%
Bipolar plate*	36.3%	70.3%
Other components in stack*	27.5%	53.4%
BOP	49.5%	66.5%



Note:

* The sales value of fuel cell stack comprises the sales value of membrane electrodes, bipolar plates and other components in stacks.

Source: GGII, E4tech, MIIT, Frost & Sullivan

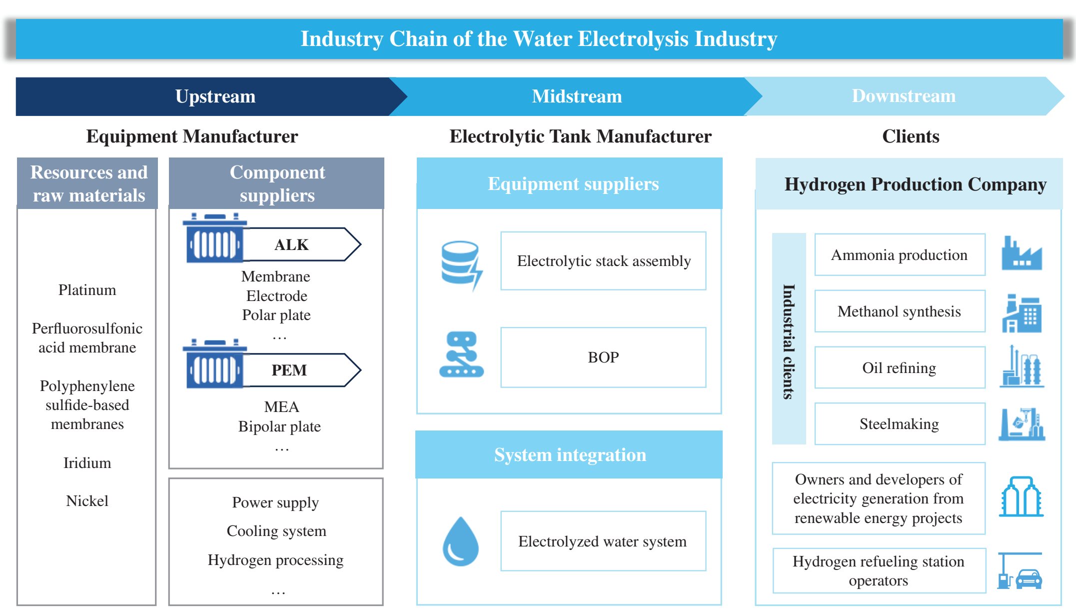
OVERVIEW OF THE HYDROGEN PRODUCTION INDUSTRY

Definition and Methods of Hydrogen Production

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

According to Frost & Sullivan, China has the world's highest hydrogen production, with more than 35 million tons of hydrogen production in 2023, representing 38% of the global hydrogen production volume in the same year. However, hydrogen preparation is still dominated by non-renewable hydrogen production methods from raw materials such as coal. Hydrogen produced from renewable energy sources presents numerous advantages, particularly in terms of low carbon emissions and its capacity for large-scale, long-term storage. In the future, as China's hydrogen production technology advances, the cost of producing hydrogen through renewable energy sources will continue to decrease, and the price of hydrogen energy is expected to be further optimized, accelerating the consumer penetration of hydrogen energy and improving China's energy structure. Hydrogen produced from renewable energy sources is primarily produced through the method of water electrolysis. As per the Hydrogen Energy Alliance's forecast, hydrogen produced from renewable sources will take about 15% of the total hydrogen produced in China by 2030.

Industry Chain Analysis of the Water Electrolysis Industry



Source: Frost & Sullivan

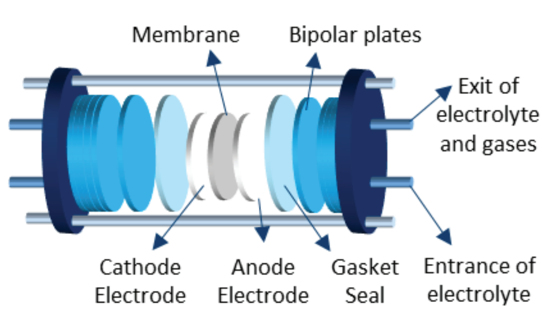
The main principle of hydrogen production by water electrolysis is that water molecules are dissociated under the action of direct current to produce oxygen and hydrogen, which are precipitated from the anode and cathode of the electrolyze respectively. Depending on the diaphragm material of the electrolyze,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

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

Operating Principle of ALK

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

Structure of an ALK Electrolyser



Source: Frost & Sullivan

Main Components of an ALK Electrolyser

Below are the main components of an ALK electrolyser:

- ***Electrodes***

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

- ***Membrane***

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

- ***Gasket seal***

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

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

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

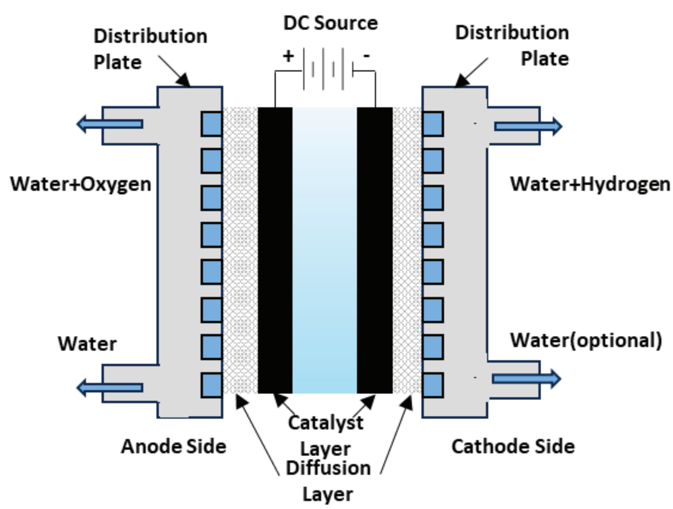
In addition, the hydrogen generation power supply in the hydrogen generation module changes the voltage level of the input electrical energy. Then the electric energy is transferred to the subsequent electrolyser to produce hydrogen. It is required to ensure the stable operation of the electrolyser.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

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

Operating Principle of PEM

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

Structure of a PEM Electrolyser



Source: Frost & Sullivan

Main Components of PEM Electrolyser

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

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

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

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

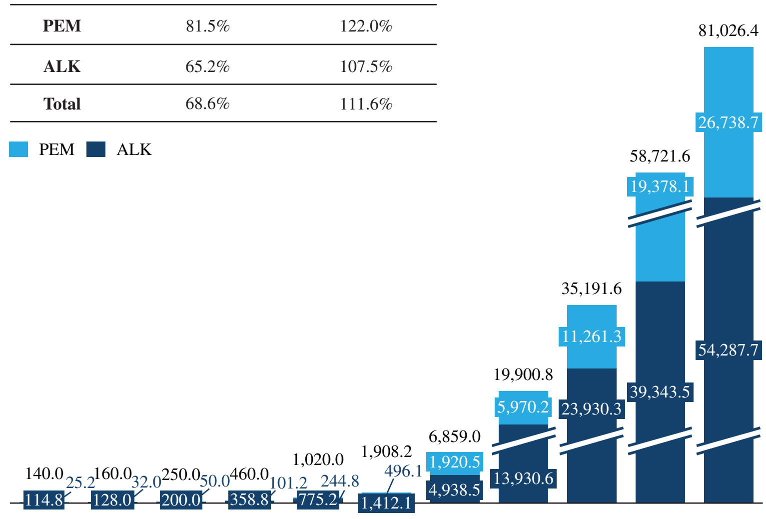
  (iii) *Proton-exchange membrane*: as a solid electrolyte, perfluorosulfonic acid (PFSA) membranes are generally used to isolate the cathode and anode gases, prevent the transfer of electrons, and transfer protons. It is crucial to electrolyser since it could enhance current density.

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

Global and China's Market Size of Electrolyser

Market Size of Global Electrolyser Industry, by Volume, by Type
MW, 2018-2028E

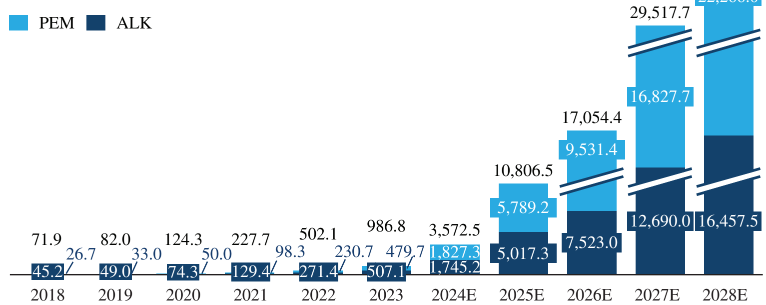
CAGR	2018-2023	2023-2028E
PEM	81.5%	122.0%
ALK	65.2%	107.5%
Total	68.6%	111.6%



Source: IEA, Policies by different governments, Frost & Sullivan

Market Size of Global Electrolyser Industry, by Shipment Value, by Type
USD Million, 2018-2028E

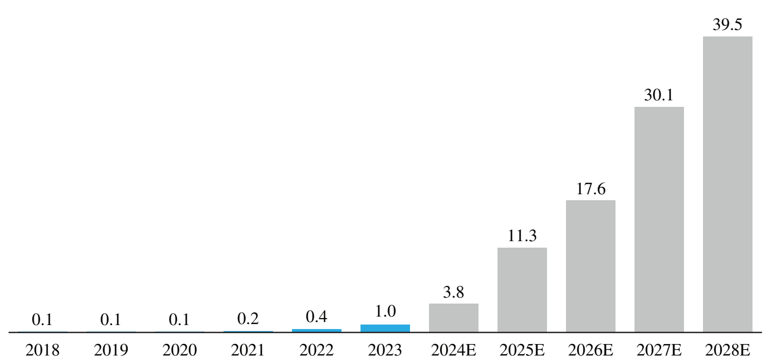
CAGR	2018-2023	2023-2028E
PEM	78.2%	115.4%
ALK	62.2%	100.6%
Total	68.8%	108.3%



Source: IEA, Policies by different governments, Frost & Sullivan

Market Size of Global Electrolyser Industry, by Sales Revenue
USD Billion, 2018-2028E

CAGR	2018-2023	2023-2028E
Market	70.2%	108.6%



Source: IEA, Frost & Sullivan

Benefiting from the significant expansion of downstream application scenarios of hydrogen, the hydrogen production industry kept growing. To achieve the carbon peaking and carbon neutrality goal, electrolysis hydrogen production will become the mainstream trend in the future. In 2023, the global electrolyser shipment volume has reached 1,908.2 MW with a CAGR of 68.6% from 2018 to 2023. In the future, as technology advances and supportive policies are landing, it is expected that the shipment volume will reach 81,026.4 MW, with a CAGR of 111.6% from 2023 to 2028.

PEM and ALK are two major hydrogen production methods. Each method has its own advantages. In 2023, ALK shipment volume reaches 1,412.1 MW while PEM shipment volume reaches 496.1 MW. Due to the technology complexity and the high cost, PEM shipment volume is lower than ALK. However, considering that PEM has the advantages of over current density and hydrogen purity, the market share of PEM will increase in the future. Meanwhile, PEM responds swiftly with a wide adjustment range, making it compatible with the passive characteristics of renewable energy electricity. It is expected that the shipment volume of PEM will increase from 496.1 MW to 26.7 GW at a CAGR of 122.0%, and the shipment of ALK will increase from 1,412.1 MW to 54.3 GW at a CAGR of 107.5% from 2023 to 2028.

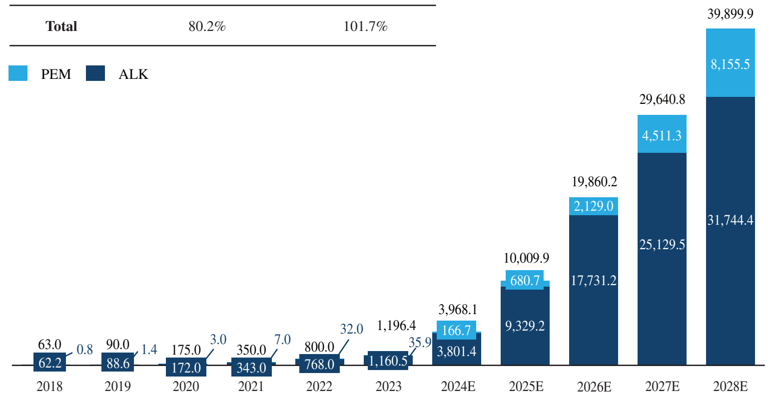
The global electrolyser market value in terms of shipment value has increased from USD71.9 million in 2018 to USD986.8 million in 2023 with a CAGR of 68.8%. In the future, as the hydrogen production industry develops and technology in relation to the producing hydrogen from renewable energy sources matures, the penetration rate of water electrolysis will increase. Therefore, in the future, the electrolyser market will keep growing. It is expected that the market value will reach USD38.7 billion in 2028.

Due to the scarcity of the raw material, PEM electrolyser is more expensive than ALK electrolyser. This is primarily attributed to PEM's dependence on precious metals such as iridium, platinum, titanium, etc., for electrodes and catalysts. The market size of PEM has increased from USD26.7 million in 2018 to USD479.7 million in 2023 with a CAGR of 78.2%. The market size of ALK has increased from USD45.2 million to USD507.1 million with a CAGR of 62.2%. Given that PEM has competitive advantages over ALK, the penetration rate of PEM will increase in the future. It is expected that the value of PEM will increase from USD479.7 million in 2023 to USD22.3 billion at a CAGR of 115.4% in 2028. The shipment value of ALK will increase from USD507.1 million to USD16.5 billion in 2028 at a CAGR of 100.6%.

Driven by surging demand for hydrogen and advancements in water electrolysis technology, the market size of the global electrolysis industry in terms of sales revenue has witnessed a consistent uptick and is expected to continue the growing trend in the coming years. The market size of sales revenue of global electrolyser has increased from USD0.1 billion to USD1.0 billion from 2018 to 2023 with a CAGR of 70.2%. Additionally according to the green hydrogen strategy announced by different governments, investments in electrolysers are projected to soar, further fueling the expansion of the global electrolyser market.

Market Size of China Electrolyser Industry, by Shipment Volume, by Type MW, 2018-2028E

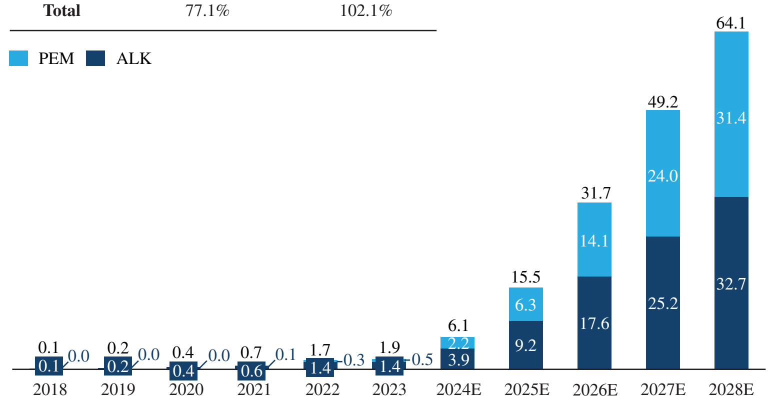
CAGR	2018-2023	2023-2028E
PEM	114.0%	196.0%
ALK	79.5%	93.8%
Total	80.2%	101.7%



Source: GGII, Frost & Sullivan

Market Size of China Electrolyser Industry, by Shipment Value, by Type RMB Billion, 2018-2028E

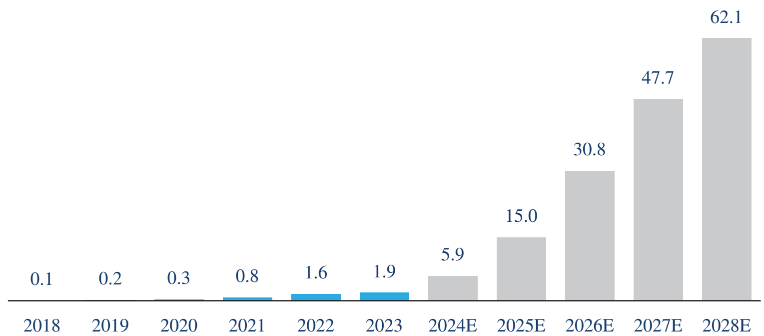
CAGR	2018-2023	2023-2028E
PEM	122.5%	128.9%
ALK	69.5%	87.8%
Total	77.1%	102.1%



Source: GGII, Frost & Sullivan

Market Size of China Electrolyser Industry, by Sales Revenue RMB Billion, 2018-2028E

CAGR	2018-2023	2023-2028E
Market	80.2%	100.8%



Source: IEA, Frost & Sullivan

In 2023, China holds approximately a 62.7% share of the global electrolyser market in terms of shipment volume. In China, ALK is far more popular than PEM, because the technology of ALK is more mature than PEM. There are quite a few players in China dedicated to the ALK industry. In 2023, ALK shipment volume reaches 1,160.5 MW while PEM shipment volume reaches 35.9 MW. It is expected that in the future, domestic PEM technology will break through the technical bottleneck and thus, the shipment volume will experience an increase. Based on the forecast, the shipment volume of PEM will increase from 35.9 MW to 8.2 GW at a CAGR of 196.0% from 2023 to 2028. The shipment volume of ALK will increase from 1,160.5 MW to 31.7 GW at a CAGR of 93.8% from 2023 to 2028.

Due to the immaturity of the technology and the scarcity of raw material, such as iridium, platinum, titanium, PEM Electrolyser made in China is more expensive than in foreign countries. The shipment value of PEM has increased from RMB10 million to RMB0.5 billion from 2018 to 2023. The shipment value of ALK has increased from RMB0.1 billion to RMB1.4 billion with a CAGR of 69.5% from 2018 to 2023.

In 2023, China holds approximately a 27.5% share of the global electrolyser market in terms of shipment value. It is expected that the shipment value of PEM will increase from RMB0.5 billion to RMB31.4 billion at a CAGR of 128.9% from 2023 to 2028. The shipment value of ALK will increase from RMB1.4 billion to RMB32.7 billion at a CAGR of 87.8% from 2023 to 2028.

Future Trends of China's Hydrogen Production Industry

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

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

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

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

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

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

Market Drivers of China's Hydrogen Production Industry

- ***Cost Reduction.*** With technological advancements, the energy conversion efficiency of electrolytic cells has been improved, which could reduce energy consumption. Rational utilization of waste electricity generated by wind and photovoltaic power generation can also lower electricity prices. From the perspective of equipment investment, the expansion of installed capacity will lead to a significant reduction in equipment costs. With technological advancements, the amount of precious metal catalyst used will decrease, bipolar plates will be replaced with cheaper materials for their precious metal coating, and proton exchange membranes will be replaced with domestically produced alternatives, all of which will lead to a reduction in equipment prices. The reduction in equipment prices will contribute to the increased commercialization of the hydrogen production industry.

- ***Support from favorable policies.*** Policy measures are strengthened to clarify the development direction of the hydrogen industry. Since hydrogen energy was first included in the government work report in 2019, the government has implemented a series of policies to support the development of the hydrogen industry. In November 2020, the "Development Plan for New Energy Vehicle Industry (2021-2035)" proposed adapting renewable energy production of hydrogen technology according to local conditions; in June 2022, the 14th Five Year Plan" Renewable Energy Development Plan" promotes the large-scale production and application of hydrogen from renewable energy. According to the Medium- and Long-term Plan for the Development of the Hydrogen Energy Industry (2021-35) published in March 2022, in 2025, the number of fuel cell vehicles will be about 50,000 and a number of hydrogen refueling stations will be deployed. The amount of renewable energy hydrogen production reaches 100,000-200,000 tons/year. By 2030, a more complete hydrogen energy industry technology innovation system, clean energy hydrogen production and supply system will be formed. By 2035, a hydrogen energy industry system will be formed, and a multi-dimensional hydrogen energy application ecology will be constructed to cover the fields of transportation, energy storage, industry and so on. The proportion of hydrogen production from renewable energy sources in end-use energy consumption will be significantly increased. With policy support, the hydrogen production industry will develop further.

Entry Barriers of China's Hydrogen Production Industry

- ***Iteration risks of technological development.*** Since low-carbon hydrogen produced in the future almost does not generate carbon emissions during production, it is expected to become the mainstream of the market in the future. However, this type of technology currently has a low maturity and high cost, and the technology needs to be promoted, posing challenges to the R&D direction of new entrants.

- ***Differences in location of renewable energy resources.*** Different regions in China have different capabilities for supplying renewable energy. Currently, photovoltaic, solar thermal, wind power, and other renewable energy are concentrated in the northwest and northeast regions, forming natural barriers to entry for players in the industry. Additionally, entry into the hydrogen production industry requires expertise in the development of core components and know-how for hydrogen production equipment, and strong market development and scenario development capabilities are essential, particularly for integrated projects combining hydrogen production with renewable energy sources in the northwest. These projects demand not only hydrogen production capabilities but also the ability to address downstream green hydrogen consumption, a combination that is rare among market players. As a result, barriers to entry remain significant in this sector.

Challenges of China's Hydrogen Production Industry

- ***Relatively high cost of electrolytic water hydrogen production technology.*** Although electrolytic water hydrogen production has less environmental pollution compared to traditional hydrogen production methods, it is still limited by the level of electricity prices and initial investment costs. At the present stage, the cost of electrolytic water hydrogen production is still relatively high. In the future, large-scale use of hydrogen means that the price of hydrogen will be more sensitive, so suppressing costs will become a challenge for the development of electrolytic water hydrogen production.

Competitive Landscape of China's Hydrogen Production Industry

Currently, ALK and PEM are the primary methods for producing hydrogen through water electrolysis. In China, ALK is far more popular than PEM, because the technology of ALK is more mature than PEM. In 2023, ALK shipment volume reaches 1,160.5 MW while PEM shipment volume reaches 35.9 MW in China. In 2023, there are more than 30 major participants in China's ALK water electrolysis hydrogen production equipment industry. In 2023, the top five ALK water electrolysis equipment suppliers accounted for over 50% of the market share by revenue. Additionally, more than 15 well-known companies are engaged in PEM water electrolysis technology in 2023. However, the PEM market in China is in the early stages of commercialization, and each company's business scale is quite small. Therefore, reliable market share data for PEM companies is currently unavailable.

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

REGULATIONS RELATING TO FOREIGN INVESTMENT

The establishment, operation and management of our PRC companies are governed by the PRC Company Law, which was promulgated on December 29, 1993 and latest amended on December 29, 2023. Pursuant to the last amended PRC Company Law which came into effect on July 1, 2024, foreign-invested companies are also regulated by the PRC Company Law, unless foreign-investment related laws are provided otherwise.

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

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

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

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

REGULATIONS RELATING TO OUR INDUSTRY AND PRODUCTS

According to the Energy Conservation Law of the PRC (《中華人民共和國節約能源法》) promulgated by the Standing Committee of the National People's Congress (全國人民代表大會常務委員會) (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 Energy Development in China's New Era (《新時代的中國能源發展》) released by State Council Information Office in December 2020, China has picked up its pace in developing industry chains in the production, storage, transport and application of green hydrogen, hydrogen-fuel cells, and hydrogen-powered vehicles.

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

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

According to the Notice on Launching the Pilot Application of Fuel Cell Vehicles (《關於開展燃料電池汽車示範應用的通知》) jointly issued by the Ministry of Finance, the Ministry of Industry and Information Technology, the Ministry of Science and Technology and other departments on 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. With respect to the Notice, the government also further clarifies the crucial application scenarios, focusing on the promotion of industrial use of fuel cell vehicles in the commercial fields of vehicles for medium/long-distance and medium/heavy-weight transportation purpose.

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

The Notice on Starting the Pilot Application of Fuel Cell Vehicles (《關於啟動燃料電池汽車示範應用工作的通知》) issued on 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 cell vehicles 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劃(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. According to the Opinions on Accelerating the Innovation and Development of Hydrogen Energy Industry in Guangdong (《廣東省加快氫能產業創新發展的意見》) promulgated by Development and Reform Commission of Guangdong on October 30, 2023, Guangdong will explore business models for the construction of larger hydrogen industry scale, and target to complete the construction of 200 hydrogen filling stations and realize the goal of the cumulative popularization of fuel cell vehicles of 10,000 or more due 2025. In addition, other regions where we conduct business have also issued favorable policies for the hydrogen energy industry.

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

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

REGULATIONS ON INTERNET INFORMATION SECURITY AND PRIVACY PROTECTION

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

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

On 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**"). This Trial Regulation elaborates the principles and requirements for the safeguard of personal information, national security and public interest in the PRC automotive industry and is intended to regulate the data processing activities of any commercial vehicle manufacturer as well as supplier of vehicle parts and components in China, among others. An automotive data processor is required to comply with this Trial Regulation to collect, store and otherwise process the personal information or critical data involved in the process of design, production, sales, operation, maintenance, and service of vehicles.

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

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

On September 30, 2024, the State Council promulgated the Regulations on the Administration of Cyber Data Security (《網絡數據安全管理條例》) (the "**Regulation**"), effective from January 1, 2025. The Regulation applies to, among others, data processing activities within the territory of China, as well as the processing of personal information of natural persons within the territory of China. It reiterates and refines the principles and requirements of Cybersecurity Law, Data Security Law and Personal Information Protection Law, with specific provisions including, but not limited to, the following: data processors must strengthen network data security, establish and improve network data security management system, and adopt technical measures such as encryption, backup and access control to protect data from being tampered with, damaged, leaked, or illegally obtained or used; where personal information and important data are provided to third parties, the data processor must agree on the purpose, method, scope, and security protection obligations by contract or other means. In addition, the officially promulgated version of the Regulations on Network Data Security Management does not specifically include the requirement that network data processing entities seeking a listing in Hong Kong that affects or may affect national security or the ones conducting other data processing activities that affect or may affect national security should be subject to the cybersecurity review, as the requirement originally set forth in the Regulations on Network Data Security Management (Draft for Comments) published on November 14, 2021. It only provides that network data processors that engage in network data processing activities that affect or may affect national security shall be subject to national security review in accordance with relevant government regulations.

REGULATIONS RELATING TO ENVIRONMENTAL PROTECTION

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

REGULATIONS RELATING TO WORK SAFETY

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

REGULATIONS RELATING TO LABOR PROTECTION

Labor Law

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

Labor Contract Law

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

Social Insurance and Housing Provident Fund

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

According to the Reform Plan of the State Tax and Local Tax Collection Administration System (《國税地税徵管體制改革方案》), which was promulgated on July 20, 2018, commencing from January 1, 2019, all the social insurance premiums including the premiums of the basic pension insurance, unemployment insurance, maternity insurance, work injury insurance and basic medical insurance shall be collected by the tax authorities. According to the Notice on Conducting the Relevant Work Concerning the Administration of Collection of Social Insurance Premiums in a Steady, Orderly and Effective Manner (《關於穩妥有序做好社會保險費徵管有關工作的通知》) promulgated by the General Office of the State Administration of Taxation on 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.

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

REGULATIONS RELATING TO INTELLECTUAL PROPERTY

Trademark

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

Patent

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

Copyright

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

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

Domain Name

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

REGULATIONS RELATING TO TAXATION

EIT

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

Withholding Income Tax

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

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

Value-Added Tax

According to the Interim Regulations on Value-Added Tax of the PRC (《中華人民共和國增值稅暫行條例》), which was promulgated on December 13, 1993 and latest amended on November 19, 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 May 1, 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 April 1, 2019, for value-added tax-taxable sales or imported goods of a value-added tax general taxpayer where the value-added tax rate of 16% and 10% applies currently, it shall be adjusted to 13% and 9% respectively.

REGULATIONS RELATING TO FOREIGN EXCHANGE

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

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

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

REGULATIONS RELATING TO OVERSEAS OFFERING AND LISTING

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

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

OVERVIEW

We are a leading hydrogen technology company in China. We have proven track record in policy-driven projects, as well as noteworthy achievements in market-driven projects. Our established presence in the domestic hydrogen market is complemented by our successful and constant expansion into overseas markets, with a growing revenue contribution in overseas markets. Our Company was established in the PRC on September 18, 2015. Mr. Lin, our executive Director, chairperson of our Board and chief executive officer, has led the overall operations and management of our Group since he founded our Group in September 2015. For more details of the experience and qualifications of Mr. Lin, see "Directors, Supervisors and Senior Management" in this prospectus.

BUSINESS DEVELOPMENT MILESTONES

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

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

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

Year	Milestone
2023	We obtained the approval for the R&D project on the world's first carbon emission reduction certification methodology for fuel cell vehicles under the Clean Development Mechanism of the Kyoto Protocol to the United Nations Framework Convention on Climate Change
	We were accredited as a "National Enterprise Technology Center" (國家企業技術中心)
	The Global Technical Regulation on the Safety of Fuel Cell Electric Vehicles, in respect of which our Company participated, was promulgated by the United Nations
	We established an overseas subsidiary in Stuttgart, Germany
	We enhanced our strategic layout and expanded our product offerings to include hydrogen production systems and related components
2024	Two hydrogen-powered heavy-duty trucks of Sinopec (中國石化), which were equipped with our 180kW fuel cell systems, completed a 1,500-kilometer test run from Beijing to Shanghai
	The XC series hydrogen fuel cell forklifts which were manufactured by Hangcha (杭叉) and equipped with our hydrogen fuel cell systems, were awarded the "BICES 2023 Gold Award for Technological Innovation Products" (第十六屆中國(北京)國際工程機械、建材機械及礦山機械展覽與技術交流會技術創新產品金獎) at the 21st China Construction Machinery Development Summit Forum (第二十一屆中國工程機械發展高層論壇)
	Our Prisma Series were applied to the first hydrogen-powered locomotive exported to Chile
	The hydrogen-powered street-washing vehicles, which were jointly developed by Yutong Group and us, were launched by the government of Hong Kong under its Strategy of Hydrogen Development (香港氫能發展策略)

OUR PRINCIPAL SUBSIDIARIES

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

Subsidiaries	Date and place of incorporation	Registered capital/issued share capital	Principal business activities
REFIRE Technology	December 17, 2014; PRC	RMB3,000,000,000	R&D, manufacturing and sales of fuel cell systems
Jiangsu REFIRE Technology Co., Ltd. (江蘇重塑能源科技有限公司)	November 23, 2018; PRC	RMB350,000,000	Manufacturing and sales of fuel cell systems
Zhejiang Unilia Hydrogen Technology Ltd. (浙江韻量氫能科技有限公司)	March 31, 2022; PRC	RMB50,000,000	Technology development and manufacturing of bipolar plates (a type of key components of fuel cell systems)
Shanghai Unilia	May 23, 2017; PRC	RMB100,000,000	R&D, manufacturing and sales of key components for fuel cells, including fuel cell stacks
Shanghai REFIRE Prismatic Hydrogen Technology Co., Ltd. (上海重塑斑斕氫能科技有限公司)	June 26, 2023; PRC	RMB10,000,000	R&D, manufacturing and sales of hydrogen energy equipment, including PEM hydrogen production systems and hydrogen power sources
Changde REFIRE Surge New Materials Technology Co., Ltd. (常德重塑澎湃新材料科技有限公司)	April 1, 2023; PRC	RMB12,500,000	R&D, manufacturing and sales of alkaline electrode materials
Unilia (Canada) Fuel Cells Inc. (formerly known as Overdrive Fuel Cell Engineering Incorporated)	September 8, 2017; Canada	CAD9,759,268	R&D of key components for fuel cells
REFIRE Europe GmbH	June 23, 2023; Germany	EUR25,000	R&D and sales of products and the provision of services in the field of fuel cells and hydrogen technology in Europe

ESTABLISHMENT AND DEVELOPMENT OF OUR COMPANY

(1) Establishment of Our Company

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

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

Notes:

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

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

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

(a) Equity Transfer in July 2016

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

(b) Equity Transfers in April 2017

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

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

Notes:

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

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

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

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

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

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

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

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

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

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

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

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

Notes:

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

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

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

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

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

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

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

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

(f) Series B+ Financing in August 2019

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

(g) Equity Transfers in September 2019

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

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

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

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

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

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

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

(i) Equity Transfers in August 2020

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

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

(a) Conversion into Joint Stock Limited Company

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

(b) Series D Financing in September 2020

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

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

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

The aforementioned capital increase was completed September 25, 2020.

(c) Equity Transfer in January 2022

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

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

(d) Series E-1 Financing in March 2022

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

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

Subscribers	Number of Shares subscribed for	Consideration (approximation)	Approximate corresponding equity interest in our Company (upon completion of the capital increase)
		(RMB)	*(%)*
Ningbo Meishan Free Trade Port Zone Saifus Equity Investment Partnership (Limited Partnership) (寧波梅山保稅港區賽付斯股權投資合夥企業(有限合夥)) ("**Saifus Equity Investment**") . .	313,774	41,905,000	0.40
Nakatsu Innovation (Tianjin) Investment Co., Ltd. (中津創新(天津)投資有限公司) ("**Nakatsu Innovation**")	1,494,162	199,545,000	1.92
Yangzhou Huajian Chengding Equity Investment Partnership (Limited Partnership) (揚州市華建誠鼎股權投資合夥企業(有限合夥)) ("**Huajian Chengding**")	373,541	49,886,000	0.48
Wenzhou Zhemin Investment Loctite Internet of Things Industry Fund Partnership (Limited Partnership) (溫州浙民投樂泰物聯網產業基金合夥企業(有限合夥)) ("**Wenzhou Zhemin Investment**")	373,541	49,886,000	0.48
Shanghai Lianming Machinery Co., Ltd. (上海聯明機械股份有限公司) ("**Lianming Machinery**").	149,416	19,955,000	0.19
Hangzhou Junze No. 3 Enterprise Service Partnership (Limited Partnership) (杭州君澤叁號企業服務合夥企業(有限合夥)) ("**Junze No. 3**").	1,120,622	149,659,000	1.44
Jiaxing Hydrogen Energy Industry Development Equity Investment Partnership (Limited Partnership) (嘉興氫能產業發展股權投資合夥企業(有限合夥)) ("**Jiaxing Hydrogen**") . .	373,541	49,886,000	0.48
Jiayuan Technology	373,541	49,886,000	0.48

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

Notes:

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

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

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

(e) Equity Transfers in June 2022

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

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

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

(f) Series E-2 Financing in December 2022

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

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

EMPLOYEE INCENTIVE PLATFORMS

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

(1) Shanghai Weilan

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

(2) Shanghai Weiqing

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

(3) Shanghai Weijing

Shanghai Weijing was established as a limited partnership under the laws of the PRC on May 27, 2022. Mr. Lin is the general partner and executive partner of Shanghai Weijing and is responsible for the management of Shanghai Weijing. As of the date of this prospectus, Shanghai Weijing had 38 limited partners, including Shanghai Weiyi, Canada ESOP Platform, Dr. ZHAI Shuang (翟雙) (our executive Director), Mr. ZHAO Yongsheng (趙泳生) (our executive Director), Mr. SUN Bei (孫北) (our Supervisor), Mr. XIE Hongyu (謝紅雨) (our senior management) and 32 former/existing employees of our Group and directly held approximately 1.43% equity interest in our Company.

(4) Shanghai Weijun

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

(5) Shanghai Yuanyiqing

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

(6) Shanghai Weiyi

Shanghai Weiyi was established as a limited partnership under the laws of the PRC on February 13, 2023. Mr. Lin is the general partner and executive partner of Shanghai Weiyi and is responsible for the management of Shanghai Weiyi. As of the date of this prospectus, Shanghai Weiyi had 23 limited partners, all of whom are existing employees of our Group, and indirectly held approximately 0.33% equity interest in our Company through Shanghai Weijing.

(7) Canada ESOP Platform

Canada ESOP Platform was established as a limited partnership under the laws of the Province of British Columbia on January 9, 2024. The general partner of Canada ESOP Platform is 1415085 B.C. Ltd., which has delegated all of its powers and duties as a general partner of Canada ESOP Platform to Mr. Lin pursuant to a management agreement dated January 9, 2024. As such, Mr. Lin is responsible for the management of Canada ESOP Platform. As of the date of this prospectus, Canada ESOP Platform had seven limited partners, including 1415085 B.C. Ltd. (which is held by three employees of Unilia (Canada) Fuel Cells Inc., a non-wholly owned subsidiary of our Company, and holds partnership interest as a limited partner) and six existing employees of our Group, and indirectly held approximately 0.03% equity interest in our Company through Shanghai Weijing.

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

EMPLOYEE INCENTIVE SCHEMES

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

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

PRE-IPO SHARE OPTION SCHEME

We have adopted the Pre-IPO Share Option Scheme, the purpose of which is to recognize the contribution to our Group by our employees. As of the Latest Practicable Date, options to subscribe for an aggregate of 4,828,750 Domestic Shares (representing approximately 5.61% of the total issued share capital of our Company immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised and the options granted under the Pre-IPO Share Option Scheme are not exercised) have been conditionally granted to 128 eligible participants under the Pre-IPO Share Option Scheme.

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

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

PRINCIPAL TERMS OF THE PRE-IPO INVESTMENTS

(1) Overview

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

(2) Principal terms of the Pre-IPO Investments

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

	Series Pre-A Financing	Series A Financing	Series B Financing	Series B+ Financing	Series C Financing	Series D Financing	Series E-1 Financing	Series E-2 Financing
Date(s) of agreement(s)	June 26, 2016	March 12, 2017	June 3, 2019	July 12, 2019	June 3, 2020	September 22, 2020	January 25, 2022; March 23, 2022	November 29, 2022
Amount of registered capital/number of Shares subscribed for[2]	RMB1,300,000	RMB6,575,000	RMB7,305,700	RMB11,651,900	RMB578,000	8,932,751 Shares	12,715,320 Shares	3,600,000 Shares
Amount of registered capital/number of Shares after each round of the Pre-IPO Investments	RMB29,300,000[3]	RMB32,875,000	RMB43,833,400	RMB55,485,300	RMB56,063,300	64,996,051 Shares	77,711,371 Shares	81,311,371 Shares
Amount of consideration paid[2] *(approximation)*	RMB20.00 million	RMB200.00 million	RMB300.00 million	RMB491.77 million	RMB31.25 million	RMB717.00 million	RMB1,698.13 million[4]	RMB480.78 million
Date of payment of full consideration	July 7, 2016	October 30, 2017	November 27, 2019	August 23, 2019	June 18, 2020	September 27, 2020	March 31, 2022[4]	December 15, 2022
Cost per Share paid[5] *(approximation)*	RMB15.38	RMB30.42	RMB41.06	RMB42.21	RMB54.07	RMB80.27	RMB133.55[4]	RMB133.55
Discount to the Offer Price[6] *(approximation)*	89.26%	78.75%	71.32%	70.52%	62.24%	43.94%	6.72%	6.72%
Basis of determination of the consideration	The considerations for each round of Pre-IPO Investments were determined based on arm's length negotiation between the relevant parties, after taking into consideration the timing of the investments and the status of our business operations and product development advancement.							

	Series Pre-A Financing	Series A Financing	Series B Financing	Series B+ Financing	Series C Financing	Series D Financing	Series E-1 Financing	Series E-2 Financing
Lock-up period	All existing Shareholders (including the Pre-IPO Investors) shall not dispose of any of the Shares held by them within the 12 months following the Listing Date as required under the applicable PRC laws. Further, pursuant to an undertaking by our Single Largest Group of Shareholders dated November 20, 2024, Mr. Lin, Shanghai Weiqing, Shanghai Weilan and Shanghai Weijing have undertaken that subject to the requirements under applicable laws and regulations, at any time during the period of 24 months following the Listing Date, our Single Largest Group of Shareholders shall not dispose any Shares held by them as of the date of this prospectus which, in aggregate, represents more than 1% of the total issued share capital of our Company upon completion of the Global Offering (where the Over-allotment Option is exercised in part or in full, the total issued share capital of our Company after taking into account any H Shares issued pursuant to such exercise of the Over-allotment Option).							
Use of proceeds from the Pre-IPO Investments	Proceeds from the Pre-IPO Investments received by our Company have been utilized for principal business of our Group, including but not limited to research and development activities, procurement of production materials, expansion of our production bases and general working capital purposes. As of the Latest Practicable Date, approximately 96.7% of the net proceeds from the Pre-IPO Investments had been utilized.							
Strategic benefits to our Company brought by the Pre-IPO Investors	At the time of the Pre-IPO Investments, our Directors were of the view that our Group could benefit from the additional funds provided by the Pre-IPO Investors' investments in our Group and the knowledge and experience of the Pre-IPO Investors.							

Notes:

(1) The equity transfers in September 2019 are not included in the above table as the consideration of the respective transfers in the aggregate amount of RMB195,993,300 was paid to Huifeng Hydrogen Energy and Baohui Chuangneng (instead of our Company) by the relevant Pre-IPO Investors, with the date on which full consideration was paid being September 25, 2019. The cost per Share of such equity transfers ranged from approximately RMB6.19 to RMB46.54. Based on the currency translation of HK$1 to RMB0.92371 and on the Offer Price of HK$155.00 (being the mid-point of the indicative Offer Price range), the discount to the Offer Price of such equity transfers ranges from approximately 95.68% to 67.49%. For details of the equity transfers in September 2019, see "— Establishment and Development of Our Company — (2) Major Shareholding Changes of Our Company Before Conversion into Joint Stock Limited Company — (g) Equity Transfers in September 2019" in this section.

The equity transfers in June 2020 are not included in the above table as the consideration of the respective transfers in the aggregate amount of RMB51,000,000 was paid to Mr. LI Cong (李聰) (instead of our Company) by the relevant Pre-IPO Investors, with the date on which full consideration was paid being June 15, 2020. The cost per Share of such equity transfers ranged from approximately RMB48.78 to RMB51.49. Based on the currency translation of HK$1 to RMB0.92371 and on the Offer Price of HK$155.00 (being the mid-point of the indicative Offer Price range), the discount to the Offer Price of such equity transfers ranges from approximately 65.93% to 64.04%. For details of the equity transfers in June 2020, see "— Establishment and Development of Our Company — (2) Major Shareholding Changes of Our Company Before Conversion into Joint Stock Limited Company — (h) Series C Financing and Equity Transfers in June 2020" in this section.

The equity transfers in August 2020 are not included in the above table as the consideration of the respective transfers in the aggregate amount of RMB33,500,000 was paid to Mr. LI Cong (李聰) (instead of our Company) by the relevant Pre-IPO Investors, with the date on which full consideration was paid being August 21, 2020. The cost per Share of such equity transfers was approximately RMB48.78. Based on the currency translation of HK$1 to RMB0.92371 and on the Offer Price of HK$155.00 (being the mid-point of the indicative Offer Price range), the discount to the Offer Price of such equity transfers is approximately 65.93%. For details of the equity transfers in August 2020, see "— Establishment and Development of Our Company — (2) Major Shareholding Changes of Our Company Before Conversion into Joint Stock Limited Company — (i) Equity Transfers in August 2020" in this section.

The equity transfer in January 2022 is not included in the above table as the consideration of the transfer in the amount of RMB24,500,000 was paid to Ningbo Jiazhan (instead of our Company) by the relevant Pre-IPO Investor, with the date on which full consideration was paid being February 22, 2022. The cost per Share of such equity transfer was approximately RMB123.08. Based on the currency translation of HK$1 to RMB0.92371 and on the Offer Price of HK$155.00 (being the mid-point of the indicative Offer Price range), the discount to the Offer Price of such equity transfer is approximately 14.04%. For details of the equity transfer in January 2022, see "— Establishment and Development of Our Company — (3) Conversion into Joint Stock Limited Company and Major Shareholding Changes of Our Company After Conversion — (c) Equity Transfer in January 2022" in this section.

The equity transfers in June 2022 (other than the equity transfer from Mr. Lin to Shanghai Weijing) are not included in the above table as the consideration of the relevant respective transfers in the aggregate amount of RMB31,380,000 was paid to Tianjin Chongmin, Shanghai Fulemi and Dongfang Electric (instead of our Company) by the relevant Pre-IPO Investors, with the date on which full consideration was paid being July 6, 2022. The cost per Share of such equity transfers ranged from approximately RMB120.47 to RMB133.85. Based on the currency translation of HK$1 to RMB0.92371 and on the Offer Price of HK$155.00 (being the mid-point of the indicative Offer Price range), the discount to the Offer Price of such equity transfers ranges from approximately 15.86% to 6.51%. For details of such equity transfers in June 2022, see "— Establishment and Development of Our Company — (3) Conversion into Joint Stock Limited Company and Major Shareholding Changes of Our Company After Conversion — (e) Equity Transfers in June 2022" in this section.

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

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

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

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

(6) Calculated based on the currency translation of HK$1 to RMB0.92371 and on the Offer Price of HK$155.00, being the mid-point of the indicative Offer Price range.

(3) Rights of the Pre-IPO Investors

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

(4) Sole Sponsor's Confirmation

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

(5) Information about our Pre-IPO Investors

Below sets out information of our Pre-IPO Investors. To the best knowledge of our Directors, save as disclosed below, each of our Pre-IPO Investors and where applicable, their respective general partner(s), limited partner(s) and ultimate beneficial owner(s) is an Independent Third Party.

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

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

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

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

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

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

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

Chunyang Capital is an investment manager managing funds of more than RMB5 billion as of December 31, 2023, and has made investments across various industries, such as new energy, new materials, intelligent manufacturing and healthcare industries.

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

3. Yutong Group and Mr. WAN Jingzhao (萬景照) . . . . Zhengzhou Spruce is a limited partnership established under the laws of the PRC and is managed by its general partner, Zhengzhou Yunshan Investment Management Co., Ltd. (鄭州雲杉投資管理有限公司), which is an indirect wholly-owned subsidiary of Zhengzhou Yutong Group Co., Ltd. (鄭州宇通集團有限公司), which is in turn indirectly controlled by Mr. TANG Yuxiang (湯玉祥). As of the Latest Practicable Date, it had two limited partners, and was held as to approximately 79.84% by Lhasa Deyu Xinrong Industrial Co., Ltd. (拉薩德宇新融實業有限公司) as the largest limited partner. Zhengzhou Spruce is an investment fund with total assets under management of more than RMB500 million as of December 31, 2023, and has made investments across various industries, such as hydrogen energy, high-end equipment and new materials industries.

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

Mr. WAN Jingzhao (萬景照) is an executive director and the general manager of Zhengzhou Yunshan Investment Management Co., Ltd., and an individual investor. He became acquainted with our Company in 2020 through Zhengzhou Spruce.

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

4. National Manufacturing Fund . . . . National Manufacturing Fund is a joint stock limited company established under the laws of the PRC, and was held as to approximately 15.29% by the MOF as its single largest shareholder as of the Latest Practicable Date. National Manufacturing Fund is a private equity fund with total assets under management of more than RMB147.2 billion as of December 31, 2023, and has made investments across various industries, such as new materials, next-generation information technology, basic intelligent manufacturing and power equipment industries.

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

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

To the best knowledge of our Directors, save for the nomination of Mr. JI Yizhi (季一志) (our Supervisor) and being a substantial shareholder of Foshan Diyi Element New Energy Technology Co., Ltd. (佛山迪一元素新能源科技有限公司) (an insignificant subsidiary of our Company pursuant to Rule 14A.09 of the Listing Rules), FAW Jiefang is an Independent Third Party. For details of Mr. JI Yizhi, see "Directors, Supervisors and Senior Management" in this prospectus.

6. Trustbridge II and Trustbridge New Economy . . Trustbridge II is a limited partnership established under the laws of the PRC and is managed by its general partner, Ningbo Trustbridge Investment Management Partnership (Limited Partnership) (寧波摯信投資管理合夥企業(有限合夥)), whose general partner is Shanghai Trustbridge New Economy Equity Investment Management Partnership (Limited Partnership) (上海摯信新經濟股權投資管理合夥企業(有限合夥)), whose general partner is Shanghai Trustbridge Investment Management Co., Ltd. (上海摯信投資管理有限公司). As of the Latest Practicable Date, Trustbridge II was held as to approximately 98.96% by Yimeng Co., Ltd. (益盟股份有限公司) as the sole limited partner. Trustbridge II is an investment fund with total assets under management of more than RMB90 million as of December 31, 2023, and has an investment focus on the new energy industry.

Trustbridge New Economy is a limited partnership established under the laws of the PRC and is managed by its general partner, Shanghai Trustbridge New Economy Equity Investment Management Partnership (Limited Partnership). As of the Latest Practicable Date, Trustbridge New Economy had nine limited partners, and was held as to approximately 16.48% by each of Yimeng Co., Ltd. and Ningbo Trustbridge Investment Management Partnership (Limited Partnership) as the two largest limited partners. Trustbridge New Economy is an investment fund with total assets under management of more than RMB370 million as of December 31, 2023, and has made investments in companies across various industries, such as the Internet and cultural education industries.

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

Huiyang Capital is an investment management company with total assets under management of more than RMB100 million as of December 31, 2023, and has made investments in companies across various industries, such as the new energy, new technology and new materials industries.

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

Each of Qianshi Shengxin and Qianshi Fenghe is a private equity fund with an investment focus on the hydrogen technology industry. As of December 31, 2023, Qianshi Shengxin had total assets under management of RMB97.7 million and Qianshi Fenghe had total assets under management of RMB12.5 million.

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

Each of Qianshi Guoxin and Qianshi Zhengxin is a private equity fund with an investment focus on the new energy industry. As of December 31, 2023, Qianshi Guoxin had total assets under management of more than RMB40 million and Qianshi Zhengxin had total assets under management of more than RMB47 million.

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

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

Legend Chengye and Legend Bingde are investments funds under Legend Capital (君聯資本), which was established in April 2001. Legend Capital is a leading professional investment institution in the PRC with a focus on early-stage venture capital investments and growth-stage private equity investments, and had total assets under management of more than RMB80 billion as of December 31, 2023. Legend Capital has made investments in companies across various industries, such as the technology, healthcare, consumer, enterprise service and intelligent manufacturing industries.

11. Zhangjiagang Bohua . . . . Zhangjiagang Bohua is a limited partnership established under the laws of the PRC with registered capital of RMB2 billion, and its general partner is Zhangjiagang Bohua Yaoshi Investment Partnership (Limited Partnership) (張家港博華耀世投資合夥企業(有限合夥)), which is ultimately controlled by Mr. XU Wenbo (徐文博). As of the Latest Practicable Date, Zhangjiagang Bohua had 13 limited partners, and was held as to approximately 16.30% by Suqian Zhiming Enterprise Management Consulting Service Partnership (Limited Partnership) (宿遷智明企業管理諮詢服務合夥企業(有限合夥)) as the largest limited partner.

Zhangjiagang Bohua is an investment fund, and has made investments in companies across various industries, such as the green technology, digital intelligence, advanced manufacturing and life sciences industries.

12. Nakatsu Innovation . . . . . Nakatsu Innovation is a limited liability company established under the laws of the PRC with registered capital of RMB880 million, and an indirect wholly-owned subsidiary of Bank of China Limited (a company listed on the Hong Kong Stock Exchange (stock code: 3988) and the Shanghai Stock Exchange (stock code: 601988)). Nakatsu Innovation is principally engaged in investments, and has made investments in companies across various industries, such as the energy, transportation, high technology, petrochemicals and minerals industries.

13. HongShan Hanchen . . . . . . HongShan Hanchen is a limited partnership established under the laws of the PRC and is principally engaged in equity investments in private companies. The general partner of HongShan Hanchen is Shenzhen HongShan Antai Equity Investment Partnership (Limited Partnership) (深圳紅杉安泰股權投資合夥企業(有限合夥)), which is ultimately controlled by Mr. ZHOU Kui (周逵). As of the Latest Practicable Date, HongShan Hanchen was held as to approximately 99.99% by Shenzhen HongShan Yuechen Investment Partnership (Limited Partnership) (深圳紅杉悅辰投資合夥企業(有限合夥)) as the sole limited partner.

14. Junze No. 3 . . Junze No. 3 is a limited partnership established under the laws of the PRC and is managed by its general partner, Wuchan Zhongda Zhilian (Hangzhou) Enterprise Management Consulting Co., Ltd. (物產中大智鏈(杭州)企業管理諮詢有限公司), which is indirectly wholly owned by Wuchan Zhongda Group Co., Ltd. (物產中大集團股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 600704)). As of the Latest Practicable Date, Junze No. 3 was held as to approximately 99.33% by Wuchan Zhongda (Zhejiang) Industrial Investment Co., Ltd. (物產中大(浙江)產業投資有限公司) as the sole limited partner. Junze No. 3 is principally engaged in provision of enterprise management, socio-economic consultancy services, enterprise management consultancy, marketing management and planning, and brand management services. As of December 31, 2023, Junze No. 3 had total assets under management of approximately RMB150 million with an investment focus on the hydrogen energy industry.

15. Shuimu Hydrogen . . . . . . Shuimu Hydrogen is a limited partnership established under the laws of the PRC and is managed by its general partner, Beijing Shuimu Hydrogen Element Management Consulting Center (Limited Partnership) (北京水木氫元管理諮詢中心(有限合夥)), which is ultimately controlled by Mr. LI Gang (李罡). As of the Latest Practicable Date, Shuimu Hydrogen had 11 limited partners, and was held as to approximately 29.65% by Beijing Dongsheng Boiler Factory (北京市東升鍋爐廠) as the largest limited partner. Shuimu Hydrogen is principally engaged in equity investments. As of December 31, 2023, Shuimu Hydrogen had total assets under management of more than RMB844 million with an investment focus on the hydrogen energy industry.

16. Jiayuan Technology . . . . Jiayuan Technology is a joint stock limited company established under the laws of the PRC and is listed on the Science and Technology Innovation Board of the Shanghai Stock Exchange (the "**SSE Star Market**") (stock code: 688388). It is principally engaged in R&D, manufacturing and sales of high-performance electrolytic copper foil.

17. Jingxiang Capital . . . . Jingxiang Capital is a limited partnership established under the laws of the PRC and is managed by its general partner, Mr. SHEN Fengchun (沈縫春). As of the Latest Practicable Date, Jingxiang Capital was held as to 0.0001% by Ms. SHEN Qi (沈琦) as the sole limited partner. Jingxiang Capital is principally engaged in equity investments on the primary market. As of December 31, 2023, Jingxiang Capital had total assets under management of more than RMB58 million with an investment focus on the new energy, new materials and technology industries.

18. Sanxing Zhiqi . Sanxing Zhiqi is a limited partnership established under the laws of the PRC and is managed by its general partner, Suzhou Sanxing Zhiqi Capital Management Center (Limited Partnership) (蘇州三行智祺資本管理中心(有限合夥)), which is ultimately controlled by Mr. SUN Dafei (孫達飛). As of the Latest Practicable Date, Sanxing Zhiqi had 30 limited partners, and was held as to approximately 24.08% by Suzhou Sanxing Zhirui Equity Investment Partnership (Limited Partnership) (蘇州三行智瑞股權投資合夥企業(有限合夥)) as the largest limited partner. Sanxing Zhiqi is a private equity fund with total assets under management of more than RMB2.2 billion as of December 31, 2023, and has made investments in companies across various industries, such as the hydrogen energy and pan-semiconductor industries.

19. Dezaihou Qicheng . . . . Dezaihou Qicheng is a limited partnership established under the laws of the PRC and is managed by its general partner, Beijing Dezaihou Investment Management Center (Limited Partnership) (北京德載厚投資管理中心(有限合夥)), which is ultimately controlled by Mr. DONG Yang (董揚). As of the Latest Practicable Date, Dezaihou Qicheng had four limited partners, and was held as to 70% by Shandong Railway Development Fund Co., Ltd. (山東鐵路發展基金有限公司) as the largest limited partner. Dezaihou Qicheng is principally engaged in equity investments and venture capital investments with an investment focus on the new energy automotive industry. As of December 31, 2023, it had total assets under management of more than RMB13 million.

20. Toyota Tsusho . Toyota Tsusho is a limited liability company established under the laws of the PRC and a wholly-owned subsidiary of Toyota Tsusho Corporation (a company listed on the Tokyo Stock Exchange (stock code: 8015) and the Nasdaq (stock symbol: TYHOF)). Its principal businesses cover various sectors, including the automotive, machinery, metals, energy and chemicals sectors.

21. Weiming VC . . Weiming VC is a limited partnership established under the laws of the PRC and is managed by its general partner, Ningbo Meishan Free Trade Port Zone Zijin Investment Management Partnership (Limited Partnership) (寧波梅山保稅港區子今投資管理合夥企業(有限合夥)), which is controlled by Ms. LIU Xiaojuan (柳小娟). As of the Latest Practicable Date, Weiming VC had ten limited partners, and was held as to approximately 30.62% by Ningbo Haorong Enterprise Management Consulting Co., Ltd. (寧波浩榮企業管理諮詢有限公司) as the largest limited partner. Weiming VC is principally engaged in venture capital investments with an investment focus on the environmental protection, advanced manufacturing, technology, media, telecommunications, pharmaceuticals and aviation industries. As of December 31, 2023, it had total assets under management of more than RMB390 million.

22. Hubei Cathay Energy . . . . Hubei Cathay Energy is a limited partnership established under the laws of the PRC and is managed by its general partner, Kaihui (Quanzhou) Private Equity Fund Management Co., Ltd. (凱輝(泉州)私募基金管理有限公司), which is ultimately controlled by Mr. CAI Mingpo (蔡明潑). Hubei Cathay Energy is principally engaged in equity investments with an investment focus on the new energy, energy management, clean energy, clean technologies, circular economy and energy-related new material sectors in the PRC.

23. Ningbo Jiazhan and Xiaofu Jucheng . Each of Ningbo Jiazhan and Xiaofu Jucheng is a limited partnership established under the laws of the PRC and is managed by its general partner, Ningbo Meishan Free Trade Port Zone Xiaofu Jiahui Equity Investment Management Partnership (Limited Partnership) (寧波梅山保稅港區曉富嘉輝股權投資管理合夥企業(有限合夥)), which is ultimately controlled by Mr. XU Fang (徐放). As of the Latest Practicable Date, Ningbo Jiazhan had five limited partners, and was held as to approximately 64.57% by Xintai Xiaotao Jucheng Venture Capital Partnership (Limited Partnership) (新泰曉韜炬逞創業投資合夥企業(有限合夥)) as the largest limited partner. As of the Latest Practicable Date, Xiaofu Jucheng had six limited partners, and was held as to approximately 38.45% by Shanghai Kuanchen Enterprise Management Consulting Center (上海寬臣企業管理諮詢中心) as the largest limited partner.

Ningbo Jiazhan is principally engaged in equity investments and provision of related consultancy services. Ningbo Jiazhan had total assets under management of more than RMB300 million as of December 31, 2023, and has made investments in companies across various industries, such as the advanced manufacturing, transportation, logistics and artificial intelligence industries.

Xiaofu Jucheng is principally engaged in equity investments and project investments. Xiaofu Jucheng had total assets under management of more than RMB26 million as of December 31, 2023, and has made investments in companies across various industries, such as the advanced manufacturing, transportation, logistics and artificial intelligence industries.

24. Hainan Yongheng . . . . . . Hainan Yongheng is a limited partnership established under the laws of the PRC with registered capital of RMB20 million, and is managed by its general partner, Ms. MA Jie (馬潔). As of the Latest Practicable Date, Hainan Yongheng was held as to 99% by Hainan Yihe Shandao Venture Capital Partnership (Limited Partnership) (海南頤和善道創業投資合夥企業(有限合夥)) as the sole limited partner. Hainan Yongheng is principally engaged in enterprise management.

25. Hexie Jinhong . . . . Hexie Jinhong is a limited partnership established under the laws of the PRC. The general partners of Hexie Jinhong are Tibet Jinling Enterprise Management Co., Ltd. (西藏錦淩企業管理有限公司) ("**Tibet Jinling**") and Yiwu Ruiteng Investment Management Co., Ltd. (義烏睿騰投資管理有限公司). Hexie Jinhong is managed by its executive partner, Tibet Jinling, which is an indirect wholly-owned subsidiary of Sichuan Hexie Shuangma Co., Ltd. (四川和諧雙馬股份有限公司) (a company listed on the Shenzhen Stock Exchange (stock code: 000935)). As of the Latest Practicable Date, Hexie Jinhong had 15 limited partners, and was held as to approximately 29.62% by Yiwu Financial Holding Co., Ltd. (義烏市金融控股有限公司) as the largest limited partner. Hexie Jinhong is principally engaged in private equity investment management with total assets under management of more than RMB10.8 billion.

26. Huajian Chengding . . . . . Huajian Chengding is a limited partnership established under the laws of the PRC and is managed by its general partner, Shanghai Chengding Huajian Investment Management Partnership (Limited Partnership) (上海誠鼎華建投資管理合夥企業(有限合夥)), whose general partner is Shanghai Wotu Investment Management Co., Ltd. (上海沃土投資管理有限公司), which is in turn held as to approximately 72.31% by Mr. CHEN Zhihai (陳智海). As of the Latest Practicable Date, Huajian Chengding had five limited partners, and was held as to approximately 33.06% by each of Shanghai Chengtou Holding Co., Ltd. (上海城投控股股份有限公司) and Shanghai Yunzhu Investment Co., Ltd. (上海韻築投資有限公司) as the two largest limited partners. Huajian Chengding is principally engaged in equity investments. As of December 31, 2023, Huajian Chengding had total assets under management of more than RMB310 million with an investment focus on the new energy, next-generation information technology, high-end equipment and intelligent manufacturing industries.

27. Wenzhou Zhemin Investment . . . . . Wenzhou Zhemin Investment is a limited partnership established under the laws of the PRC and is managed by its general partner, Ningbo Meishan Free Trade Port Zone Zhejiang United Investment Management Co., Ltd. (寧波梅山保税港區浙民投投資管理有限公司), which is a wholly-owned subsidiary of Zhejiang United Investment Group (浙江民營企業聯合投資股份有限公司), which was in turn held as to 40% by Zhengtai Group Co., Ltd. (正泰集團股份有限公司) and 10% by each of the six remaining shareholders as of the Latest Practicable Date. As of the Latest Practicable Date, Zhengtai Group Co., Ltd. was held by Mr. NAN Cunhui (南存輝) as to approximately 31.23% and 130 other shareholders each holding less than 15% equity interest. As of the same date, Wenzhou Zhemin Investment had four limited partners, and was held as to approximately 44.44% by Zhengtai Group Co., Ltd. as the largest limited partner.

Wenzhou Zhemin Investment is an equity investment fund with an investment focus on the new energy, Internet of Things and technology-based manufacturing industries. As of December 31, 2023, it had total assets under management of approximately RMB630 million.

28. Jiaxing Hydrogen . . . . . . Jiaxing Hydrogen is a limited partnership established under the laws of the PRC and is managed by its general partner, Jiaxing Nanhu Equity Investment Fund Co., Ltd. (嘉興市南湖股權投資基金有限公司), which is indirectly controlled by Chiyue Investment Co., Ltd. (池月投資有限公司), which was held by ten shareholders each holding less than 30% equity interest as of the Latest Practicable Date. As of the Latest Practicable Date, Jiaxing Hydrogen had four limited partners, and was held as to 69% by Zhejiang Hydrogen Energy Industry Development Co., Ltd. (浙江氫能產業發展有限公司) as the largest limited partner. Jiaxing Hydrogen is principally engaged in equity investments. As of December 31, 2023, Jiaxing Hydrogen had total assets under management of more than RMB300 million with an investment focus on the hydrogen energy industry.

29. Shanghai Shengyuehong . . Shanghai Shengyuehong is a limited partnership established under the laws of the PRC. The general partners of Shanghai Shengyuehong are Shanghai Guosheng Capital Management Co., Ltd. (上海國盛資本管理有限公司), Shanghai Yichonghong Enterprise Management Partnership (Limited Partnership) (上海億涌泓企業管理合夥企業(有限合夥)) and Shanghai Shengpu Enterprise Management Partnership (Limited Partnership) (上海盛浦企業管理合夥企業(有限合夥)). Shanghai Shengyuehong is managed by its executive partner, Shanghai Guosheng Capital Management Co., Ltd., which was held by Shanghai Guosheng (Group) Co., Ltd. (上海國盛(集團)有限公司) as to 30% and seven other shareholders each holding less than 30% equity interest as of the Latest Practicable Date. As of the Latest Practicable Date, Shanghai Guosheng (Group) Co., Ltd. was wholly owned by Shanghai State-owned Assets Supervision and Administration Commission (上海市國有資產監督管理委員會). As of the same date, Shanghai Shengyuehong was held as to 99.70% by Ningbo Youkai Venture Capital Partnership (Limited Partnership) (寧波優凱創業投資合夥企業(有限合夥)) as the sole limited partner. Shanghai Shengyuehong is a private equity fund with total assets under management of RMB187 million as of December 31, 2023, and has made investments in companies across various industries, such as the new materials and radio frequency front end chip design industries.

30. Saifus Equity Investment . . . . . Saifus Equity Investment is a limited partnership established under the laws of the PRC with registered capital of RMB42.01 million, and is managed by its general partner, Zhuhai Tongzhe Enterprise Management Partnership (Limited Partnership) (珠海彤哲企業管理合夥企業(有限合夥), which is controlled by Mr. LIN Xiaohui (林曉輝). As of the Latest Practicable Date, Saifus Equity Investment had six limited partners, and was held as to approximately 23.80% by Hainan Yinuo Venture Capital Co., Ltd. (海南一諾創業投資有限公司) as the largest limited partner. Saifus Equity Investment has made investments in companies in the new energy industry.

31. Suzhou Zhongheng, Zhuhai Pangheng and Gao Ling Yurun . . . . Suzhou Zhongheng is a limited partnership established under the laws of the PRC. Its general partner is Shenzhen Gao Ling Tiancheng Phase III Investment Consulting Center (Limited Liability Partnership) (深圳高瓴天成三期投資諮詢中心(有限合夥)) and its investment manager is Zhuhai Gao Ling Private Equity Fund Management Co., Ltd. (珠海高瓴私募基金管理有限公司) ("**Zhuhai Gao Ling**"), which is a limited liability company established in the PRC.

Zhuhai Pangheng is a limited partnership established under the laws of the PRC. Its general partner is Shenzhen Gao Ling Tiancheng Phase III Investment Co. Ltd. (深圳高瓴天成三期投資有限公司) and its investment manager is Zhuhai Gao Ling.

Gao Ling Yurun is a limited partnership established under the laws of the PRC. Its general partner is Beijing Gao Ling Yuqing Investment Management Co. Ltd. (北京高瓴裕清投資管理有限公司) and its investment manager is Zhuhai Gao Ling.

Zhuhai Gao Ling partners with exceptional entrepreneurs and management teams to create value, often with a focus on innovation and growth.

32. Suqian Yuanguan . . . . . Suqian Yuanguan is a limited partnership established under the laws of the PRC and is managed by its general partner, Mr. MAO Wenxiu (毛文秀). As of the Latest Practicable Date, Suqian Yuanguan had 12 limited partners, and was held as to approximately 19.26% by Mr. YE Minzhi (葉敏知) as the largest limited partner. Suqian Yuanguan is principally engaged in enterprise management and investments. As of December 31, 2023, Suqian Yuanguan had total assets under management of RMB13.5 million with an investment focus on the hydrogen energy industry.

33. Kaiding Hongtai . . . . Kaiding Hongtai is a limited partnership established under the laws of the PRC and is managed by its general partner, Guangdong Kaiding Investment Co., Ltd. (廣東凱鼎投資有限公司), which was held by Mr. DAI Jianxin (戴建新) as to 35% and ten other shareholders each holding less than 20% equity interest as of the Latest Practicable Date. As of the Latest Practicable Date, Kaiding Hongtai had 13 limited partners, and was held by Ms. LIANG Mei (梁梅) as to approximately 19.33% as the largest limited partner. Kaiding Hongtai is a private equity fund with total assets under management of more than RMB44 million as of December 31, 2023, and has made investments in companies principally engaged in manufacturing of hydrogen fuel cell systems and components.

34. Mr. CAO Hongwei (曹鴻偉) . . . . Mr. CAO Hongwei is an individual investor, and became acquainted with our Company in 2022 through Ms. FENG Yan (馮燕).

35. Ms. FENG Yan (馮燕) . . . . Ms. FENG Yan is an individual investor, and has become our Shareholder following the equity transfer from Baohui Chuangneng in September 2019. She was a limited partner of Baohui Chuangneng at the time of transfer. For further details relating to the equity transfer, see " — (2) Major Shareholding Changes of Our Company Before Conversion into Joint Stock Limited Company — (g) Equity Transfers in September 2019" in this section.

36. Dongfang Electric . . . . Dongfang Electric is a limited partnership established under the laws of the PRC and is managed by its general partner, Dongfang Jiangxia Industrial Investment Private 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), which is ultimately controlled by the State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會). As of the Latest Practicable Date, Dongfang Electric had seven limited partners, and was held as to approximately 32.61% by each of Dongfang Electric Investment Management Co., Ltd. (東方電氣投資管理有限公司) and Sanxia Capital Holding Co., Ltd. (三峽資本控股有限責任公司) as the two largest limited partners. Dongfang Electric is an investment fund with total assets under management of approximately RMB600 million as of December 31, 2023, and has made investments in companies in the hydrogen energy industry.

37. Lianming Machinery . . . . . Lianming Machinery is a joint stock limited company established under the laws of the PRC and is listed on the Shanghai Stock Exchange (stock code: 603006). It is principally engaged in manufacturing and sales of automotive body parts, and provision of supply chain integrated services.

38. Ningbo Xucheng . . . . . . Ningbo Xucheng is a limited partnership established under the laws of the PRC and is managed by its general partner, Ningbo Xucheng Shitu New Materials Technology Co., Ltd. (寧波旭澄仕途新材料科技有限公司), which is wholly owned by Ms. WANG Aiping (王愛萍). As of the Latest Practicable Date, Ningbo Xucheng was held as to 95% by Mr. XU Zhenye (徐振業) as the sole limited partner. Ningbo Xucheng is principally engaged in provision of enterprise management consultancy services, socio-economic consultancy services and information consultancy services. As of December 31, 2023, Ningbo Xucheng had total assets under management of more than RMB114 million with an investment focus on the new energy, new materials and digital economy industries.

39. Wuxi Binni . . . Wuxi Binni is a limited partnership established under the laws of the PRC and is managed by its general partner, Shanghai Zibin Investment Management Co., Ltd. (上海子彬投資管理有限公司), which is controlled by Mr. FAN Huizhong (范惠眾). As of the Latest Practicable Date, Wuxi Binni was held as to approximately 99.92% by Mr. NI Daixing (倪代興) as the sole limited partner. Wuxi Binni is principally engaged in private equity investments with an investment focus on the new energy and digital economy industries. As of December 31, 2023, it had total assets under management of more than RMB100 million.

40. Hangzhou Industrial and Hangzhou Enterprises . . . . Hangzhou Industrial is a limited liability company established under the laws of the PRC and a subsidiary of Hangzhou Enterprises. It is principally engaged in sales, hedging, import and export of, and provision of warehousing services relating to, various commodities, such as coal, chemical compounds, steel and rubber.

Hangzhou Enterprises is a limited liability company established under the laws of the PRC, and is principally engaged in provision of international investment and financial services and industrial operational services relating to commodities and e-commerce. It is ultimately controlled by the Finance Bureau of Hangzhou Municipality (杭州市財政局).

41. Tianjin Chongmin . . . . . Tianjin Chongmin is a limited partnership established under the laws of the PRC and is managed by its general partner, Mr. LIU Jiayin (劉嘉胤). As of the Latest Practicable Date, Tianjin Chongmin had two limited partners, and was held as to approximately 76.09% by Lishui Zhongmin Enterprise Management Partnership (Limited Partnership) (麗水重旻企業管理合夥企業(有限合夥)) as the largest limited partner. Tianjin Chongmin is principally engaged in provision of socio-economic consultancy services. As of December 31, 2023, Tianjin Chongmin had total assets under management of more than RMB4.6 million with an investment focus on the advanced manufacturing industry.

42. Global Holding . . . . Global Holding is a limited liability company established under the laws of the PRC, and is principally engaged in investment management, investment consultancy, equity investment, urban infrastructure construction and asset management. It is ultimately controlled by Mr. XU Daocong (徐道聰). Global Holding had total assets under management of more than RMB100 million as of December 31, 2023, and has invested in companies in various industries, such as the intelligent manufacturing and new materials industries.

PREVIOUS LISTING ATTEMPT AND REASONS FOR LISTING ON THE STOCK EXCHANGE

In March 2021, our Company submitted an application for listing (the "**Previous A-Share Listing Application**") to list the Shares on the SSE Star Market. The Shanghai Stock Exchange issued two rounds of vetting comments in respect of the application proof of our Company's prospectus in relation to the Previous A-Share Listing Application and our Company provided responses to such comments in June 2021 and August 2021, respectively, all of which are publicly disclosed. In August 2021, our Company voluntarily withdrew the Previous A-Share Listing Application after considering, among other things, future business strategic positioning and capital planning, and we had addressed all of the comments raised by the Shanghai Stock Exchange up to the date of our withdrawal of the Previous A-Share Listing Application. As of the Latest Practicable Date, there was no outstanding comment or enquiry from the Shanghai Stock Exchange in connection with the Previous A-Share Listing Application, nor material disagreement between our Company and any professional parties engaged for the Previous A-Share Listing Application.

In October 2022, we initiated the tutoring filing (輔導備案) (the "**Tutoring Filing**") with the Shanghai Regulatory Bureau of the CSRC (中國證券監督管理委員會上海監管局) for a potential application for listing on the SSE Star Market. As of the Latest Practicable Date, we were still in the process of assessing merits of such potential listing and did not submit any formal application for listing on the SSE Star Market, while tutoring progress reports (輔導進展報告) have been made periodically to comply with the relevant requirements in connection with the potential application for listing on the SSE Star Market. As of the Latest Practicable Date, there had been no comment or enquiry from the Shanghai Regulatory Bureau of the CSRC (中國證券監督管理委員會上海監管局) in connection with the Tutoring Filing, nor material disagreement between our Company and any professional parties engaged for the Tutoring Filing.

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

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

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

PUBLIC FLOAT

The 45,482,153 Shares held by our Shareholders as of the Latest Practicable Date, representing approximately 55.94% of our total issued share capital as of the Latest Practicable Date, or approximately 52.80% of our total issued share capital upon Listing (assuming the Over-allotment Option is not exercised and the options granted under the Pre-IPO Share Option Scheme are not exercised), or approximately 52.36% of our total issued share capital upon exercise of the Over-allotment Option in full (assuming the options granted under the Pre-IPO Share Option Scheme are not exercised), will not be counted towards public float for the purpose of Rule 8.08 of the Listing Rules after the Listing as these Shares are Domestic Shares which will not be converted into H Shares and listed following the completion of the Global Offering.

The 2,912,975 Shares held by Sinopec Capital, representing approximately 3.58% of our total issued share capital as of the Latest Practicable Date, or approximately 3.38% of our total issued share capital upon Listing (assuming the Over-allotment Option is not exercised and the options granted under the Pre-IPO Share Option Scheme are not exercised), or approximately 3.35% of our total issued share capital upon exercise of the Over-allotment Option in full (assuming the options granted under the Pre-IPO Share Option Scheme are not exercised), are Domestic Shares which will be converted into H Shares and listed upon completion of the Global Offering. As Sinopec Capital will be a substantial shareholder of our Company immediately upon Listing and therefore, a core connected person of our Company, the H Shares held by Sinopec Capital will not be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules after the Listing.

The 32,916,243 Shares held by Ms. ZHANG Xiuying (張秀英), Mr. SHEN Xianglong (沈祥龍), Ms. FENG Yan (馮燕), Pengfan Zhibin, Jinglong Baoluo, Chunyang Songteng, Chunyang Hongxin, Luping Jingneng, Huiqing Jingnuo, Trustbridge II, Trustbridge New Economy, Legend Bingde, Legend Chengye, Ningbo Jiazhan, Tianjin Chongmin, Xiaofu Jucheng, Sanxing Zhiqi, Qianshi Guoxin, Qianshi Zhengxin, Qianshi Fenghe, Qianshi Shengxin, Toyota Tsusho, Jingxiang Capital, Hainan Yongheng, Global Holding, Suqian Yuanguan, Zhengzhou Spruce, Yutong Bus, Mr. WAN Jingzhao (萬景照), Shuimu Hydrogen, Dongfang Electric, Jiayuan Technology, Dezaihou Qicheng, Hexie Jinhong, Hubei Cathay

Energy, HongShan Hanchen, Saifus Equity Investment, Wenzhou Zhemin Investment, Junze No. 3, Suzhou Zhongheng, Gao Ling Yurun, Zhuhai Pangheng, Hangzhou Industrial, Hangzhou Enterprises, Ningbo Xucheng, Mr. CAO Hongwei (曹鴻偉) and Wuxi Binni, representing approximately 40.48% of our total issued share capital as of the Latest Practicable Date, or approximately 38.21% of our total issued share capital upon Listing (assuming the Over-allotment Option is not exercised and the options granted under the Pre-IPO Share Option Scheme are not exercised), or approximately 37.89% of our total issued share capital upon exercise of the Over-allotment Option in full (assuming the options granted under the Pre-IPO Share Option Scheme are not exercised), are Domestic Shares which will be converted into H Shares and listed following the completion of the Global Offering. As these entities/individuals will not be core connected persons of our Company upon Listing, are not accustomed to take instructions from core connected persons of our Company in relation to the acquisition, disposal, voting or other disposition of their Shares, and their acquisition of Shares were not financed directly or indirectly by core connected persons of our Company, the H Shares held by them will be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules after the Listing.

Immediately upon the completion of the Global Offering, assuming that (i) 4,827,920 H Shares are allotted and issued in the Global Offering; (ii) the Over-allotment Option is not exercised; (iii) the options granted under the Pre-IPO Share Option Scheme are not exercised; (iv) 35,829,218 Domestic Shares are converted into H Shares; and (v) 86,139,291 Shares are issued and outstanding in the share capital of our Company upon completion of the Global Offering, 37,744,163 Shares, representing approximately 43.82% of our total issued share capital, will be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules.

CAPITALIZATION OF OUR COMPANY

The table below is a summary of the capitalization of our Company as of the date of this prospectus and the Listing Date (assuming the Over-allotment Option is not exercised and the options granted under the Pre-IPO Share Option Scheme are not exercised):

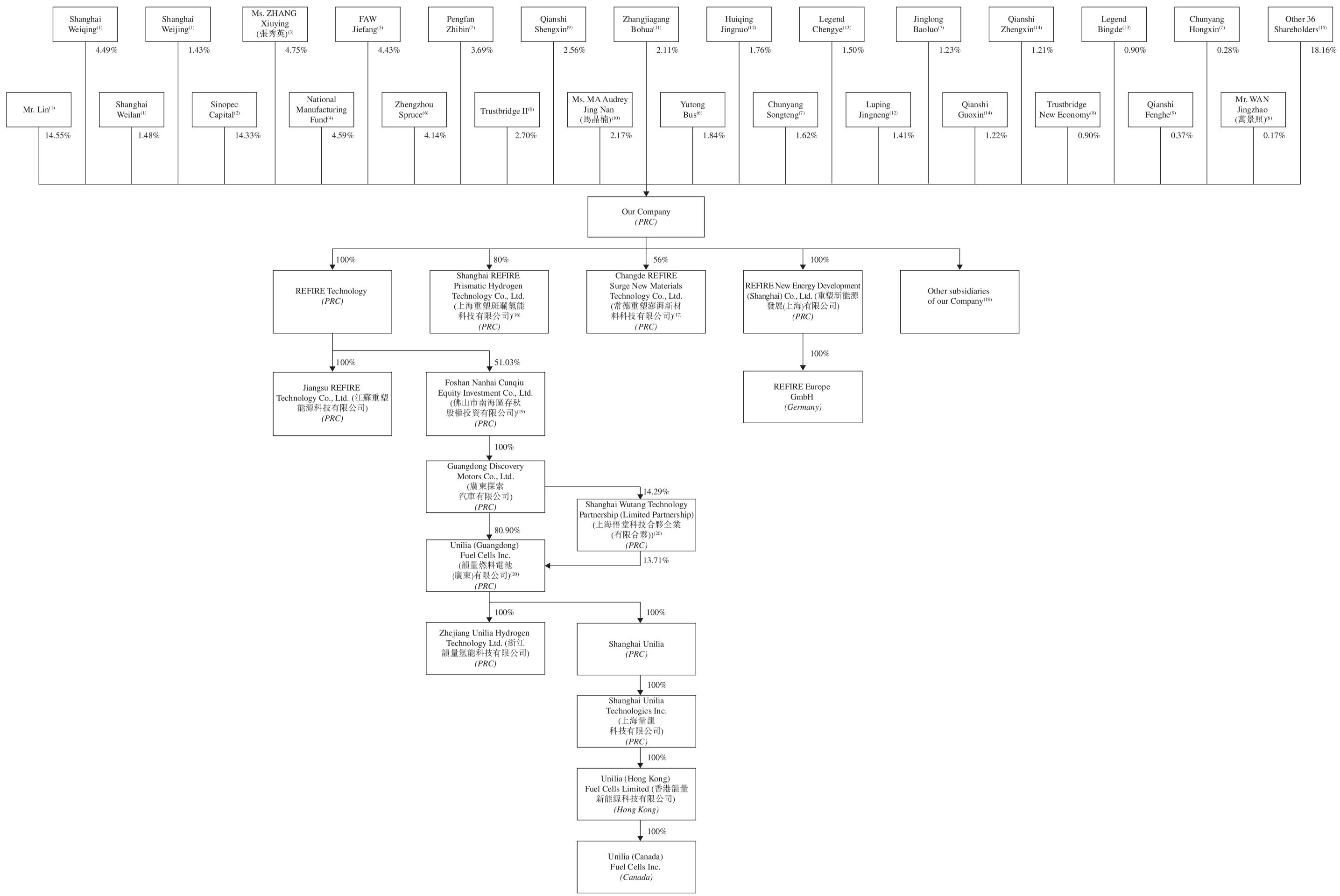
	As of the date of this prospectus		As of the Listing Date (assuming the Over-allotment Option is not exercised and the options granted under the Pre-IPO Share Option Scheme are not exercised)					
Shareholder	Number of Domestic Shares	Approximate ownership percentage in total issued share capital	Number of H Shares	Approximate ownership percentage in H Shares	Number of Domestic Shares	Approximate ownership percentage in Domestic Shares	Total number of Shares	Approximate ownership percentage in total issued share capital
Mr. Lin	11,834,272	14.55%	–	–	11,834,272	26.02%	11,834,272	13.74%
Sinopec Capital	11,651,900	14.33%	2,912,975	7.16%	8,738,925	19.21%	11,651,900	13.53%
Ms. ZHANG Xiuying (張秀英)	3,863,800	4.75%	3,863,800	9.50%	–	–	3,863,800	4.49%

	As of the date of this prospectus		As of the Listing Date (assuming the Over-allotment Option is not exercised and the options granted under the Pre-IPO Share Option Scheme are not exercised)					
Shareholder	Number of Domestic Shares	Approximate ownership percentage in total issued share capital	Number of H Shares	Approximate ownership percentage in H Shares	Number of Domestic Shares	Approximate ownership percentage in Domestic Shares	Total number of Shares	Approximate ownership percentage in total issued share capital
National Manufacturing Fund	3,735,405	4.59%	–	–	3,735,405	8.21%	3,735,405	4.34%
Shanghai Weiqing	3,652,700	4.49%	–	–	3,652,700	8.03%	3,652,700	4.24%
FAW Jiefang	3,600,000	4.43%	–	–	3,600,000	7.92%	3,600,000	4.18%
Zhengzhou Spruce	3,363,798	4.14%	3,363,798	8.27%	–	–	3,363,798	3.91%
Pengfan Zhibin	3,000,000	3.69%	3,000,000	7.38%	–	–	3,000,000	3.48%
Trustbridge II	2,191,700	2.70%	2,191,700	5.39%	–	–	2,191,700	2.54%
Qianshi Shengxin	2,084,600	2.56%	1,042,300	2.56%	1,042,300	2.29%	2,084,600	2.42%
Ms. MA Audrey Jing Nan (馬晶楠)	1,767,500	2.17%	–	–	1,767,500	3.89%	1,767,500	2.05%
Zhangjiagang Bohua	1,715,940	2.11%	–	–	1,715,940	3.77%	1,715,940	1.99%
Yutong Bus	1,494,162	1.84%	1,494,162	3.68%	–	–	1,494,162	1.73%
Nakatsu Innovation	1,494,162	1.84%	–	–	1,494,162	3.29%	1,494,162	1.73%
Huiqing Jingnuo	1,430,000	1.76%	1,430,000	3.52%	–	–	1,430,000	1.66%
Chunyang Songteng	1,314,373	1.62%	1,314,373	3.23%	–	–	1,314,373	1.53%
Legend Chengye	1,217,600	1.50%	1,217,600	2.99%	–	–	1,217,600	1.41%
Shanghai Weilan	1,200,000	1.48%	–	–	1,200,000	2.64%	1,200,000	1.39%
Shanghai Weijing	1,165,728	1.43%	–	–	1,165,728	2.56%	1,165,728	1.35%
Luping Jingneng	1,144,000	1.41%	1,144,000	2.81%	–	–	1,144,000	1.33%
HongShan Hanchen	1,120,622	1.38%	336,187	0.83%	784,435	1.72%	1,120,622	1.30%
Junze No. 3	1,120,622	1.38%	373,541	0.92%	747,081	1.64%	1,120,622	1.30%
Jinglong Baoluo	1,001,000	1.23%	1,001,000	2.46%	–	–	1,001,000	1.16%
Shuimu Hydrogen	996,681	1.23%	996,681	2.45%	–	–	996,681	1.16%
Qianshi Guoxin	995,600	1.22%	497,800	1.22%	497,800	1.09%	995,600	1.16%
Qianshi Zhengxin	986,300	1.21%	493,150	1.21%	493,150	1.08%	986,300	1.15%
Jiayuan Technology	871,881	1.07%	871,881	2.14%	–	–	871,881	1.01%
Jingxiang Capital	776,800	0.96%	500,000	1.23%	276,800	0.61%	776,800	0.90%
Trustbridge New Economy	730,600	0.90%	730,600	1.80%	–	–	730,600	0.85%
Legend Bingde	730,600	0.90%	730,600	1.80%	–	–	730,600	0.85%
Sanxing Zhiqi	730,600	0.90%	730,600	1.80%	–	–	730,600	0.85%
Dezaihou Qicheng	579,321	0.71%	434,491	1.07%	144,830	0.32%	579,321	0.67%
Toyota Tsusho	578,000	0.71%	578,000	1.42%	–	–	578,000	0.67%
Weiming VC	498,340	0.61%	–	–	498,340	1.10%	498,340	0.58%
Hubei Cathay Energy	498,340	0.61%	498,340	1.23%	–	–	498,340	0.58%
Hainan Yongheng	410,000	0.50%	410,000	1.01%	–	–	410,000	0.48%
Hexie Jinhong	373,755	0.46%	373,755	0.92%	–	–	373,755	0.43%
Huajian Chengding	373,541	0.46%	–	–	373,541	0.82%	373,541	0.43%

	As of the date of this prospectus		As of the Listing Date (assuming the Over-allotment Option is not exercised and the options granted under the Pre-IPO Share Option Scheme are not exercised)					
Shareholder	Number of Domestic Shares	Approximate ownership percentage in total issued share capital	Number of H Shares	Approximate ownership percentage in H Shares	Number of Domestic Shares	Approximate ownership percentage in Domestic Shares	Total number of Shares	Approximate ownership percentage in total issued share capital
Wenzhou Zhemin Investment	373,541	0.46%	373,541	0.92%	–	–	373,541	0.43%
Jiaxing Hydrogen	373,541	0.46%	–	–	373,541	0.82%	373,541	0.43%
Shanghai Shengyuehong	373,541	0.46%	–	–	373,541	0.82%	373,541	0.43%
Saifus Equity Investment	313,774	0.39%	156,887	0.39%	156,887	0.34%	313,774	0.36%
Qianshi Fenghe	304,400	0.37%	152,200	0.37%	152,200	0.33%	304,400	0.35%
Ningbo Jiazhan	287,942	0.35%	287,942	0.71%	–	–	287,942	0.33%
Suqian Yuanguan	276,800	0.34%	276,800	0.68%	–	–	276,800	0.32%
Kaiding Hongtai	252,181	0.31%	–	–	252,181	0.55%	252,181	0.29%
Mr. SHEN Xianglong (沈祥龍)	250,000	0.31%	250,000	0.61%	–	–	250,000	0.29%
Chunyang Hongxin	224,124	0.28%	224,124	0.55%	–	–	224,124	0.26%
Suzhou Zhongheng	224,124	0.28%	112,062	0.28%	112,062	0.25%	224,124	0.26%
Mr. CAO Hongwei (曹鴻偉)	224,124	0.28%	224,124	0.55%	–	–	224,124	0.26%
Xiaofu Jucheng	199,058	0.24%	199,058	0.49%	–	–	199,058	0.23%
Ms. FENG Yan (馮燕)	161,600	0.20%	161,600	0.40%	–	–	161,600	0.19%
Dongfang Electric	154,706	0.19%	154,706	0.38%	–	–	154,706	0.18%
Lianming Machinery	149,416	0.18%	–	–	149,416	0.33%	149,416	0.17%
Ningbo Xucheng	149,416	0.18%	149,416	0.37%	–	–	149,416	0.17%
Wuxi Binni	149,416	0.18%	74,708	0.18%	74,708	0.16%	149,416	0.17%
Mr. WAN Jingzhao (萬景照)	137,001	0.17%	137,001	0.34%	–	–	137,001	0.16%
Tianjin Chongmin	98,591	0.12%	98,591	0.24%	–	–	98,591	0.11%
Gao Ling Yurun	74,708	0.09%	37,354	0.09%	37,354	0.08%	74,708	0.09%
Zhuhai Pangheng	74,708	0.09%	37,354	0.09%	37,354	0.08%	74,708	0.09%
Hangzhou Industrial	74,708	0.09%	74,708	0.18%	–	–	74,708	0.09%
Hangzhou Enterprises	74,708	0.09%	74,708	0.18%	–	–	74,708	0.09%
Global Holding	41,000	0.05%	41,000	0.10%	–	–	41,000	0.05%
Other investors taking part in the Global Offering	–	–	4,827,920	11.87%	–	–	4,827,920	5.60%
Total	**81,311,371**	**100%**	**40,657,138**	**100%**	**45,482,153**	**100%**	**86,139,291**	**100%**

CORPORATE STRUCTURE IMMEDIATELY BEFORE COMPLETION OF THE GLOBAL OFFERING

The chart below sets out the shareholding structure of our Company immediately before completion of the Global Offering:



Notes:

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

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

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

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

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

(6) Zhengzhou Spruce is a limited partnership established under the laws of the PRC and is managed by its general partner, Zhengzhou Yunshan Investment Management Co., Ltd. (鄭州雲杉投資管理有限公司), which is an indirect wholly-owned subsidiary of Zhengzhou Yutong Group Co., Ltd. (鄭州宇通集團有限公司), which is in turn indirectly controlled by Mr. TANG Yuxiang (湯玉祥). Yutong Bus is a joint stock limited company established under the laws of the PRC and is listed on the Shanghai Stock Exchange (stock code: 600066), and was held as to approximately 37.70% directly by Zhengzhou Yutong Group Co., Ltd. as its controlling shareholder as of the Latest Practicable Date. Further, as confirmed by Zhengzhou Spruce, Yutong Bus and Mr. WAN Jingzhao (萬景照), they are parties acting in concert in exercising Shareholders' rights pertaining to our Company. Each of Zhengzhou Spruce, Yutong Bus, Mr. TANG Yuxiang and Mr. WAN Jingzhao is an Independent Third Party.

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

(8) Trustbridge II is a limited partnership established under the laws of the PRC and is managed by its general partner, Ningbo Trustbridge Investment Management Partnership (Limited Partnership) (寧波摯信投資管理合夥企業(有限合夥)), whose general partner is Shanghai Trustbridge New Economy Equity Investment Management Partnership (Limited Partnership) (上海摯信新經濟股權投資管理合夥企業(有限合夥)). Trustbridge New Economy is a limited partnership established under the laws of the PRC and is managed by its general partner, Shanghai Trustbridge New Economy Equity Investment Management Partnership (Limited Partnership). The general partner of Shanghai Trustbridge New Economy Equity Investment Management Partnership (Limited Partnership) is Shanghai Trustbridge Investment Management Co., Ltd. (上海摯信投資管理有限公司) ("**Shanghai Trustbridge**"). Each of Trustbridge II, Trustbridge New Economy and Shanghai Trustbridge is an Independent Third Party.

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

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

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

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

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

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

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

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

(17) Changde REFIRE Surge New Materials Technology Co., Ltd. (常德重塑澎湃新材料科技有限公司) is a limited liability company established under the laws of the PRC and is held as to 56% by our Company, 24% by Hunan Yongyou Technology Co., Ltd. (湖南雍友科技有限公司) and 20% by Shanghai Taiqingchen Energy Technology Co., Ltd. (上海泰氫晨能源科技有限公司). Save for the minority equity stake in Shanghai Taiqingchen Energy Technology Co., Ltd. held by our Group, each of Hunan Yongyou Technology Co., Ltd. and Shanghai Taiqingchen Energy Technology Co., Ltd. is an Independent Third Party. Changde REFIRE Surge New Materials Technology Co., Ltd. is an insignificant subsidiary pursuant to Rule 14A.09 of the Listing Rules.

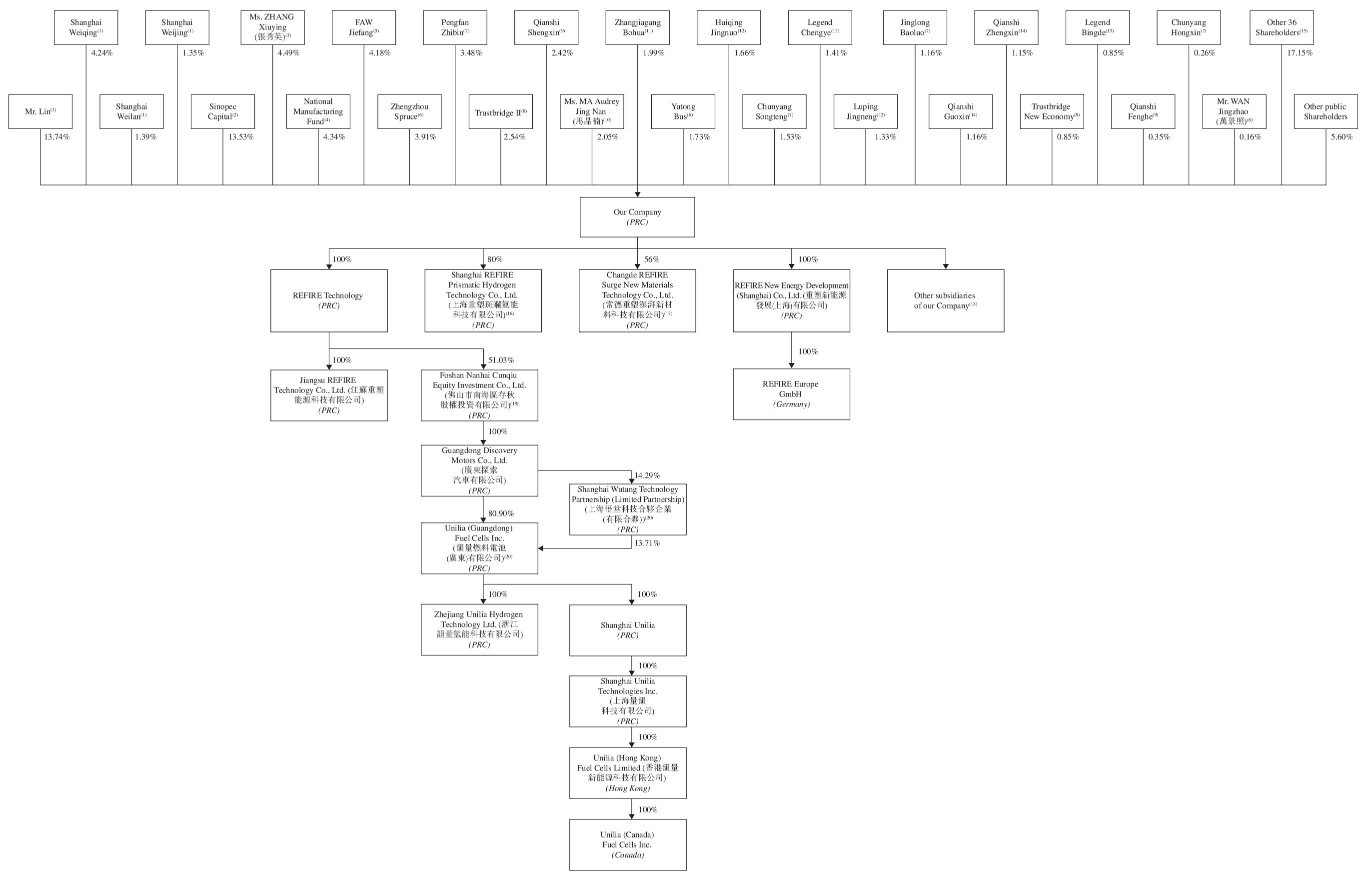
(18) As of the date of this prospectus, there were 31 other subsidiaries of our Company. For further details of the subsidiaries of our Company, see note 1 to the Accountants' Report.

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

(20) Unilia (Guangdong) Fuel Cells Inc. (韻量燃料電池(廣東)有限公司) is a limited liability company established under the laws of the PRC and is held as to 80.90% by Guangdong Discovery Motors Co., Ltd. (廣東探索汽車有限公司), 13.71% by Shanghai Wutang Technology Partnership (Limited Partnership) (上海悟堂科技合夥企業(有限合夥)) ("**Shanghai Wutang**") and 5.39% by Anqing Juming Equity Investment Partnership (Limited Partnership) (安慶聚銘股權投資合夥企業(有限合夥)), respectively. Shanghai Wutang is our subsidiary and an employee incentive platform, and is managed by Guangdong Discovery Motors Co., Ltd. as its general partner with approximately 14.29% partnership interest. As of the date of this prospectus, Shanghai Wutang had four limited partners, including Dr. Christopher John GUZY (our senior management), Cosmic Overdrive Team Canada Corp. (which is an employee incentive platform, and was held by employees of our Group as of the date of this prospectus) and two directors of our subsidiaries. Anqing Juming Equity Investment Partnership (Limited Partnership) (安慶聚銘股權投資合夥企業(有限合夥)) is an Independent Third Party. Unilia (Guangdong) Fuel Cells Inc. is an insignificant subsidiary pursuant to Rule 14A.09 of the Listing Rules.

CORPORATE STRUCTURE IMMEDIATELY FOLLOWING COMPLETION OF THE GLOBAL OFFERING

The chart below sets out the shareholding structure of our Company immediately following completion of the Global Offering (assuming the Over-allotment Option is not exercised and the options granted under the Pre-IPO Share Option Scheme are not exercised):



Note: See the notes to "— Corporate Structure Immediately Before Completion of the Global Offering" in this section.

OVERVIEW

We are a leading hydrogen technology company in China. We have proven track record in policy-driven projects, as well as noteworthy achievements in market-driven projects. Our established presence in the domestic hydrogen market is complemented by our successful and constant expansion into overseas markets, with a growing revenue contribution in overseas markets. During the Track Record Period, we focused on the design, development, manufacture, and sales of hydrogen fuel cell systems, hydrogen production systems, and related components, as well as providing fuel cell engineering and technical services catering to customers' needs, enabling us to provide one-stop solution for hydrogen production and end-use applications.

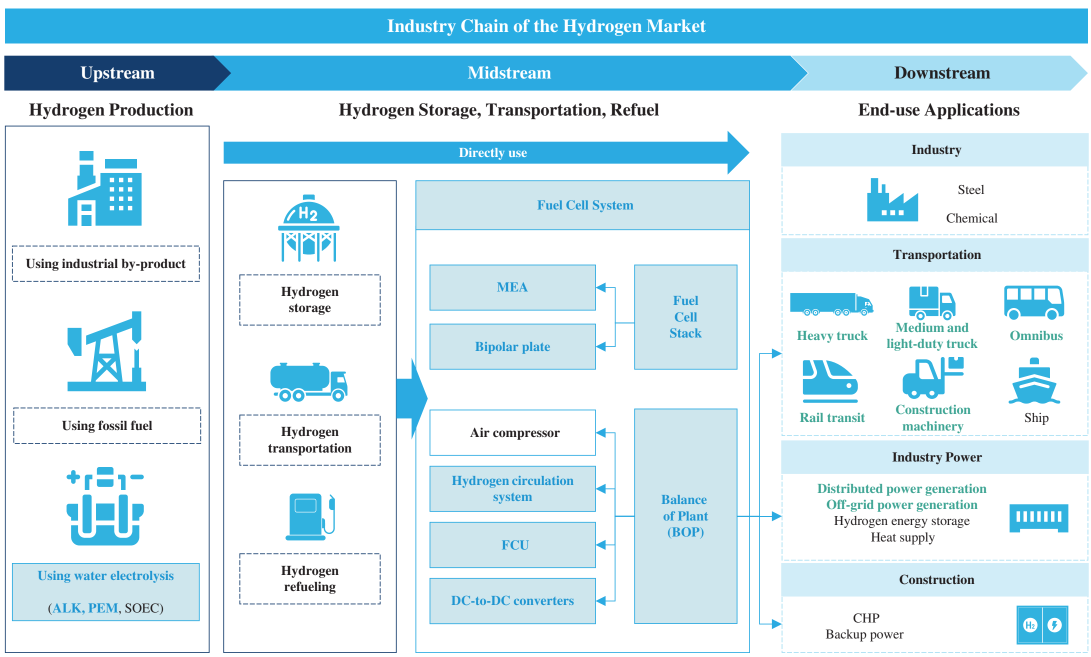
Benefiting from our robust R&D team holding deep industrial insights, our strong marketing capabilities, and rich first-hand experience, we have been making continuous product development and iteration that are well-received by the market since our inception, with particular strength on hydrogen fuel cell technologies and know-how that may bring enhanced performance, great reliability, long lifespan, great environmental adaptability and cost-effectiveness for hydrogen fuel cells. In recent years, leveraging our extensive technology capacity and valuable market resources, we have further explored into the upstream of hydrogen industry, where we have independently developed PEM water electrolysis hydrogen production systems, hydrogen production power sources, electrodes for ALK electrolysis and other key components that can effectively utilize electricity to produce hydrogen. Our comprehensive product and service portfolio enables us to achieve the synergies among hydrogen and electricity, therefore forming a new business model of "electricity-hydrogen-electricity", where our hydrogen fuel cell systems and hydrogen production systems can be used for our customers' one-stop solution for utilizing rich renewable power resources, such as wind power and solar power in generating electricity, which will be then used to produce green hydrogen with our PEM and ALK water electrolysis technologies and products. Hydrogen can be stored for long-term for generating electricity for various application scenarios with our hydrogen fuel cell products when needed.

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

According to Frost & Sullivan, we ranked the first in the hydrogen fuel cell system market in China, in terms of the sales power output of hydrogen fuel cell systems in 2023, with a market share of 23.8%. We ranked the first in the hydrogen fuel cell system market in China, in terms of the total sales power output of hydrogen fuel cell systems that have been used for heavy-duty trucks in 2023, with a market share of 42.4%. We ranked the first in the hydrogen fuel cell system market in China, in terms of the total sales value of hydrogen fuel cell systems that have been used for heavy-duty trucks in 2023, with a market share of 29.4%. We are the first company in hydrogen fuel cell industry in China that has independently developed and realized mass-production of hydrogen fuel cell systems, fuel cell stacks, MEAs, and bipolar plates. We have both PEM and ALK electrolysis products. In addition, we became the first enterprise in hydrogen fuel cell industry in China that realized commercialization of its proprietary hydrogen fuel cell systems abroad, winning numerous international certifications. Furthermore, as of May 31, 2024, our hydrogen fuel cell systems had powered over 5,900 fuel cell vehicles on the road in China. By the same date, these vehicles had accumulated around 210 million kilometers of operations, and had reduced carbon emissions of around 116,851 tons.

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

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



Notes:

1. the blue-colored text represents items which fall within the Group's business scope.

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

Source: Frost & Sullivan

In observing that the hydrogen fuel cell industry in China is currently in a transitioning period from a policy-driven industry, where market players heavily rely on governmental policies, subsidies and incentives to drive their growth and market acceptance, to a market-driven one, where market players start to rely less on government support and shift their focus to market-driven factors, such as performance, cost-effectiveness, and consumer preferences, we have taken proactive measures to extend the application of our products from demonstration cities to non-demonstration cities in China, from commercial vehicles to other scenarios, and from domestic market in China to overseas. As of the Latest Practicable Date, we had successfully distinguished ourselves from other industry peers by our strong track record of achieving sustainable growth in non-demonstration cities in China. We have also successfully realized commercialization of our fuel cell systems in non-vehicle scenarios, such as stationary power stations, and construction machinery. We are the first enterprise in hydrogen fuel cell industry in China that realized commercialization of proprietary hydrogen fuel cell systems abroad. During the Track Record Period, our revenue derived from foreign countries or regions increased from RMB5.5 million in 2021, to RMB8.6 million in 2022, and further increased to RMB23.2 million in 2023.

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

Capitalizing on our established brand reputation in demonstration city clusters in China, we are well-positioned to attract and engage new customers in non-demonstration cities. During the Track Record Period, while continuously enhancing our customer base and loyalty in demonstration cities, we have successfully distinguished us from industry peers by promoting applications of hydrogen fuel cell systems to heavy-duty trucks operating in non-demonstration cities in China. Our revenue derived from non-demonstration cities in China increased from approximately RMB89.7 million in 2021 to approximately RMB110.8 million in 2022, and further increased to approximately RMB213.3 million in 2023. We believe we are able to benefit from the industry transitioning and continue to enhance our position while market keeps evolving.

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

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

Moreover, we won numerous scientific research project awards, led major national scientific research projects, and participated in the formulation of national and industry standards. To name a few, as evaluated by the China Society of Automotive Engineers and the Shanghai Society of Transportation Engineering (中國汽車工程學會和上海市交通工程學會), our hydrogen fuel cell system technologies applied in commercial vehicles excel in system control, low-temperature damage-free freeze-start and durability. As of the Latest Practicable Date, we had obtained 339 patents, 37 software copyrights, including 120 invention patents in China; and we had led or participated in ten national research and development programs initiated by the Ministry of Science and Technology (科技部); we had also led or participated in the development of 47 technical standards of hydrogen fuel cell systems, among which, there were one international standard, eight national standards, two municipal standards, and two industry standards for hydrogen fuel cell systems.

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

Our Industry

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

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

Pursuant 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》), during the demonstration period, certain hydrogen fuel cell system manufacturer and related market participants, such as FCEV manufacturer, along the industry chain in certain demonstration city form a consortium, and applies for the admission into the award candidate pool in such demonstration city, such candidate consortium will be then rewarded with cash incentives if the FCEVs they jointly produced meet certain targets, such as reaching certain mileage accumulatively in the year of award. Members in the consortium, such as fuel cell system manufacturer, FCEV manufacturer, can be directly benefited therefrom. The transition from subsidies to awards is aimed at encouraging companies to focus on technological advancements in relation to the practical performance of the products, and advancements that truly contribute to the broad use of FCEV in daily life or commercial scenes, leading to more sustainable and market-driven growth in the hydrogen fuel cell sector. In forming a consortium, the Group has more knowledge-sharing opportunities with FCEV manufacturers and other market participants, which help boost the Group's product iteration and upgrading, and the Group is able to gain recognition and credibility in the market by receiving such award. Also, FCEV manufacturers are incentivized to provide discount to end users of the vehicles as they receive cash rewards from the government, which will help increase the sales volume of FCEVs. For more information, see "Regulatory Overview — Regulations Relating to Our Industry and Products" in this prospectus.

According to Frost & Sullivan, the market size of global hydrogen consumption measured by value increased from USD113.4 billion from 2018 to USD137.3 billion in 2023, and is expected to increase to USD203.1 billion in 2028. In addition, the market size of low carbon hydrogen consumption measured by value globally increased from approximately USD9.6 billion in 2018 to approximately USD27.8 billion in 2023, with a CAGR of 23.7%, and is expected to increase to USD88.0 billion in 2028, with a CAGR of 25.9% for the period from 2023 to 2028.

The market size of hydrogen consumption measured by value in China increased from RMB244.3 billion from 2018 to RMB355.2 billion in 2023, and is expected to increase to RMB578.1 billion in 2028. In addition, low carbon hydrogen consumption measured by value in China increased from approximately RMB20.8 billion in 2018 to approximately RMB78.0 billion in 2023, with a CAGR of 30.3%, and is expected to significantly increase to RMB267.7 billion in 2028, with a CAGR of 28.0% for the period from 2023 to 2028.

Our Products and Services

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

During the Track Record Period, we sold various hydrogen fuel cell systems with different rated power, widely ranging from 32kW to 220kW. Our hydrogen fuel cell systems were mainly sold to hydrogen fuel cell commercial vehicle manufacturers and some fuel cell stack manufacturers. The end customers of our hydrogen fuel cell systems generally include, among others, bus companies, logistics companies, freight transportation companies, public transportation companies, engineering and construction companies, etc.

During the Track Record Period, we self-developed and produced various types of Components for Fuel Cell Systems, which were incorporated into our hydrogen fuel cell systems sold to customers. We sold stand-alone fuel cell stacks and DC-to-DC boost converters to our customers. Leveraging our proven-track record in hydrogen fuel cell industry, robust technologies and know-how in hydrogen fuel cell system, and well established business relationship with upstream suppliers, we provide customized fuel cell product solutions to our customers. In providing such product solutions, in addition to fuel cell systems, we provided Components for Fuel Cell Vehicles out-sourced from our suppliers, such as hydrogen supply systems, fuel cell engine accessories, energy storage systems, to our customers, aiding our customers in optimizing fuel cell applications within their specific end-use scenarios. If needed, we would provide technical support to our customers as well. Attributable to our comprehensive engineering and technical knowledge and know-how in hydrogen fuel cell system, we provided our customers with professional and customized engineering application development services, which mainly include customized design and development of hydrogen fuel cell systems, calibration and related assessment services, power system and cooling solutions, and other engineering and technical support.

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

OUR COMPETITIVE STRENGTHS

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

A leader in the fast growing hydrogen industry, with full-service capabilities covering the entire industrial chain in hydrogen industry

We are a leading hydrogen technology company in China. We have proven track record in policy-driven projects, as well as noteworthy achievements in market-driven projects. Our established presence in the domestic hydrogen market is complemented by our successful and constant expansion into overseas markets, with a growing revenue contribution in overseas markets. During the Track Record Period, we focused on the design, development, manufacture, and sales of hydrogen fuel cell systems, hydrogen production systems, and related components, as well as providing fuel cell engineering and technical services catering to customers' needs, enabling us to provide one-stop solution for hydrogen production and end-use applications.

Benefiting from our robust R&D team holding deep industrial insights, our strong marketing capabilities, and rich first-hand experience, we have been making continuous product development and iteration that are well-received by the market since our inception, with particular strength on hydrogen fuel cell technologies and know-how that may bring enhanced performance, great reliability, long lifespan, great environmental adaptability and cost-effectiveness for hydrogen fuel cells. In recent years, leveraging our extensive technology capacity and valuable market resources, we have further explored into the upstream of hydrogen industry, where we have independently developed PEM water electrolysis hydrogen production systems, electrodes for ALK electrolysis and other related key components for hydrogen production. Our comprehensive product and service portfolio enables us to achieve the synergies among hydrogen and electricity, therefore forming a new business model of "electricity-hydrogen-electricity". According to Frost & Sullivan, we ranked the first in the hydrogen fuel cell system market in China, in terms of the sales power output of hydrogen fuel cell systems in 2023, with a market share of 23.8%. We ranked the first in the hydrogen fuel cell system market in China, in terms of the total sales power output of hydrogen fuel cell systems that have been used for heavy-duty trucks in 2023, with a market share of 42.4 %. Up to May 31, 2024, accumulated mileage operated by fuel cell vehicles powered by fuel cell systems we sold amounted to around 210 million kilometers.

Attributable to our electrochemistry and materials science capabilities, our mature supply chain, our system integration design capability, and the continuous improvement of production processes and batch production capacity, we have successfully built the fundamental core capabilities for our hydrogen business. Our product and service portfolio covers the entire industrial chain of hydrogen from hydrogen generation (upstream supplies) and hydrogen application (downstream applications in commercial vehicles, power generation stations, construction machinery, etc.), where we have achieved the synergies among hydrogen and electricity, therefore forming a new business model of "electricity-hydrogen-electricity". To be specific, (i) in the field of hydrogen production system, we have launched proton-exchange membrane (PEM) water electrolysis hydrogen production systems, PEM water electrolysis cells, PEM hydrogen production MEAs, hydrogen production power sources, and electrodes for ALK electrolysis; and (ii) in the field of hydrogen fuel cell systems, we have achieved mass-production and commercialization of our independently developed hydrogen fuel cell systems, and production of related key components, such as fuel cell stacks, MEAs, bipolar plates, and hydrogen circulation systems, which systems and components will be installed on commercial vehicles, such as buses, material handling vehicles, heavy-duty trucks; construction machinery, and emergency power supplies. Our comprehensive product portfolio evidenced our capability to provide full services covering the entire industrial chain of hydrogen from hydrogen generation to hydrogen application, which enable us to meet diverse needs in both upstream (supply side) and downstream (demand side) of hydrogen industry. Our full-service capability also enables us to gain additional customers who expect to get comprehensive hydrogen technology solutions covering both supply side and demand side of hydrogen industry. For instance, in September 2023, we launched the project of integrating green hydrogen production, storage, transportation and application with annual output of 100,000 tons hydrogen in Taiyang Mountain, Ningxia ("寧夏太陽山年產10萬噸綠氫製儲輸用一體化示範項目"), jointly with the Management Committee of Taiyang Mountain Development Zone of Wuzhong, Ningxia (寧夏吳忠市太陽山開發區管委會), and Jiangsu Sailafei Power Development Limited Company (江蘇賽拉弗電力發展有限公司). In the project, the rich wind and solar power resources in Taiyang mountain area will be transformed into electricity, which will be then utilized to produce green hydrogen with our PEM and ALK water electrolysis technologies and products. Hydrogen can be stored for long-term for generating electricity with our hydrogen fuel cell products when needed. It can be transported to various locations and in different scenarios, such as commercial vehicles.

We are continuously introducing new products, and optimizing and upgrading our product portfolio. We have effectively integrate industry resources and expand our business into our upstream, providing full-services covering the entire industrial chain in hydrogen industry. As we are always at the forefront of industry, we believe we are able to benefit from the rapid growth of the hydrogen industry.

Strong technological and research and development capabilities, enabling continual iteration in products

We believe our strong technological and R&D capabilities enable us to keep developing the best hydrogen technologies and maintaining our advantages in the hydrogen market, which is critical to our competitiveness and our ability to improve and optimize product performance while reducing costs.

As of the Latest Practicable Date, we had a R&D team of 108 members, with abundant industrial experience and deep insights. Robust research and development force is the fuel for an enterprise's product iteration, which is crucial in hydrogen industry. We are supported by a talented and skilled R&D team, comprising of personnel from various countries, such as, China, Germany, Japan, Canada, and the U.S. as of the Latest Practicable Date, 38.9% of whom earned a master's degree or higher. In addition, our R&D team members have extensive experience in hydrogen industry, with eight to 30 years of relevant experience working in hydrogen industry. For each area of hydrogen fuel cell system and hydrogen production system, we have more than one chief scientific expert leading the continuous research and product iteration for each of our main products, a number of whom had led or participated in the national level hydrogen related research projects. For instance, Dr. Christopher John GUZY, our chief technology officer from the U.S., with 40 years of experience in engineering and higher education, is an expert under the Chinese Government Friendship Award (中國政府友誼獎) in recognition of his significant contributions to China's hydrogen and fuel cell industries. For more information, see "Directors, Supervisors and Senior Management" section in this prospectus. Dr. Tsuyoshi Takahashi, PhD in Kyushu University majored in hydrogen system, is the technology development chief engineer in our Company. He is an expert in the development of hydrogen fuel cell system, and has published over 10 papers about hydrogen technology, including but not limited to "Cold Start Cycling Durability of Fuel Cell Stacks for Commercial Automotive Applications" in 2022. He was awarded "Mechanical Society Award in Japan" and "Technology Development Prize" in 2022. Robert Artibise, is an executive director of our research and development center. He has over 25 years of experience working in PEM fuel cells, and specializes in fuel cell stack design, fuel cell stack testing, simulation, etc. He is currently an active member of the board of directors of the Canadian Hydrogen and Fuel Cell Association.

We also cooperated with research universities in China, such as Tongji University (同濟大學), Beijing Institute of Technology (北京理工大學), and Shanghai Jiao Tong University (上海交通大學), to facilitate the development and commercialization of suitable hydrogen technologies so that we can respond to the fast-changing market demands.

As a hydrogen technology company rooted in hydrogen fuel cell technologies, we have consistently pursued independent development in hydrogen fuel cell technologies, continually enhancing our core technological competitiveness, especially in key hydrogen fuel cell components, such as fuel cell stacks, MEAs, bipolar plates that contribute most to the lifespan, cost, efficiency and reliability of the hydrogen fuel cell systems. For instance,

- we have established physical models and control models for our fuel cell stacks and other subsystems, and key components, in order to help enhance operational stability, extend lifespan, reduce hydrogen consumption, enhance reliability of hydrogen fuel cell systems, and reduce operational cost for our customers. Based on these models, we have developed closed-loop control algorithms and corresponding software, enabling precise management of water and thermal balance in fuel cell stacks, as well as control over operational conditions. Such technologies have significantly improved the lifespan and freeze-start capability of the fuel cell stacks. Additionally, we have developed cross-time and cross-region collaborative management techniques based on cloud platforms and big data. These techniques involve iterative optimization control, aiming to enhance the stability of hydrogen fuel cell system operation and reduce hydrogen consumption;

- we have developed high-temperature resistant fuel cell stacks, in order to help extend lifespan, and enhance high-temperature resistance and overall reliability of hydrogen fuel cell systems. When operating at high power, the fuel cell stack will generate huge amount of heat. Through precise design of flow field structure, selection of high-temperature resistant materials and control of manufacturing quality, we can balance the heat generation and heat dissipation and distribution in the fuel cell stack, avoiding over-heating overall or certain parts in the fuel cell stack, and over-dry or burning of the MEA in the fuel cell stack. Therefore, the operating temperature of our high-power hydrogen fuel cell system can reach around 95°C, which is notably higher than the common industrial limit of 85°C, so as to enable broader high-power application scenarios and enhanced working efficiency and cost-effectiveness;

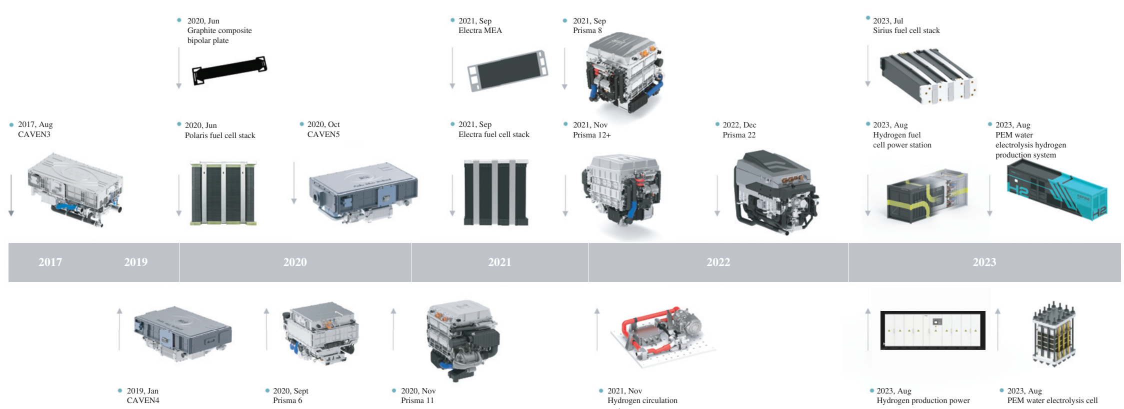
- we have crafted a suite of cutting-edge technologies to enhance the performance and durability of our new generation MEAs, which have a polarization exceeding 0.65V @ 2.7A/cm^2, enhanced power density over 1.76W/cm^2, and lower production costs, allowing end users to embrace a wider range of power applications with reduced hydrogen consumption and better cost-efficiency. In terms of durability, we have fortified the durability of MEAs through cutting-edge sealing techniques and optimized features, which improves reliability of our MEAs while minimizing overall maintenance cost; and

- we have developed technologies to improve the performance and durability of our bipolar plates. By using a combination of natural graphite, strong resins, and special additives, we have innovated a composite material formula that enhances conductivity and toughness of the bipolar plates. We have also optimized the size, media distribution and matching of fluid flow resistance of micro structures in different parts of the bipolar plates. Technologies of ultra-high vacuum, precision fluid control and all-in-one surface treatment allow us to precisely control the amount of resin on the surface of the bipolar plates. We also automate plate bonding, product inspection, and lamination. We achieved a comprehensive yield rate of over 95% for the bipolar plates with extended lifespan and reduced overall cost. Our graphite bipolar plates can satisfy the needs of commercial vehicles for operation of more than 1.0 million kilometers.

As evaluated by the China Society of Automotive Engineers and the Shanghai Society of Transportation Engineering (中國汽車工程學會和上海市交通工程學會), our hydrogen fuel cell system technologies applied in commercial vehicles excel in system control, low-temperature damage-free freeze-start and durability.

In addition, with our years of technology advancement, industry practice and experience accumulation in the field of hydrogen fuel cell systems, as well as our strong supply chain network, we have gradually expanded our product portfolio to hydrogen production systems and components, and effectively develop products, such as PEM water electrolysis hydrogen production system, as we already have extensive knowledge about PEM in the process of developing our hydrogen fuel cell systems and components.

Set forth below are some examples of our key products with launch timelines of the Company:



Attributable to our technologies in hydrogen industry, we are in the forefront of the market in developing fuel cell systems and hydrogen production systems. To be specific:

- ***High rated power and power density***: our hydrogen fuel cell systems have rated power ranging from 32kW to 220kW, and power density up to approximately 815W/kg. Additionally, our proprietary MEAs demonstrate a polarization of 0.65V @ 2.7A/cm^2 and a power density over 1.76W/cm^2. Such key specifications and can cover power and service life requirements for broad commercial vehicle applications, including light commercial vehicles that require relatively low rated power, and mid to heavy duty commercial vehicles, buses, and construction machinery, that require relatively high rated power.

- ***Outstanding product durability***: we have optimized hydrothermal management and enhanced durability of hydrogen fuel cell systems from the perspective of fuel cell stack materials and structural design. We have also optimized operating conditions and special function responses from the perspective of system matching and function control. Currently, our fuel cell systems can reach lifespan up to 30,000 hours, outrunning the market average of 15,000 hours, and keep stable operation as high as 95°C, where similar products of other hydrogen fuel cell companies can only reach 90°C or lower. Furthermore, the latest generation of our in-house developed fuel cell stacks and MEAs can reach lifespan of 30,000 hours as well. The outstanding product durability and environmental adaptability enable smooth operation and less frequent malfunction of the fuel cell vehicles working under heavy loads in harsh environment.

- ***Low freeze-start temperature and strong environmental adaptability***: we are able to achieve quick start-up of the hydrogen fuel cell system at temperature as low as -30°C without external heat source or causing harm to the hydrogen fuel cell stack. This is due to our design and process refinement for MEAs and hydrogen fuel cell stacks, as well as system integration design and freeze-start control technology. While other market players may need to rely on external heat sources, or the lifespan of the hydrogen fuel cell system is greatly compromised to achieve freeze-start with external heat sources, thus are not suitable for heavy-duty trucks. We have also completed the adaptive development of the hydrogen fuel cell system in the 5,500-meter plateau environment. These achievements have enabled hydrogen fuel cell vehicles equipped with our hydrogen fuel cell systems operating in a wide range of regions to meet the customers' needs.

- ***Low hydrogen consumption***: We have designed a cathode pressure closed-loop decoupling control strategy based on the oxygen excess coefficient estimation algorithm. Additionally, we have established a water balance model for fuel cell stack. By employing high-frequency impedance measurement technology, we have achieved real-time observation of fuel cell stack humidity. Through the combination of real-time humidity observation, the cathode closed-loop decoupling strategy, and a dynamic water temperature prediction model, we have achieved dynamic adaptive optimal control of fuel cell stack operating conditions. By applying these technologies in heavy-duty trucks, under operational conditions, the average working efficiency of the vehicles exceed 50%, and the power variable load rates exceed 35kW/sec. Meanwhile, we can optimize vehicle energy management by utilizing optimal equivalent energy consumption and dynamic programming methods jointly. For instance, hydrogen consumption of a 6x4 heavy-duty tractor under full capacity and high-speed working condition is lower than 10kg/100km, which is 10%~20% lower than the average hydrogen consumption of other heavy-duty trucks.

- ***High efficiency with reduced costs***: our proprietary PEM water electrolysis hydrogen production system is able to operate effectively at high current densities (around 1.5A/cm^2), variable power levels (around 5% to 130%), wide range of temperature and altitudes, with high electrolysis efficiency (around 80%), therefore it pairs well with renewable energies. Our PEM water electrolysis hydrogen production system reduces overall energy consumption by approximately 10% as compared with other hydrogen production system in the market. The PEM electrolysis method is adaptive to various renewable energy sources, and high efficiency feature helps reduce hydrogen generation costs.

Commercially viable application in heavy-duty trucks in low-price hydrogen market in non-demonstration cities

In observing that the hydrogen fuel cell industry in China is currently in a transitioning period from a policy-driven industry to a market-driven one, we have taken proactive measures to promote application of our products from demonstration cities in China to non-demonstration cities. As of the Latest Practicable Date, we had successfully distinguished ourselves from other industry peers by our strong track record of achieving sustainable growth in non-demonstration cities. We attribute our success to the following factors, including, (i) products featuring of great reliability, long lifespan, environmental adaptability, which combined with our ability to offer comprehensive after-sales services and technical support, enable adaption to vehicles carrying heavy loads and working under complicated conditions; (ii) high power generation efficiency and low hydrogen consumption, which help reduce associated costs in heavy-load and long distance transportation scenarios; and (iii) our ability to continuously drive down production costs of our fuel cell systems, as we are able to develop and produce greater variety of components, and source high-quality raw materials and components locally.

Capitalizing on our established brand reputation in demonstration city clusters in China, we are well-positioned to attract and engage new customers in non-demonstration cities. During the Track Record Period, while continuously enhancing our customer base and loyalty in demonstration cities, we have successfully distinguished us from industry peers by promoting applications of hydrogen fuel cell systems to heavy-duty trucks operating in non-demonstration cities in China. Our revenue derived from non-demonstration cities in China increased from approximately RMB89.7 million in 2021 to approximately RMB110.8 million in 2022 and further increased significantly to RMB213.3 million in 2023. We believe we are able to benefit from the industry transitioning and continue to enhance our position while market keeps evolving.

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

Extensive and expanding global presence evidenced by international business network and numerous international certifications

Driven by various factors, the global hydrogen production and global hydrogen fuel cell market are expecting continuous growth in the future. For more information, see "Industry Overview" in this prospectus. In observing the industrial trend, we are not only committed to developing hydrogen fuel cell systems and hydrogen production systems domestically, but also attaching great importance to the globalization of our business since our establishment. We are the first enterprise in hydrogen fuel cell industry in China that realized commercialization of proprietary hydrogen fuel cell systems abroad. We strive to establish in-depth partnerships with internationally renowned commercial vehicle manufacturers and component suppliers ahead of our competitors, integrate upstream and downstream resources. We believe this advantage enables us to gain more market opportunities in the subsequent rapid development of global hydrogen industry than other market players.

Specifically, we have started business collaborations with renowned enterprises in fuel cell industry overseas since 2017, including internationally renowned upstream suppliers and downstream manufacturers. By collaborating with internationally renowned upstream suppliers, we are able to continuously enhance product quality and performance. Additionally, attributable to our position in the hydrogen industry, well-established reputation, proprietary technologies and know-how, and robust product portfolio, we have also actively explored cooperation opportunities with downstream manufacturers of fuel cell vehicles. For example, we provide material, product and technical support for the research and development of fuel cell vehicles for internationally renowned commercial vehicle manufacturers and automotive part manufacturers, such as Mitsubishi Fuso Truck and Bus Corporation ("Mitsubishi Fosu") in Japan, and Schaeffler Group in Germany. Since 2019, we had collaborated with Mitsubishi Fuso to develop hydrogen fuel cell trucks, namely, FUSO Vision F-CELL, which truck is able to achieve zero pollution and a maximum of 300 kilometers' running with less than ten minutes' refueling, where we had provided hydrogen fuel cell products, as well as engineering and technical services, such as early-stage vehicle layout, power system configuration, vehicle integration, and truck loading and debugging. In April 2024, we entered into sales contract with certain customer in Korea, achieving our first overseas bulk sale, with contract price exceeding RMB30.0 million. In June 2024, Hong Kong government launched hydrogen-powered street-washing vehicles jointly developed by us and Yutong Group, which will be put into operation in near future. In June 2024, the Hong Kong Vocational Training Council and us signed a Memorandum of Understanding to explore opportunities for cooperation in the field of hydrogen energy. During the Track Record Period, our revenue derived from foreign countries or regions increased from RMB5.5 million in 2021, to RMB8.6 million in 2022, and further increased to RMB23.2 million in 2023.

Furthermore, we obtained the first fuel cell system and fuel cell stack performance assessment certificate issued by TÜV Rheinland globally. We also received the RDW initial assessment and EMC certification for our Prisma Series products, supported by TÜV NORD, evidencing that our products have reached EU standards in terms of conformity of production management and fuel cell product technical requirements. This is also the first time that TÜV NORD has conducted a series of rigorous audits and assessments on a PRC fuel cell company globally. Such endorsement helps increase the recognition of our products among international fuel cell commercial vehicle manufacturers, laying a solid foundation for further international cooperation.

We have established a research and development base of fuel cell stacks and key components in Vancouver, Canada, which benefits from both domestic and international resources and advantages, as well as hydrogen technologies and management experience in foreign countries. Meanwhile, we have a subsidiary in Stuttgart, Germany, which provides product and technical demonstrations and support for our customers, suppliers, and potential business partners in Europe. Our global presence and connections enable us to keep up with or even surpassing the international technologies in hydrogen industry, and stay informed of the latest customer demands in hydrogen industry, forming a differentiated competitive advantage against our competitors in the hydrogen industry. We have also established business relationship with commercial vehicle manufacturers and upstream suppliers in the United States, Germany, Switzerland, Japan, Italy, etc. We believe that in the coming years, with the development of the international hydrogen technology market, we will shine in the global hydrogen energy market.

Proven ability to satisfy various power demands with rich hydrogen related product matrix and comprehensive applications

Leveraging our strong technological and research and development capabilities in hydrogen industry during the Track Record Period, we provided and sold various hydrogen fuel cell systems and components, professional and customized hydrogen fuel cell technology solution services, and hydrogen production systems and components, catering to the specific needs of our customers.

Our products have been widely applied in the diversified markets amid the current and future hydrogen industry market opportunities to set ourselves apart from our competitors. We have been closely cooperated with our existing downstream customers and partners to develop new models and products suitable to the evolving hydrogen fuel cell industry in China while reaching out to potential customers for new collaboration opportunities. For our fuel cell systems, in addition to commercial vehicle applications, we have expanded our reach in power generation stations, construction machinery, off-grid charging equipment, rail transportation, and other new application scenarios, which also helps to drive downstream consumption of green hydrogen. Furthermore, for hydrogen production systems, we are actively exploring commercial application scenarios. To be specific:

- ***Commercial vehicles***: Our fuel cell systems were widely used in commercial vehicles, such as heavy-duty trucks, buses, in both demonstration city clusters and non-demonstration cities. Our customers include renowned enterprises in hydrogen fuel cell industry in China and abroad, such as Yutong Group (宇通), FAW Jiefang (一汽解放) in China, Toyota Motor in Japan and Schaeffler Group in Germany.

- ***Construction machinery***: Construction machinery, such as forklifts, cranes, and tractors, also serve as important downstream applications for fuel cell systems. In particular, hydrogen fuel cell forklifts are gaining popularity increasingly in recent years, as customers in the industry are expecting forklifts to conduct intensive work for long hours with minimized environmental pollution. To name a few, we cooperated with Hangcha (杭叉), Sany Group (三一集团) and Caterpillar for construction machinery. For example, in 2022, Hangcha (杭叉) entered into an cooperation agreement with us for the development of hydrogen fuel cell forklifts. In 2022, we delivered several units of hydrogen fuel cell systems to Hangcha (杭叉) for its manufacturing of hydrogen fuel cell forklifts.

- ***Power generation stations***: We have been actively exploring hydrogen fuel cell system applications in the field of power generation, which requires high efficiency, cost-effectiveness, reliability, and durability of hydrogen fuel cell systems. For example, in 2022, we started to jointly develop megawatt-class hydrogen fuel cell power generation station with CHINT (正泰集團), which power generation station applies our fuel cell technologies and electrical solutions from CHINT (正泰集團), and can be used in a variety of scenarios, including but not limited to wind-solar-hydrogen power generation, CHP, peak cut.

- ***Off-grid charging equipment***: Our hydrogen fuel cell systems are applied to the backup power units, as well as supercharging power generation units of hydrogen refueling stations in various places, such as Shanghai, Jiangsu province, Hubei province, and Shaanxi province, replacing the original diesel generators. Such power units can be used to generate electricity and charge electric cars. In addition, in 2023, in conjunction with the Hong Kong Automotive Platforms and Application Systems R&D Center, we released the first off-grid charging equipment in Hong Kong, which equipment can meet the charging needs of electric private cars, taxis, trucks, minibuses, etc.

- ***Hydrogen production equipment***: Hydrogen production plants and integrated hydrogen production and refueling stations can use our hydrogen production systems to produce hydrogen at low-price. Meanwhile, leveraging the characteristics of high-stability and safety, 24-hour unmanned operation of our hydrogen production systems, industrial facilities, such as electronic semiconductor factories, synthetic diamond facilities, can use our hydrogen production systems to generate hydrogen conveniently when needed, so that they do not need to purchase out-sourced hydrogen from others.

Seasoned management team, with strong shareholder support

Our senior management team is well versed in the hydrogen industry. They have broad industry knowledge, profound market insights and strong management skills. Our Chairman of the Board, Mr. Lin Qi, has over 19 years of experience in the hydrogen fuel cell industry, and has been guiding our strategic direction ever since our inception in 2015. Other core members of our management team are experts in different aspects such as technology research and development, finance and market operations. Certain members of our senior management hold doctoral degrees. Our senior management team has been highly stable and working together for over eight years.

We also believe our success is built on the collective efforts and achievements of our employees, and we are committed to rewarding them for their contributions and to recognizing their performance. To that end, we have devised a multi-tier long-term incentive mechanism primarily based on share incentives. We have also digitalized our human resource management system for digital performance recording, and internal review and evaluation. Transparent corporate governance, and adaptive values and ideas are the cornerstones of our continuous growth.

We are grateful for the trust and support of our shareholders, who share similar strategic layout or industrial insights with us, have been instrumental in our growth and success. We believe that our shareholders' global customer base, reputation and brand recognition have contributed and will continue to contribute to our expansion strategy. Sinopec Capital, established by China Petrochemical Corporation and China Petroleum & Chemical Corporation, with an aim to make strategic investment on emerging industries such as new energy, energy conservation and environmental protection, has made strategic investment in us, and has provided invaluable guidance for our value creation strategy and sustainable growth. In addition, commercial vehicle manufacturers globally, such as Yutong Group (宇通), and FAW Jiefang (一汽解放), which have been committed to the development of fuel cell vehicles, have also made strategic investments on us. Toyota Tsusho, is not only a strategic investor to us, but also an important business partner to us in terms of supply chain and market expansion. Furthermore, renowned investment institutions, such as Gao Ling Yurun, National Manufacturing Fund, HongShan Hanchen, have made investments in us. For more information, see "History, Development and Corporate Structure — Establishment and Development of Our Company" in this prospectus. Through close collaboration and alliance with such downstream manufacturers, we are able to create incremental value for our core business and enhance the reliable and integrated industry chain layout.

OUR STRATEGIES

To establish a profitable and sustainable business covering the entire industrial chain in hydrogen industry, we intend to reinforce our position as a hydrogen technology company in China and expand our businesses by broaden the application scenarios of our product portfolio, and entering into new markets in overseas countries. We intend to adopt the following strategies to achieve our goals:

Further expand our customer base and footprint nationally and internationally

We plan to acquire additional customers, and build a more diversified and stable customer base in more regions in both domestic and overseas market, by:

- ***Establish more cooperation in key cities***: We will continuously improve our product reliability and cost-effectiveness in line with favorable hydrogen industry related policies in major fuel cell vehicle demonstration city clusters, led by Beijing, Shanghai, Foshan, Zhengzhou and Zhangjiakou. Leveraging our role in Shanghai Hydrogen fuel cell Vehicle Demonstration and Application Consortium (上海市燃料電池汽車示範應用聯合體), we aim to establish more stable cooperative relationship with upstream and downstream enterprises, and to maintain our position in local hydrogen market in Shanghai and Henan city clusters. Meanwhile, we will increase penetration of our products in the demonstration city clusters of Shanghai and Henan province.

- ***Penetrate into low-price hydrogen market***: At present, the hydrogen fuel cell industry is gradually expanding from a few demonstration cities aided by national favorable policies to a wider geographical area, including cities without hydrogen energy-related policy support. We aim to further penetrate into regions with rich industrial by-product hydrogen resources, such as the western region of China, such as Shanxi province and Shaanxi province. By incorporating our high-power and low hydrogen consumption hydrogen fuel cell systems in heavy-duty trucks, the abundant by-product hydrogen resources in such regions can be fully utilized in heavy-duty truck transportation scenarios on the one hand; the operation costs of heavy-duty trucks in the transportation of bulk materials, such as coke, steel, and chlor-alkali, can be significantly reduced by utilizing such by-product hydrogen, which is generally lower than other hydrogen resources and fossil fuel resources, therefore achieving commercially viable application of hydrogen fuel cell systems in such regions, without relying on favorable policies.

- ***Promote hydrogen production products***: In regions with rich renewable energy resources, we will actively participate in low-carbon hydrogen generation projects, in which, electricity generated from renewable energy will be used to produce hydrogen. Such projects, on the one hand, help increase renewable energy consumption in local markets, on the other hand, help produce hydrogen with competitive price. Through such projects, we aim to increase sales of our products, such as electrolyzed water hydrogen production systems and components, and to expand hydrogen application scenarios to heavy-duty trucks, hydrogen energy storage, power generation, etc.

- ***Accelerate global expansion***: We will actively extend our footprint to broader overseas market, such as European, the Middle East and Southeastern Asia countries, and other regions, through building our global branding by strengthening our front-end sales network, and driving customer growth through proactive marketing. Leveraging our subsidiaries in overseas countries, such as REFIRE Europe GmbH in Stuttgart, Germany, R&D base in Vancouver, Canada, we aim to develop products that cater to the local markets and customer preferences, so as to enhance our localized design capabilities and competitiveness.

Further advance the R&D of hydrogen fuel cell systems, hydrogen production systems and other products to improve product performance, competitiveness and cost-efficiency

We will continue to conduct R&D and the testing activities to improve our products' durability, reliability, efficiency, safety and cost-effectiveness, while enhancing research and development efficiency. To develop the next generation of our hydrogen fuel cell systems, we aim to further extend the lifespan of the systems, lower the production costs and lower the hydrogen consumption, so as to build our differentiated technical advantages against market competitors, to substantially improve our product performance with lower technology development costs.

In addition, we will enhance our collaboration with material suppliers, continue to source high-quality raw materials and components locally, so as to reduce product development and production costs, while maintaining the performance and durability of the products.

For PEM related products, we aim to continue to reduce development costs of electrolysis cells, electrodes, and PEM hydrogen production and also improved their performance and reliability by utilizing our proprietary production technologies of electrolysis cells and MEAs. Meanwhile, through proprietary control system, such products will be properly applied in hydrogen production scenarios utilizing renewable energy. For ALK related products, we will continue to independently design and develop electrodes to improve the performance of ALK electrolysis hydrogen production systems, and independently design and develop hydrogen power supplies to help control the high volatility of hydrogen generated from large-scale ALK electrolyzed water hydrogen production system, and related impact on power grids.

We intend to leverage our years of experience in the hydrogen fuel cell system industry and our understanding of the downstream market to improve our R&D capabilities. To further commercialize our hydrogen fuel cell related researches, we plan to collaborate with industrial, educational and research institutions and further build our competitive strengths. In addition to our strong R&D force in Vancouver, Canada, we also intend to further explore overseas R&D opportunities to develop key raw materials for our fuel cell stacks.

Expand the production capacity to meet the growing market demand

As an industry leader in China, we plan to expand our production capacity nationwide in line with the hydrogen industry development policies, plans and market demand in different regions. Considering (i) the PRC government's favorable policies supporting the hydrogen industry; (ii) Frost & Sullivan's estimate regarding the increasing future demand for hydrogen; (iii) utilization of existing production facilities; (iv) the need to maintain our competitive advantage in scaled production; and (v) the current and future development of hydrogen production related products, as well as our strategic plan to devote efforts in such field, we plan to (i) expand our production facilities for fuel cell stacks and MEAs; (ii) upgrade our existing production facilities for bipolar plates; and (iii) build new production line for hydrogen production systems and components.

After the expansion, our maximum annual production capacity of fuel cell stacks is expected to reach 20,000 units, and our maximum annual production capacity of MEAs is expected to reach six million pieces, respectively. We plan to enhance the production capability of proprietary PEM water electrolysis hydrogen production systems and ALK electrolysis products and hydrogen production power sources. For more information, see "Future Plans and Use of Proceeds" in this prospectus.

Actively venture into supply chains of the industry and enhance industry-wide synergies

We have established a solid commercial presence in the field of hydrogen technology, which includes hydrogen production systems, hydrogen fuel cell systems, and their related key components. We plan to venture into other areas in the industry with high growth potential or can create synergies with us, including but not limited to upstream business segments of hydrogen industry, such as hydrogen production, hydrogen storage, hydrogen transportation and hydrogen refueling, and supply chains of hydrogen fuel cell systems, such as fuel cell components and parts. By exploring more areas in the industry chain and production chain, we can achieve vertical integration, which enhances our control over multiple stages of the green energy solution, or production process, allowing us to effectively reduce production costs, improve product performance and stability by streamlining operations and reducing dependencies on external suppliers. In addition, exploring more areas in the industry chain and production chain allows us to broaden our customer bases and increase market penetration. Furthermore, venturing into different segments of the industry chain and production chain provides us with the opportunities to develop expertise in various technologies and processes. Such knowledge and experience can be leveraged to enhance our existing products and develop suitable solutions. It also strengthens our competitive advantage by positioning us as a comprehensive solution provider in the hydrogen industry.

As of the Latest Practicable Date, we had made strategic investments in 28 investee companies in which we hold equity stakes ranging from approximately 1.52% to 49.00%. Such investee companies are either industry players in the new or renewable energy (including hydrogen energy) and related industries or investment holding companies with portfolio companies in such industries. During the Track Record Period, we entered into transactions with certain investee companies during the ordinary course of business under normal commercial terms and on arm's length basis, primarily for sales of our products (such as fuel cells, fuel cell systems and related components), purchases of raw materials and components for our R&D and production (such as hydrogen gas, fuel cell stacks and membrane electrodes), subscription of data management services for our R&D and quality assurance, and leases of our land for hydrogen refueling stations. All transactions with such investee companies were related party transactions. For details, see "Financial Information — Related Party Transactions" in this prospectus.

In particular, in terms of upstream business segments of hydrogen industry, we have strategically invested in Shanghai Hyfun Energy Technology Ltd. (上海氫楓能源技術有限公司), a PRC company that have developed high-density, high-safety magnesium-based solid-state hydrogen storage technologies, and rich experience in building hydrogen refueling stations. We have also invested in Shaanxi HydroTransformer Energy Technology Co., Ltd. (陝西氫易能源科技有限公司) that focuses on LOHC technologies. In the future we will continue to explore opportunities to make strategic investment in suitable companies in the industry chain and also devote ourselves to in-house research and development.

Further, in terms of supply chains of hydrogen fuel cell systems, we will focus on raw materials and key components, through cooperative development, strategic investments and in-house research and development. For instance, we have developed fuel cell systems incorporating fuel cell stacks with metal bipolar plates provided by Toyota. We will also cooperate with domestic manufacturers for product calibration and related testing and assessment, and further reduce the cost of producing our products.

As of the Latest Practicable Date, we had not identified any other definite target for cooperation, or investment.

Continue to attract and cultivate professional talents, improve team building, management and operation efficiency

We adhere to our talent development strategy and have assembled a team of top talents in management, research and development, and production teams. We plan to continue to attract and hire more professional and talents in hydrogen industry, as well as improve our personnel training and talent acquisition through collaborations with domestic universities to further enhance our position in the industry. Especially, with respect to research and development, we will continue to attract qualified research and development talents in the field of hydrogen industry. At the same time, we will further strengthen our employee training mechanism to cultivate trained personnel for research and development of hydrogen technology, which in turn help improve our overall management and operation efficiency. We plan to attract and recruit more personnel among referrals from our employees, upstream and downstream partners and industrial experts, as well as through internet recruitment. Furthermore, we will continue to supplement our internal staff training by, for instance, periodically holding lectures, seminars and training sessions jointly with industrial experts. Through technical skills training, corporate culture and core values training, combined with more attractive compensation schemes, we plan to comprehensively train and retain talents to realize their full potential.

Through the recruitment and training of talents, we will be able to comprehensively strengthen our corporate governance, management and operation, thereby effectively consolidating and enhancing our competitiveness in the industry.

OUR BUSINESS

During the Track Record Period, we primarily engaged in research and development, production and sales of hydrogen fuel cell systems and components. Apart from our sales activities, we also provided clients with comprehensive fuel cell engineering and technical services catering to their specific engineering needs in developing and producing hydrogen fuel cell products. In addition, since 2022, we commenced research and development, production and sales of hydrogen production systems and components, and are committed to devote more efforts in this segment in the future. According to Frost & Sullivan, we ranked the first in the hydrogen fuel cell system market in China, in terms of the sales power output of hydrogen fuel cell systems in 2023, with a market share of 23.8%. We ranked the first in the hydrogen fuel cell system market in China, in terms of the total sales power output of hydrogen fuel cell systems that have been used for heavy-duty trucks in 2023, with a market share of 42.4%. Up to May 31, 2024, accumulated mileage operated by fuel cell vehicles powered by fuel cell systems we sold amounted to around 210 million kilometers.

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

	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*	%
Sales of hydrogen fuel cell systems and components										
– Hydrogen fuel cell systems	452,725	86.4	423,265	70.0	637,176	71.2	52,996	60.2	7,091	56.6
– Components[1]	61,017	11.6	150,297	24.9	220,082	24.6	32,700	37.1	1,897	15.1
Subtotal	**513,742**	**98.0**	**573,562**	**94.9**	**857,258**	**95.8**	**85,696**	**97.3**	**8,987**	**71.8**

	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*	*%*
Provision of fuel cell engineering and technical services .	7,251	1.4	26,473	4.4	23,444	2.6	–	–	966	7.7
Sales of hydrogen production systems and related components.	–	–	–	–	7,681	0.9	–	–	–	–
Others[2].	3,116	0.6	4,613	0.8	6,895	0.8	2,372	2.7	2,568	20.5
Total revenue	**524,109**	**100.0**	**604,648**	**100.0**	**895,278**	**100.0**	**88,068**	**100.0**	**12,521**	**100.0**

Notes:

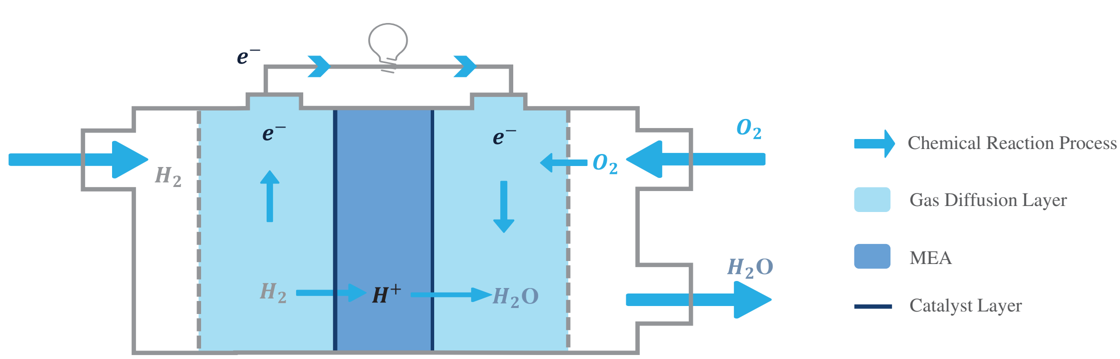
(1) Components mainly included hydrogen supply systems, fuel cell engine accessories, energy storage systems and others for fuel cell vehicles, and DC-to-DC boost converters, hydrogen circulation systems and others for fuel cell systems.

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

Hydrogen Fuel Cell Systems and Components Business Segment

Hydrogen Fuel Cell Systems

A hydrogen fuel cell system is a power generation device that converts chemical energy into electricity without combustion and producing water and thermal energy as by-product. Compared to an internal combustion engine, a hydrogen fuel cell system is also quiet in operation. In general, a hydrogen fuel cell system produces zero carbon emission and is durable under low temperature, highly efficient and quiet. The diagram below illustrates the operating principles of a hydrogen fuel cell system:



Leveraging our technology capability and strong operation efficiency, we offer and sell various hydrogen fuel cell systems with different rated power, ranging from 32kW to 220 kW. Our hydrogen fuel cell systems are typically equipped with our in-house manufactured fuel cell stacks, as well as some fuel cell stacks procured from third-party suppliers. During the Track Record Period, our hydrogen fuel cell systems were mainly sold to hydrogen fuel cell commercial vehicle manufacturers and some fuel cell stack manufacturers. The end customers of our hydrogen fuel cell systems generally include, among others, bus companies, logistics companies, freight transportation companies, public transportation companies, engineering and construction companies, etc. Applications of our products include: (i) commercial vehicles, such as light, mid and heavy-duty trucks, buses, material handling vehicles, dump trucks, (ii) construction machinery, such as forklifts, and (iii) power generation applications, such as stationary power stations, emergency power supplies and back-up power stations.

We provide customized fuel cell product solutions to our customers, rather than standalone fuel cell systems. In providing such product solutions, where applicable, we will assist customers in determining the right models of equipment and key components they need, as well as provide vehicle performance evaluation, simulation and calibration, and other engineering and technical services. With respect to fuel cell systems offered in such product solutions, as requested by our customers, where applicable, we provide customized hydrogen fuel cell systems equipped with fuel cell stacks provided by the customers.

During the Track Record Period, we sold proprietary hydrogen fuel cell systems, including Caven Series and Prisma Series. Since 2017, we gradually launched Caven Series (Caven 3, Caven 4 and Caven 5). In recent years, with our continued efforts in the development and iteration of hydrogen fuel cell systems, we have successfully launched more series with greater working efficiency, environment adaptability and service life, namely, our Prisma Series (including, P series, E series, S series) from 2020 to 2022, which are all equipped with our in-house developed fuel cell stacks. Attributable to such advancement, the application scenarios of our hydrogen fuel cell systems were greatly expanded from small commercial vehicles to mid to heavy-duty vehicles, power generation stations, and others. Compared with Caven Series, Prisma Series have utilized proprietary and self-produced fuel cell stacks, MEAs and bipolar plates, and have enhanced working efficiency, environmental adaptability, and service life which specifications lead to broader applications in wider geographic regions nationally and internationally. As such, we strategically devoted our marketing and sales efforts to Prisma Series gradually. However, we continue to provide maintenance services and other technical support services and components for customers who already purchased Caven Series products.

During the Track Record Period, to cater to some of our customers' needs, we provided customized fuel cell product solutions to our customers, where we sold customized hydrogen fuel cell systems, which may incorporate fuel cell stacks provided by such customers, and we also provided certain types of subsystems, such as air supply subsystem, hydrogen management subsystem, and cooling subsystem to our customers as requested. The customized fuel cell systems, equipped with fuel cell stacks provided by third party suppliers, are named N series, T series, and H series.

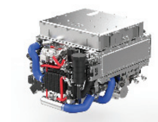
Cost control and reduction is crucial for the overall development of hydrogen fuel cell industry, especially in the transition period from policy-driven to market-driven. According to Frost & Sullivan, fuel cell stack is the key component of the hydrogen fuel cell system, which in general accounts for around 63.0% of the total cost of a fuel cell system. Within a fuel cell stack, MEA and bipolar plate are important, which in general account for around 61.8% and 27.5% of the cost of a fuel cell stack. Outrunning other market players in the hydrogen fuel cell industry, rather than relying on third party suppliers, we have achieved self-development and production of fuel cell stacks, MEAs, and bipolar plates.

Since our inception, we have been committed to the research and development of fuel cell stacks. As the key component of the hydrogen fuel cell system, a fuel cell stack is formed by stacking multiple hydrogen fuel cells in series, and each single cell is composed of bipolar plates and a MEA. Benefited from our high-temperature resistance technology, low-temperature and non-destructive design, freeze-start technology for fuel cell stacks, and highly-automated production technology for fuel cell stacks, as of May 31, 2024, we had three series of fuel cell stacks, namely, Polaris series, Electra series and Sirius series. Our Prisma series hydrogen fuel cell systems are equipped with our proprietary fuel cell stacks.

Membrane electrode assembly, or MEA, is a key component of a fuel cell stack where electrochemical reaction takes place. As a key component for fuel cell stacks, the functionality, performance and lifespan of the MEAs have great impact on the performance, and lifespan of the fuel cell stacks, which in turn have great impact on the performance and the production costs of the hydrogen fuel cell systems. Benefited from our design and manufacture technologies of long-lifespan, high-temperature resistance and high-consistency for MEAs, our proprietary and self-manufactured MEAs has high power density (>1.32W/cm^2), long estimated lifespan (>30,000hours), low freeze-start temperature (-30°C), long anti-reverse polarity duration (>3hours), high uniformity coating with high platinum loading CPK over 1.67, high coating size control accuracy with CCM wide-width CPK over 1.67, and high defect automatic classification accuracy (>99%).

Bipolar plate, another key component of the fuel cell stack that we produce, is the electrical connections between cells. As the raw material for hydrogen fuel cell bipolar plates, graphite material is stable. Compared to metal, it has advantages in corrosion resistance, and can withstand high temperature and high pressure environments.

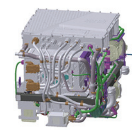
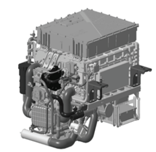
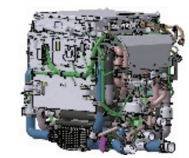
The table below sets details of our major hydrogen fuel cell systems categorized by the source of fuel cell stack incorporated during the Track Record Period:

Prisma Series	P Series	E Series	S Series
Models	Prisma 6, Prisma 8, Prisma 11	Prisma 12+	Prisma 8, Prisma 12+, Prisma 18, Prisma 22
Illustrations			
Types of proprietary and self-manufactured key components[(1)] equipped in the hydrogen fuel cell systems	Fuel cell stacks	Fuel cell stacks, MEAs	Fuel cell stacks, MEAs, bipolar plates
Fuel cell stacks used	Polaris series	Electra series	Sirius series
Key specifications			
Rated power	63kW-110kW	120kW-130kW	80kW-220kW
Power density under rated power	400W/kg-541W/kg	556W/kg-702W/kg	487W/kg-815W/kg
Freeze-start temperature		-30°C	
High-temperature operating capability	85°C	90°C	95°C
Applications	Light, mid, and heavy duty vehicles	Heavy duty vehicles, power generation stations	Mid and heavy duty vehicles, power generation stations, construction machinery
Commencement of production[(2)]	2020	2021	2023

Notes:

(1) key components here include: fuel cell stacks, MEAs, bipolar plates.

(2) represent the year from which the respective products were started to produce.

Customized fuel cell systems	T Series	H Series	N Series
Illustrations			
Key specifications			
Rated power	80kW-110kW	110kW-135kW	80kW-160kW
Power density under rated power	390W/kg-498W/kg	431W/kg-466W/kg	363W/kg-503W/kg
Freeze-start temperature		-30˚C	
High-temperature operating capability	80˚C	80˚C	85˚C
Applications		Light, mid, and heavy duty vehicles	
Commencement of production[(1)]	2022	2020	2021

Note: represent the year from which the respective products were started to produce.

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

	Year Ended December 31,						Five Months Ended May 31,	
	2021		2022		2023		2024	
	(units)	%	*(units)*	%	*(units)*	%	*(units)*	%
Sales volume of fuel cell systems equipped with fuel cell stacks provided by:								
– our Group	639	55.8	790	63.4	1,234	64.9	11	84.6
– third party suppliers	507	44.2	456	36.6	668	35.1	2	15.4
Total	**1,146**	**100.0**	**1,246**	**100.0**	**1,902**	**100.0**	**13**	**100.0**

	Year Ended December 31,						Five Months Ended May 31,	
	2021		2022		2023		2024	
	(kW)	%	*(kW)*	%	*(kW)*	%	*(kW)*	%
Sales power output of fuel cell systems equipped with fuel cell stacks provided by:								
– our Group	69,155	59.8	82,958	62.5	158,916	65.6	943	85.5
– third party suppliers	46,438	40.2	49,757	37.5	83,410	34.4	160	14.5
Total	**115,593**	**100.0**	**132,715**	**100.0**	**242,326**	**100.0**	**1,103**	**100.0**

	Year Ended December 31,						Five Months Ended May 31,	
	2021		2022		2023		2024	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%	*RMB'000*	%
Revenue of fuel cell systems equipped with fuel cell stacks provided by:								
– our Group	320,563	70.8	308,565	72.9	473,893	74.4	6,285	88.6
– third party suppliers	132,163	29.2	114,701	27.1	163,283	25.6	806	11.4
Total	**452,725**	**100.0**	**423,265**	**100.0**	**637,176**	**100.0**	**7,091**	**100.0**

	Year Ended December 31,						Five Months Ended May 31,	
	2021		2022		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Revenue of fuel cell systems sold to customers in:								
Mainland China								
– fuel cell vehicle demonstration city clusters[1]	357,853	79.0	305,046	72.1	407,527	64.0	–	–
– others[2]	89,715	19.8	110,839	26.2	213,275	33.5	6,285	88.6
Overseas[3]	5,158	1.1	7,380	1.7	16,374	2.6	806	11.4
Total	**452,725**	**100.0**	**423,265**	**100.0**	**637,176**	**100.0**	**7,091**	**100.0**

	Year Ended December 31,						Five Months Ended May 31,	
	2021		2022		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Revenue of fuel cell systems attributable to:								
– policy-driven projects[5]	357,853	79.0	305,046	72.1	407,527	64.0	–	–
– market-driven projects[6]	94,872	21.0	118,219	27.9	229,649	36.0	7,091	100.0
Total	**452,725**	**100.0**	**423,265**	**100.0**	**637,176**	**100.0**	**7,091**	**100.0**

	Year Ended December 31,						Five Months Ended May 31,	
	2021		2022		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Revenue of fuel cell systems to be equipped in:								
– Heavy-duty trucks	278,951	61.6	290,887	68.7	549,633	86.3	1,497	21.1
– other vehicles	171,716	37.9	127,040	30.0	64,269	10.1	5,151	72.6
– equipment and other machinery[4]	2,058	0.5	5,338	1.3	23,274	3.7	442	6.2
Total	**452,725**	**100.0**	**423,265**	**100.0**	**637,176**	**100.0**	**7,091**	**100.0**

	Year Ended December 31,			Five Months Ended May 31,
	2021	2022	2023	2024
	RMB per kW	*RMB per kW*	*RMB per kW*	*RMB per kW*
Average selling prices of fuel cell systems equipped with fuel cell stacks provided by:				
– our Group	4,635	3,720	2,982	6,665
– third party suppliers	2,846	2,305	1,958	5,038
Overall	**3,917**	**3,189**	**2,629**	**6,429**

Notes:

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

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

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

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

(5) policy-driven project means project or sales activity with governmental subsidies or governmental incentives.

(6) Market-driven project means project or sales activity without governmental subsidies or governmental incentives in China and abroad.

Components

During the Track Record Period, we self-developed and produced various types of Components for Fuel Cell Systems, which were incorporated into our hydrogen fuel cell systems sold to customers, including but not limited to fuel cell stacks, MEAs, bipolar plates, DC-to-DC boost converters, hydrogen circulation systems, etc. We sold stand-alone fuel cell stacks and DC-to-DC boost converters to our customers. Leveraging our proven-track record in hydrogen fuel cell industry, robust technologies and know-how in hydrogen fuel cell system, and well established business relationship with upstream suppliers, we provide customized fuel cell product solutions to our customers. In providing such product solutions, in addition to fuel cell systems, we provided Components for Fuel Cell Vehicles out-sourced from our suppliers, such as hydrogen supply systems, fuel cell engine accessories, energy storage systems, to our customers, aiding our customers in optimizing fuel cell applications within their specific end-use scenarios. If needed, we would provide technical support to our customers as well.

Fuel Cell Engineering and Technical Services

Attributable to our comprehensive engineering and technical knowledge and know-how in hydrogen fuel cell systems and components, to cater to our customers' needs, we provide services to support our customers in their research and development programs in relation to the design of hydrogen fuel cell systems, calibration and related assessment, power system and cooling solutions, and other engineering and technical support.

Customers of fuel cell engineering and technical services are often commercial vehicle manufacturers. These manufacturers intend to promote their component products by offering fully integrated vehicle engines encompassing their manufactured components to their downstream customers. However, as these manufacturers lack the expertise to integrate the components into engines, they sometimes contact us to provide related services. Such fuel cell solution services typically include technical consulting, system integration, performance testing and other customized engineering solutions.

The prices for fuel cell engineering and technical services vary depending on the scope, duration and complexity of the services, which usually include product development fees, and material fees.

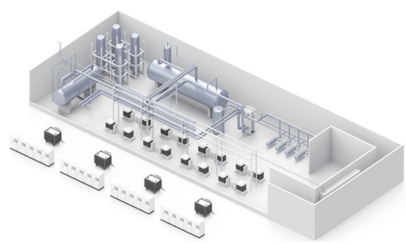
We believe these fuel cell solution services have synergies and are closely related to our other sales business segments. Our proven track record in the hydrogen technology industry, and strong research and production capabilities, have laid a solid foundation for our good reputation in the industry, making customers trust our technology and service capabilities and willing to let us provide product design and other related services. In turn, we provide high-quality design and other services to customers, which may also involve the use of self-researched and produced components or subassemblies, thereby driving the sales of our related products.

Hydrogen Production Systems and Related Components

Since 2022, we started our research and development of hydrogen production system and related components, which will be used to generate hydrogen from water, that can be used in different industries, such as electronic semiconductor industry, hydrogen refueling stations, power plants, powder metallurgy industry, petrochemical industry, and etc. Since August 2023, we have launched proton-exchange membrane (PEM) water electrolysis hydrogen production systems, PEM water electrolysis cells, PEM hydrogen production MEAs, hydrogen production power sources, and electrodes for ALK electrolysis. In 2021, 2022 and 2023, revenue derived from the sales of hydrogen production systems and related components amounted to nil, nil and RMB7.7 million. For more information, see "Financial Information — Description of Selected Components of Consolidated Statements of Profit or Loss — Revenue" in this prospectus.

In particular, PEM electrolysis is industrially important as a green source of high-purity hydrogen. The main advantages of our PEM water electrolysis hydrogen production system are the ability to operate effectively at high current densities (around 1.5A/cm^2), variable power levels (around 5% to 130%), wide range of temperature and altitudes, high electrolysis efficiency (around 80%), and that it pairs well with renewable energy. Our PEM water electrolysis hydrogen production system reduces overall energy consumption by approximately 10% as compared with other hydrogen production system in the market. We started to produce PEM water electrolysis hydrogen production system in June 2023, and we entered into a sales agreement of our PEM water electrolysis hydrogen production system in September 2023.

Set forth below are some pictures of our hydrogen production system and key components:



PEM water electrolysis hydrogen production system

Hydrogen production power source

PEM water electrolysis cell

Product Life Cycle

The product life cycle is affected by the pace of technological development and the launch of new products by our competitors. Our hydrogen fuel cell systems generally have a product life cycle ranging from three to four years. The components we sell, mainly including hydrogen supply systems, energy storage systems, fuel cell engine accessories and fuel cell stacks, generally have a product life cycle ranging from two to four years. However, the multi-use nature of our products and the wide range of applications we serve enable them to be utilized in different fields, even as technology advances and products iterate. This allows our products to continue being applied in sectors with relatively less intense competition beyond the mentioned life cycle. For instance, after our fuel cell stacks evolved from the Electra 1.0 series to the Sirius series for utilization in the domestic vehicle market, the Electra 1.0 series found applications in overseas vehicle markets as well as the domestic stationary power generation systems market. It achieved sales in the overseas market and also recorded sales for its use in stationary power generation systems in China during the Track Record Period.

The life cycle of our hydrogen production systems generally ranges from three to four years. Meanwhile, with advancements in technology and changing market demands, older hydrogen production systems may gradually give way to more efficient and cost-effective alternatives. Although retired hydrogen production systems may no longer be used for their original purposes at the end of their life cycle, they can still have other applications and value. For instance, older hydrogen production systems can be extended in their lifespan through upgrades and maintenance or repurposed for applications with lower performance requirements. Additionally, valuable materials in hydrogen production systems, such as catalysts and proton exchange membranes, can be recovered to optimize resource utilization. Furthermore, retired hydrogen production systems can be utilized for educational and research purposes, contributing to the study of water electrolysis for hydrogen production.

OUR PRODUCTION

Our Production Facilities

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

Regarding the production of our PEM hydrogen production systems, which primarily consisted of our self-developed components including hydrogen production power source and PEM water electrolysis cell, we currently assemble the hydrogen production systems manually in our Shanghai Plant. As for our self-developed hydrogen production components, certain components, such as hydrogen production power source, we assemble it with outsourced parts at our production facilities and further integrate such component and its functionalities to seamlessly fit into our PEM hydrogen production systems; and certain other self-developed components, such as PEM water electrolysis cell, we engage third party manufacturer to produce it for us. In addition, we produce the ALK electrodes in-house in a production line located in a leased facility in an industrial park in Changde, Hunan. The production line of ALK electrodes was established in October 2023 and had commenced production in August 2024.

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

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

Location	**Site area**	**Primary products**	**Commencement of Production Date**	**Annual Production Capacity as of May 31, 2024**
	(sq.m.)			
Changshu	Approximately 13,000	Hydrogen fuel cell systems	2020	Approximately 5,000 units
		Fuel cell stacks[(1)]	2024	Approximately 5,184 units
Jiaxing	Approximately 3,000	Bipolar plates	2023	Approximately 400,000 pieces[(2)]
Shanghai	Approximately 3,000	MEAs	2021	Approximately 1,200,000 pieces[(3)]

Notes:

(1). We completed the relocation of the production line of fuel cell stacks from Shanghai Plant to Changshu Plant in February 2024.

(2). The production line of bipolar plates in Jiaxing Plant commenced production in July 2023.

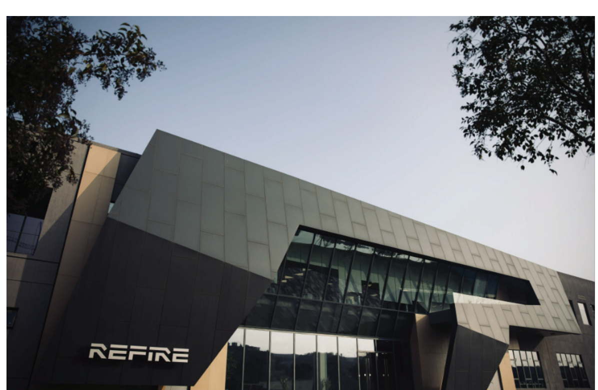
(3). The second production line of MEAs in Shanghai Plant commenced production in July 2023.

Set forth below are some pictures of our plants:

Changshu Plant

Jiaxing Plant

Shanghai Plant



Production and Utilization Rate

The following table sets forth a summary of our production volume, estimated production capacity and utilization rate for our hydrogen fuel cell systems, fuel cell stacks, graphite bipolar plates and MEAs for the periods indicated, respectively:

		Year ended December 31,									Five months ended May 31,		
		2021			2022			2023			2024		
		Production volume	Estimated production capacity[1]	Utilization[2] (%)	Production volume	Estimated production capacity[1]	Utilization[2] (%)	Production volume	Estimated production capacity[1]	Utilization[2] (%)	Production volume	Estimated production capacity[1]	Utilization[2] (%)
Products													
Changshu Plant													
– hydrogen fuel cell systems.	(units)	1,362	5,000	27.2	1,323	5,000	26.5	1,754	5,000	35.1	3	2,080	0.1
– fuel cell stacks[3] . .	(units)	–	–	–	–	–	–	–	–	–	95	1,296	7.3
Jiaxing Plant													
– bipolar plates[4] . . .	(pieces)	–	–	–	–	–	–	198,457	214,440	92.5	92,586	174,000	53.2
Shanghai Plant													
– fuel cell stacks[3] . .	(units)	1,533	5,184	29.6	1,357	5,184	26.2	2,272	5,184	43.8	–	–	–
– MEAs[5]	(pieces)	77,470	86,400	89.7	213,200	432,000	49.4	484,868	820,800	59.1	52,455	492,000	10.7
Changde Production Line													
– ALK electrodes[6] . .	(square meters)	–	–	–	–	–	–	–	50,000 for ALK anodes	–	1,697	50,000 for ALK anodes	3.4
								–	20,000 for ALK cathodes	–	60	20,000 for ALK cathodes	0.3

Notes:

(1). The estimated production capacity is based on the assumption of twelve working hours per shift with two shifts per day and 288 working days per year (288 working days are based on 24 working days per months multiplied by 12 months for the year).

(2). Utilization rate is calculated based on the actual production volume divided by the estimated production capacity.

(3). Between January 2024 and February 2024, we were relocating the production line of fuel cell stacks from Shanghai Plant to Changshu Plant, and therefore recorded nil of the estimated production capacity during such relocation period.

(4). The production line of bipolar plates in Jiaxing Plant commenced production in July 2023.

(5). The second production line of MEAs in Shanghai Plant commenced production in July 2023.

(6). We currently have one production line of ALK electrodes located in a leased facility in an industrial park in Changde, Hunan. Such production line was established in October 2023 and had commenced production in August 2024.

Production Expansion Plan

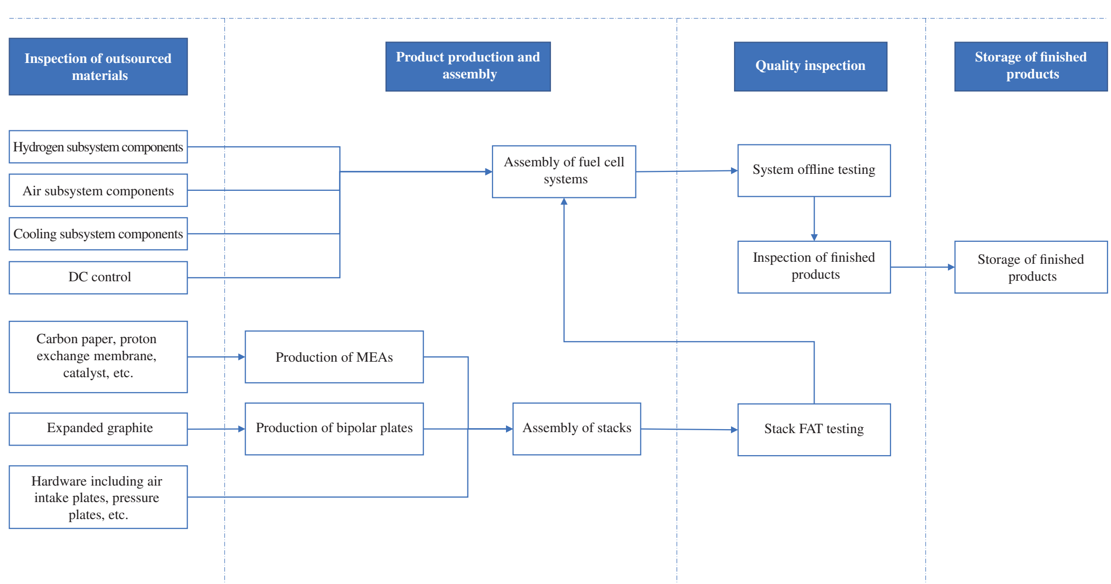
To meet the greater market demand for hydrogen fuel cell systems, we intend to expand our production capacity of hydrogen fuel cell systems and hydrogen production systems. With regard to hydrogen fuel cell systems, we plan to expand our annual production capacity fuel cell stacks to approximately 20,000 units and the annual production capacity of MEAs to six million pieces. We also plan to enhance our production capability of bipolar plates to a designed annual production capacity of approximately three million pieces. In addition, we intend to establish new production facilities to expand the production capability of hydrogen production systems. For details, see "Future Plans and Use of Proceeds" in this prospectus.

Considering (i) the PRC government's favorable policies supporting the fuel cell related industry; (ii) Frost & Sullivan's estimates regarding the increasing future demand for fuel cell vehicles in the next five years; (iii) utilization of existing production facilities; (iv) the need to maintain our competitive advantage in the market; and (v) our business expansion strategies, we believe that it is necessary to expand our production capacity for the hydrogen fuel cell systems and hydrogen production systems. We also believe that we can benefit from the economies of scale based on the size of the operations and scale of production capacity.

Production Process

Our production process is designed to promote high standards of quality while being able to rapidly ramp up production to satisfy customers' needs. Our streamlined and standardized production process, which primarily consisting of four stages including inspection of outsourced materials, product assembly, quality inspection and storage of finished products, utilizes automatic technology and quality control system to ensure production safety, output stability and normative process flow as well as to meet customers' requirements on product quality and timely delivery.

The following chart illustrates the key steps of the production process for our hydrogen fuel cell systems:



We adopt an "on-demand manufacturing" approach for the production of our hydrogen fuel cell systems where we start manufacturing based on customer orders and sales forecasts. The production cycle for our fuel cell stacks is around 15 days. Utilizing finished fuel cell stacks and other materials, the production cycle for our hydrogen fuel cell systems is around eight days. However, the production lead time is subject to the availability and delivery lead time of raw materials such as electrostack catalysts and proton exchange membranes. See "Risk Factors — Risks Relating to Our Business. If we fail to obtain sufficient amounts of raw materials or components in time or that meet our quality standards and/or at commercially acceptable prices, our business, financial condition and results of operations would be materially and adversely affected" in this prospectus.

Production Equipment

We procure our equipment from quality domestic and overseas production equipment suppliers. As the equipment used in our productions were either (i) standard machineries and equipment which are readily available on the market, or (ii) tailor-made equipment produced based on the designs we provided to the manufacturers, and such manufacturers are also widely available, we believe we do not materially rely on any machineries and equipment manufacturers. In addition, with the expansion of our production capability, we have completed the localization process for our material equipment and machinery.

The following table describes our main production equipment as of May 31, 2024:

Name of the equipment	Usage and characteristics of the equipment
Assembly line	Assembly of hydrogen fuel cell systems, conducting automatic grabs and tightening with robots and conducting air tightness test and electrical performance test
EOL testing equipment	Conducting performance and operating condition testing of hydrogen fuel cell systems
Automatic coating line	Primarily used for coating the rolled substrate automatically
Automatic transfer line	Primarily used for transferring the catalyst layer on the release film to PEM by hot pressing
MEFA automatic assembly line	Primarily used for MEFA assembly, automatic loading of PEN&GDL and laser cutting, high-precision dispensing

We regularly carry out inspections and maintenance of our production facility. We have developed and implemented internal procedures at our production facility according to the characteristics and maintenance requirements of the particular equipment and machinery in order to ensure they function properly. For the accounting policies in regard to the depreciation of the machineries and equipment, see "Financial Information — Material Accounting Policies and Estimates — Property, Plant and Equipment and Depreciation" in this prospectus. During the Track Record Period, we did not experience any material or prolonged suspensions of operations due to machinery, equipment or other facility failures.

QUALITY CONTROL

We perform quality control, inspection, testing, identifying defects and irregularities throughout all stages in our production process. Our employees follow our quality control protocols to control and monitor each stage of our operating process, including procurement of components and raw materials, production, and inspection of finished products, to ensure product quality. We have obtained ISO9001:2015 and IATF16949:2016 quality control system certifications. We have established or been establishing our manufacturing execution system (MES), quality management system (QMS) and enterprise resource planning (ERP) system, that help us get deeper and richer manufacturing insights and drive quality and process improvements across the enterprise.

We believe it is important to improve the quality and reliability of our products, and therefore we continue to increase productivity by streamlining our production procedures and increasing the automation level of our production lines, and improving inspection and control measures for materials and components. To this end, our quality control team supervises the operating process to improve the quality and reliability of our products; meanwhile, we also host internal meetings regularly to discuss issues arising from the production process and to formulate tactics for potential improvement.

During the Track Record Period and up to the Latest Practicable Date, there were no product recalls or returns, product liability claims, or customer complaints that materially and adversely affected our business. We normally provide a five-year or 200,000-kilometer limited warranty for our hydrogen fuel cell systems, whichever is reached first as stated in our contracts with the customers. Our warranty policy is usually limited to defects or failures of products that do not satisfy product specifications or fall short of the quality standards agreed with our customers. In case of product failure, we are able to analyze our hydrogen fuel cell systems through remote access and diagnosis, and identify and cure the problems. For further information, see "Financial Information — Description of Selected Components of Consolidated Statements of Profit or Loss — Selling and Marketing Expenses" in this prospectus.

OUR SUPPLIERS

Overview

We select and procure raw materials and key components from third-party suppliers. During the Track Record Period, we have purchased certain raw materials from overseas suppliers. Besides, we have established stable partnership with domestic suppliers. Our partnership with domestic supplier has enabled us to have a stable supply of raw materials at competitive prices, and helped us to ensure our capability to produce and deliver quality products in a timely manner in response to our customers' demand.

We purchased raw materials primarily for the sales of hydrogen fuel cell systems and components. During the Track Record Period, our purchases of raw materials from Mainland China increased continuously, both in absolute amount and as a percentage of our total purchases of raw materials. The following table sets forth a breakdown of our purchases of raw materials by source location for the periods indicated:

	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*	*%*
Overseas[1]	224,923	49.6	165,493	32.1	133,497	22.8	6,578	4.6	5,394	5.5
Mainland China	228,479	50.4	350,776	67.9	453,054	77.2	137,754	95.4	92,903	94.5
Total	**453,402**	**100.0**	**516,268**	**100.0**	**586,551**	**100.0**	**144,332**	**100.0**	**98,296**	**100.0**

Note:

(1) Refer to the purchases of raw materials which are produced overseas.

During the Track Record Period, the prices of major raw materials we purchased from suppliers for our production did not experience any material fluctuations. During the Track Record Period, we did not experience any shortage of raw materials that resulted in interruptions in our production. We believe our stable relationships with our suppliers will continue to ensure an adequate and stable supply of raw materials and manage fluctuations of prices of our raw materials in the future. We did not experience any quality issues with our raw materials during the Track Record Period that materially affected our operations.

During the Track Record Period and as of the Latest Practicable Date, although we procured limited amount of components with core technology from our suppliers, we did not rely on any suppliers for providing such key components.

Major Suppliers

We carefully select our external suppliers and require them to meet certain evaluation and assessment criteria. We take into consideration various factors in our supplier selection process, including price, quality, production capacity, payment terms, and timeliness of delivery. We generally plan our procurement of raw materials based on our production plan, expected sales target as well as market conditions. We generally do not enter into long-term purchase agreements with suppliers except for yearly framework agreements, and place orders on demand. The purchase orders set out details such as the specifications and quality standards of raw materials, quantity, payment obligations, delivery method and termination clauses. In addition, we have not entered into any exclusive supply agreements with our suppliers during the Track Record Period.

Below is a summary of the key terms of typical procurement arrangements that we entered into with our suppliers during the Track Record Period:

Pricing	In line with market practice, prices of raw materials are generally either fixed and specified in the procurement agreement, or adjusted taking into account the then prevailing market price when placing orders.
Delivery arrangements . .	The suppliers are generally responsible for costs of delivery. The suppliers will deliver the goods to the place designated by us, and the risk of loss of the goods shall be borne by the suppliers until acceptance by us.
Payment method and credit terms	We settle our payments with suppliers by way of bank transfer. We are typically offered a credit term of one month to one year.
Inspection	Inspections are normally carried out onsite at our designated place of delivery, and unqualified goods will be returned at the suppliers' expenses.
Confidentiality	We usually set confidentiality clauses in the framework agreements, and the period of confidentiality obligations shall extend for a duration of up to five years from the effective date of the agreements.
Termination	Either party shall be entitled to terminate the agreement when: (i) the other party breaches any of the conditions in the agreement and fails to rectify such breach within 30 days after written notice of the non-breaching party; (ii) the other party has commenced insolvency or other proceedings for bankruptcy; (iii) an application for insolvency proceedings has been filed to against the other party and such application has not been withdrawn or refused within four weeks, (iv) the other party has lost capacity for civil conduct.

Purchase from our five largest suppliers in each year/period during the Track Record Period amounted to RMB268.4 million, RMB214.5 million, RMB220.5 million and RMB53.0 million, which accounted for 29.5%, 27.5%, 23.2% and 20.3% of our total purchase for the respective years/periods. Purchase from the largest supplier in each year/period during the Track Record Period amounted to RMB82.5 million, RMB52.4 million, RMB65.3 million and RMB29.4 million, which accounted for 9.1%, 6.7%, 6.9% and 11.2% of our total purchase for the respective years/periods. The following table sets forth details of our five largest suppliers for the years/periods indicated.

For the five months ended May 31, 2024

Suppliers	Purchase	As a percentage of total purchase amount for the corresponding period	Company background	Year of commence of relationship	Credit term	Payment method	Products purchased by our Group	Registered capital/Issued share capital
	(RMB'000)							
CIMC Hydrogen Energy Technology (Nantong) Co., Ltd. and entities under its control[(1)]	29,401	11.2%	A group of PRC companies principally engages in design and manufacture of special equipment.	2022	Partial prepayment, outstanding balance to be paid after delivery of goods and receipt of VAT invoice within 12-24 months	Bank transfer	Hydrogen supply systems	*See note (1)*
Shanghai YunFei Industrial & Trading Development Co., Ltd	6,455	2.5%	A PRC company principally engaged in sales and production of special instruments.	2017	Within 60 days after receipt of VAT invoice	Bank transfer	Rent and property management	RMB50.0 million
Tanaka Kikinzoku International (Shanghai) Co., Ltd.	6,336	2.4%	A PRC company principally engaged in sales of chemical products.	2019	Prepayments	Bank transfer	Catalyst	USD0.2 million
Supplier E	5,398	2.1%	A PRC company listed on the Shanghai Stock Exchange engaged in research and development, production and sales of professional testing equipment.	2022	30% prepayment, 30% before delivery, 30% after acceptance and 10% for one-year warranty	Bank transfer	10kW fuel cell stack test system, feedback electronic load, etc	RMB80.3 million

Suppliers	Purchase	As a percentage of total purchase amount for the corresponding period	Company background	Year of commence of relationship	Credit term	Payment method	Products purchased by our Group	Registered capital/Issued share capital
	(RMB'000)							
Supplier F	5,393	2.1%	A PRC company engaged in technology research and development, technical consultation, and technical services related to fuel cell system components and parts, as well as the manufacturing and sales of new energy vehicle parts; and the production, processing, and sales of mechanical equipment.	2017	Within 120 days after receipt of VAT invoice and arrival of goods	Bank transfer	Fuel cell thermal management system	RMB50.0 million

For the year ended December 31, 2023

Suppliers	Purchase	As a percentage of total purchase amount for the corresponding period	Company background	Year of commence of Relationship	Credit Term	Payment Method	Products purchased by our Group	Registered capital/Issued share capital
	(RMB'000)							
CIMC Hydrogen Energy Technology (Nantong) Co., Ltd. and entities under its control[1]	65,253	6.9%	A group of PRC companies principally engages in design and manufacture of special equipment.	2022	Partial prepayment, outstanding balance to be paid after delivery of goods and receipt of VAT invoice within 12-24 months	Bank transfer	Hydrogen supply systems	*See note (1)*
Supplier B	55,561	5.8%	A company engages in the R&D, manufacturing and sales of hydrogen energy related equipment.	2017	Partial prepayment, outstanding balance to be paid after arrival of goods and receipt of VAT invoice within 12-24 months	Bank transfer	Hydrogen supply systems	RMB98.7 million
Toyota Tsusho (Shanghai) Co., Ltd.	44,591	4.7%	A PRC company mainly engages in sales of specialized electronic materials, solar thermal power generation equipment, and graphite and carbon products.	2019	Prepayment	Bank transfer	Bipolar plates, graphite plates and optical plates	USD4.0 million

Suppliers	Purchase	As a percentage of total purchase amount for the corresponding period	Company background	Year of commence of Relationship	Credit Term	Payment Method	Products purchased by our Group	Registered capital/Issued share capital
	(RMB'000)							
Supplier C	29,560	3.1%	A company engages in the R&D of emerging energy technologies, manufacturing of new energy power equipment, sales of new energy vehicle accessories, sales of new energy power equipment, software development, blockchain technology related software and services, cloud computing equipment technology services, and retail of automotive parts.	2023	Within 12 month after arrival of goods	Bank transfer	Hydrogen fuel cell stacks, fuel cell voltage inspectors, and related components	RMB80.0 million
Supplier D	25,561	2.7%	A company specializes in the installation, renovation, and repair of special equipment. It also engages in sales of special equipment, station hydrogen refueling and storage facilities; manufacturing and sales of gas and liquid separation and purification equipment, battery manufacturing, battery sales, and other services.	2021	10% of the purchase price after delivery of the purchase order, 45% of the price within 12 months, 40% of the price within 24 months, and 5% of the price within 36 months	Bank transfer	Hydrogen supply systems	RMB104.4 million

For the year ended December 31, 2022

Suppliers	Purchase	As a percentage of total purchase amount for the corresponding period	Company background	Year of commence of Relationship	Credit Term	Payment Method	Products purchased by our Group	Registered capital/Issued share capital
	(RMB'000)							
Toyota Tsusho (Shanghai) Co., Ltd.	52,441	6.7%	A PRC company mainly engages in sales of specialized electronic materials, solar thermal power generation equipment, and graphite and carbon products.	2019	Prepayments	Bank transfer	Bipolar plates, graphite plates and optical plates	USD4.0 million
Tianjin Machinery IMP. & EXP. Corp	50,194	6.4%	A PRC company principally engages in provision of import and export agency services.	2018	Within 30 days after arrival of goods	Bank transfer	Specialized equipment, sensors and humidifiers	RMB51.0 million
CIMC Hydrogen Energy Technology (Nantong) Co., Ltd. and entities under its control[(1)]	47,126	6.1%	A group of PRC companies principally engages in design and manufacture of special equipment.	2022	Partial prepayment, outstanding balance to be paid after delivery of goods and receipt of VAT invoice within 12-24 months	Bank transfer	Hydrogen supply systems	*See note (1)*
Supplier Group A[(2)]	35,353	4.5%	A group of UK companies engages in the development and manufacture of catalysts, catalyst coated membranes (CCM), MEAs and other fuel cell components.	2020	Prepayments and balances are due within 30 days of receipt of an invoice, on the dates and in the amounts specified in the schedule of deliveries	Bank transfer	Membrane electrodes and precious metals	*See note (2)*
Beijing Nowogen Technology Co., Ltd. and entities under its control[(3)]	29,345	3.8%	A group of PRC companies engages in R&D and production of fuel cell stacks, graphite plate and water-cooled fuel cell and the R&D of methanol hydrogen technologies.	2020	Partial payment upon execution of contract, outstanding balance to be paid by installments within 24 months	Bank transfer	Fuel cell stacks	*See note (3)*

For the year ended December 31, 2021

Suppliers	Purchase	As a percentage of total purchase amount for the corresponding period	Company background	Year of commence of Relationship	Credit Term	Payment Method	Products purchased by our Group	Registered capital/Issued share capital
	(RMB'000)							
Supplier Group A[(2)]	82,540	9.1%	A group of UK companies engages in the development and manufacture of catalysts, catalyst coated membranes (CCM), MEA and other fuel cell components.	2020	Prepayments and balances are due within 30 days of receipt of an invoice, on the dates and in the amounts specified in the schedule of deliveries	Bank transfer	Membrane electrodes and precious metals	*See note (2)*
Toyota Tsusho (Shanghai) Co., Ltd.	62,029	6.8%	A PRC company mainly engages in sales of specialized electronic materials, solar thermal power generation equipment, and graphite and carbon products.	2019	Prepayments	Bank transfer	Bipolar plates, graphite plates and optical plates	USD4.0 million
Shanghai H-Rise New Energy Technology Co., Ltd.	47,575	5.2%	A PRC company principally engages in R&D, manufacture and sales of high-power fuel cell stacks, PEM electrolysers, and other components.	2020	Within 30 to 180 days after receipt of VAT invoice	Bank transfer	Fuel cell stacks	RMB17.1 million

Suppliers	Purchase	As a percentage of total purchase amount for the corresponding period	Company background	Year of commence of Relationship	Credit Term	Payment Method	Products purchased by our Group	Registered capital/Issued share capital
	(RMB'000)							
Tianjin Machinery IMP. & EXP. Corp	41,928	4.6%	A PRC company principally engages in provision of import and export agency services.	2018	Within 30 days after arrival of goods	Bank transfer	Specialized equipment, sensors and humidifiers	RMB51.0 million
XecaTurbo Clean Power Rugao Co. and entities under its control(4)	34,293	3.8%	A group of PRC companies engages in system equipment related to power machinery, hydrogen energy, and fuel cells.	2020	Within 60 to 180 days after receipt of VAT invoice	Bank or notes transfer	Air compressor	*See note (4)*

Notes:

(1) Including CIMC Hydrogen Energy Technology (Nantong) Co., Ltd. and Nantong CIMC Energy Equipment Co., Ltd., of which the registered capital are RMB15.0 million and RMB500.0 million, respectively.

(2) In 2021 and 2022, we had transactions with three entities in Supplier Group A, of which the registered capital are £20.6 million, RMB50.0 million and USD30.0 million, respectively.

(3) Including Beijing Nowogen Technology Co., Ltd. and Guangdong Nowogen Technology Co., Ltd., of which the registered capital are RMB55.7 million and RMB10.0 million, respectively.

(4) Including XecaTurbo Clean Power Rugao Co., and XecaTurbo (Shanghai) Energy Technology Co., Ltd. and Guangdong XecaTurbo Power Technology Co., of which the registered capital are RMB100.0 million, RMB5.0 million and RMB30.0 million, respectively.

None of the Directors, their associates or any shareholders holding more than 5% of the Group's issued share capital, to the best knowledge of our Directors, had any interest in the five largest suppliers in each year during the Track Record Period and as of the Latest Practicable Date.

CUSTOMERS, SALES AND PRICING

Major Customers

Our customers mainly comprise commercial vehicle manufacturers located in China. Below is a summary of the key terms of typical sales agreements that we entered into with our customers during the Track Record Period:

Pricing	We specify the price of each product and service provided to customers in the sales agreement, including unit price and total price.
Delivery arrangements . .	We are generally responsible for costs of delivery. We will deliver the goods to the place designated by our customers, and the risk of loss of the goods shall be borne by us until acceptance by our customers.
Credit term	We generally grant credit period to our customers ranging from 20 days to three years according to their credit profile and historical performance.
Inspection	Inspections are normally carried out onsite at the place of delivery designated by our customers, and unqualified goods will be returned at our expenses.
Warranty	For our hydrogen fuel cell systems, we usually provide our customers with a warranty of five years or 200,000 kilometers, whichever is reached first. During the warranty period, if the damages or malfunctions of the product are due to quality defects attributable to us, we shall be responsible for repairing or replacing the product at our own expenses.
Termination	If the buyer delays the payment of the purchase price for reasons not attributable to the seller, the buyer shall pay the seller a daily penalty for overdue payment. If the buyer's payment is overdue for certain period, for example, more than 60 days, the seller has the right to terminate the contract. In such a case, the buyer shall pay the seller a penalty of 20% of the total contract amount and compensate the seller for any losses incurred as a result.

If the seller delays the delivery for reasons not attributable to the buyer, the seller shall pay the buyer a daily penalty for overdue delivery. If the seller's delivery is delayed for certain period, for example, for more than 60 days, the buyer has the right to terminate the contract. In such a case, the seller shall pay the buyer a penalty of 20% of the total contract amount and compensate the buyer for any losses incurred as a result.

We generated revenue of RMB393.0 million, RMB433.6 million, RMB620.6 million and RMB7.3 million from our five largest customers in each year/period during the Track Record Period, which accounted for 75.0%, 71.7%, 69.3% and 58.2% of our total revenue for the respective years/periods. We generated revenue of RMB117.4 million, RMB134.2 million, RMB261.8 million and RMB4.9 million from the largest customer in each year/period during the Track Record Period, which accounted for 22.4%, 22.2%, 29.2% and 38.9% of our total revenue for the respective years/periods. The following table sets forth details of our five largest customers for the years/periods indicated.

For the five months ended May 31, 2024

Customers	Revenue contribution	As a percentage of total revenue for the corresponding period	Company background and financial standing/our relationship	Year of commence of relationship	Credit term	Payment method	Products sold by our Group	Scale of operation/ Registered capital
	(RMB'000)							
Yutong Group[1]	4,864	38.9%	A group of PRC companies principally engages in manufacture of commercial vehicles. To the best knowledge of our Directors, Yutong Group had good financial standing. Yutong Group became one of our shareholders in 2022. We became acquainted with Yutong Group through the outreach of our marketing personnel	2018	Within 60 days after receipt of VAT invoice	Bank or notes transfer	Hydrogen fuel cell systems, components, and after-sale services	*See note (1)*
Customer F	806	6.4%	A Korean company principally engaged in manufacture of automobiles. We became acquainted with Customer F through the introduction of one of our shareholders	2023	70% prepayment in advance before product delivery; Outstanding 30% balance to be paid by end of next month after delivery	Bank transfer	Hydrogen fuel cell systems	KRW2,400 million

Customers	Revenue contribution	As a percentage of total revenue for the corresponding period	Company background and financial standing/our relationship	Year of commence of relationship	Credit term	Payment method	Products sold by our Group	Scale of operation/ Registered capital
	(RMB'000)							
Foshan Feichi Motor Technology Co., Ltd. . .	604	4.8%	A PRC company principally engages in manufacture of commercial vehicles. To the best knowledge of our Directors, Foshan Feichi Motor Technology Co., Ltd. had good financial standing. We became acquainted with Foshan Feichi Motor Technology Co., Ltd. through the introduction of one of our shareholders	2018	Partial payment within 24 months after execution of contract, outstanding balance to be paid by installments within 36 months	Bank transfer	Components and others	RMB276.9 million
Beijing Nowogen Technology Co., Ltd. . .	518	4.1%	A PRC company engages in R&D and production of fuel cell stacks, graphite plate and watercooled fuel cell and the R&D of methanol hydrogen technologies. To the best knowledge of our Directors, Beijing Nowogen had good financial standing. We became acquainted with Beijing Nowogen through the outreach of our marketing personnel	2020	Within twelve months after acknowledgement of receiving goods	Bank transfer	Components and others	RMB55.7 million

Customers	Revenue contribution	As a percentage of total revenue for the corresponding period	Company background and financial standing/our relationship	Year of commence of relationship	Credit term	Payment method	Products sold by our Group	Scale of operation/ Registered capital
	(RMB'000)							
Customer G	489	3.9%	A Japanese company principally engaged in manufacture of automobiles. We became acquainted with Customer G through the outreach of our marketing personnel	2019	Within 30 days after receipt of the invoice	Bank transfer	Fuel cell test bench and others	JPY35.0 billion

For the year ended December 31, 2023

Customers	Revenue contribution	As a percentage of total revenue for the corresponding period	Company background and financial standing/our relationship	Year of commence of relationship	Credit term	Payment method	Products sold by our Group	Scale of operation/ Registered capital
	(RMB'000)							
Yutong Group[1].	261,789	29.2%	A group of PRC companies principally engages in manufacture of commercial vehicles. To the best knowledge of our Directors, Yutong Group had good financial standing. Yutong Group became one of our shareholders in 2022. We became acquainted with Yutong Group through the outreach of our marketing personnel	2018	Within 60 days after receipt of VAT invoice	Bank or notes transfer	Hydrogen fuel cell systems, components and after-sale services	*See note (1)*

Customers	Revenue contribution	As a percentage of total revenue for the corresponding period	Company background and financial standing/our relationship	Year of commence of relationship	Credit term	Payment method	Products sold by our Group	Scale of operation/ Registered capital
	(RMB'000)							
FAW Jiefang Automotive Co., Ltd.[2]	165,938	18.5%	A PRC company principally engages in manufacture of commercial vehicles. To the best knowledge of our Directors, FAW Jiefang had good financial standing. FAW Jiefang became one of our shareholders in 2022. We became acquainted with FAW Jiefang through the outreach of our marketing personnel	2019	80% payment within three months and 20% payment within twelve months after receipt of VAT invoice and acknowledgment of receiving goods; back-to-back[2]	Bank or notes transfer	Hydrogen fuel cell systems and components	*See note (2)*
Foshan Feichi Motor Technology Co., Ltd. . .	71,919	8.0%	A PRC company principally engages in manufacture of commercial vehicles. To the best knowledge of our Directors, Foshan Feichi Motor Technology Co., Ltd. had good financial standing. We became acquainted with Foshan Feichi Motor Technology Co., Ltd. through the introduction of one of our shareholders	2018	Partial payment within 24 months after execution of contract, outstanding balance to be paid by installments within 36 months	Bank transfer	Hydrogen fuel cell systems, components, and others	RMB276.9 million

Customers	Revenue contribution	As a percentage of total revenue for the corresponding period	Company background and financial standing/our relationship	Year of commence of relationship	Credit term	Payment method	Products sold by our Group	Scale of operation/ Registered capital
	(RMB'000)							
Beijing Nowogen Technology Co., Ltd. . .	60,800	6.8%	A PRC company engages in R&D and production of fuel cell stacks, graphite plate and water-cooled fuel cell and the R&D of methanol hydrogen technologies. To the best knowledge of our Directors, Beijing Nowogen had good financial standing. We became acquainted with Beijing Nowogen through the outreach of our marketing personnel	2020	Within twelve months after acknowledgement of receiving goods	Bank transfer	Hydrogen fuel cell systems, components, and others	RMB55.7 million
Customer A	60,177	6.7%	A PRC company principally engages in manufacture of commercial vehicles. To the best knowledge of our Directors, Customer A had good financial standing. We became acquainted with the leader of a hydrogen project at the research institute of Customer A in 2023 and have collaborated on R&D projects with Customer A. Customer A decided to purchase hydrogen fuel cell systems and components from us considering our technologies and product quality	2023	Within 60 days after acknowledgement of receiving goods	Bank transfer	Hydrogen fuel cell systems and components	RMB5,785.8 million

For the year ended December 31, 2022

Customers	Revenue Contribution	As a percentage of total revenue for the corresponding period	Company background and financial standing/our relationship	Year of commence of Relationship	Credit Term	Payment Method	Products sold by our Group	Scale of operation/ Registered capital
	(RMB'000)							
FAW Jiefang Automotive Co., Ltd.[(2)]	134,226	22.2%	As disclosed in the table above	2019	80% payment within three months and 20% payment within twelve months after receipt of VAT invoice and acknowledgement of receiving goods; back-to-back[(2)]	Bank or notes transfer	Hydrogen fuel cell systems and components	*See note (2)*
Yutong Group[(1)].	112,563	18.6%	As disclosed in the table above	2018	Within 60 days after receipt of VAT invoice	Bank or notes transfer	Hydrogen fuel cell systems and components	*See note (1)*
Customer B	73,461	12.1%	A PRC company principally engages in manufacture of commercial vehicles. We became acquainted with Customer B through the introduction of a shared customer	2021	Within 24 months after acknowledgement of receiving goods	Bank transfer	Hydrogen fuel cell systems and components	RMB100.0 million

Customers	Revenue Contribution	As a percentage of total revenue for the corresponding period	Company background and financial standing/our relationship	Year of commence of Relationship	Credit Term	Payment Method	Products sold by our Group	Scale of operation/ Registered capital
	(RMB'000)							
Customer Group C[(3)]	69,438	11.5%	A group of PRC companies principally engages in manufacture of commercial vehicles. To the best knowledge of our Directors, Customer Group C had good financial standing. We collaborated with Customer Group C in a industrial park establishment project. Customer Group C then decided to purchase hydrogen fuel cell systems, components and others from us considering our technologies and product quality	2021	Within 24 months after acknowledgement of receiving goods	Bank transfer	Hydrogen fuel cell systems, components and other	*See note (3)*
Customer Group D[(4)]	43,917	7.3%	A group of PRC companies principally engages in manufacture of commercial vehicles. To the best knowledge of our Directors, Customer Group D had good financial standing. We became acquainted with Customer Group D through the outreach of our marketing personnel	2016	Within 24 months after the execution of contract; with acknowledgment of goods and receipt of VAT invoice	Bank or notes transfer	Hydrogen fuel cell systems, components and other	*See note (4)*

For the year ended December 31, 2021

Customers	Revenue Contribution	As a percentage of total revenue for the corresponding period	Company background and financial standing/our relationship	Year of commence of Relationship	Credit Term	Payment Method	Products sold by our Group	Scale of operation/ Registered capital
	(RMB'000)							
Yutong Group[1]	117,394	22.4%	As disclosed in the table above	2018	Within 60 days after receipt of VAT invoice	Bank or notes transfer	Hydrogen fuel cell systems and components	*See note (1)*
Customer Group D[4]	112,934	21.5%	As disclosed in the table above	2016	Within 24 months after the execution of contract; with acknowledgment of receiving goods and receipt of VAT invoice	Bank or notes transfer	Hydrogen fuel cell systems, components and others	*See note (4)*
Customer E	75,737	14.5%	A PRC company principally engages in manufacture of commercial vehicles. To the best knowledge of our Directors, Customer E had good financial standing. We became acquainted with Customer E through the introduction of one of our customers	2021	Within 24 months after the execution of contract; with acknowledgment of receiving goods and receipt of VAT invoice	Bank transfer	Hydrogen fuel cell systems and components	RMB1,200.0 million

Customers	Revenue Contribution	As a percentage of total revenue for the corresponding period	Company background and financial standing/our relationship	Year of commence of Relationship	Credit Term	Payment Method	Products sold by our Group	Scale of operation/ Registered capital
	(RMB'000)							
FAW Jiefang Automotive Co., Ltd.[(2)]	54,248	10.4%	As disclosed in the table above	2019	80% payment within three months and 20% payment within twelve months after receipt of VAT invoice and acknowledgement of receiving goods; back-to-back[(2)]	Bank or notes transfer	Hydrogen fuel cell systems and components	*See note (2)*
Customer Group C[(3)]	32,730	6.2%	As disclosed in the table above	2021	Within 24 months after acknowledgement of receiving goods	Bank transfer	Hydrogen fuel cell systems	See *note (3)*

Notes:

(1) In 2021, we had transactions with Yutong Bus Co., Ltd. and Yutong Commercial Vehicle Co., Ltd., of which the registered capital are RMB2,213.9 million and RMB470.4 million, respectively. In 2022, we had transactions with Yutong Bus Co., Ltd., Yutong Commercial Vehicle Co., Ltd., Yutong Light Commercial Vehicle and Zhengzhou Yutong Heavy Industries Co., Ltd., of which the registered capital are RMB2,213.9 million, RMB470.4 million, RMB200.0 million and RMB677.5 million, respectively. In 2023, we had transactions with Yutong Bus Co., Ltd., Yutong Commercial Vehicle Co., Ltd. and Zhengzhou Yutong Heavy Industries Co., Ltd., of which the registered capital are RMB2,213.9 million, RMB470.4 million and RMB677.5 million, respectively. According to the 2023 annual report of Yutong Group, it recorded RMB27.0 billion in revenue in 2023. For the five months ended May 31, 2024. we had transactions with Yutong Bus Co., Ltd., Yutong Commercial Vehicle Co., Ltd. and Zhengzhou Yutong Heavy Industries Co., Ltd., of which the registered capital are RMB2,213.9 million, RMB470.4 million, and RMB677.5 million, respectively. As confirmed by our Directors, the pricing and payment arrangements between Yutong Group and us are similar to those between other independent customers and us. In addition, save for Yutong Group's shareholdings in us (where Yutong Bus Co., Ltd., Zhengzhou Spruce Automotive Industry Equity Investment Fund (Limited Partnership) and Mr. WAN Jingzhao would act in concert in exercising Shareholders' rights pertaining to us) and our sales transactions with Yutong Group, we do not have any past or present relationships (including, without limitation, financing, family, employment, trust or otherwise) between Yutong Group or its respective substantial shareholders, directors or senior management, or any of its respective associates.

(2) The registered capital of FAW Jiefang Automotive Co., Ltd. is RMB10,803.0 million. According to the 2023 annual report of FAW Jiefang Automotive Co., Ltd., it recorded RMB63.9 billion in revenue in 2023. FAW Jiefang is wholly owned by FAW Jiefang Group Co., Ltd. (一汽解放集團股份有限公司) (stock code: 000800.SZ), that is a state-owned company listed at Shenzhen Stock Exchange.

Under back-to-back payment arrangements that were provided in the supplement agreements we entered into with FAW Jiefang Automotive Co., Ltd. in December 2023 and February 2024, the settlement of trade receivables from FAW Jiefang Automotive Co., Ltd. associated with its receipt of subsidies from government. According to the agreements entered into between FAW Jiefang and us, after the receipt of the cash awards, we are obliged to transfer the FAW Jiefang's portion to it within 24 months after the delivery of eligible vehicles. FAW Jiefang will then settle its trade payables based on the back-to-back arrangements with us upon its receipt of the corresponding cash awards in due course. We recognize revenue from contracts with customers when control of goods or services is transferred to the customers.

We agree to provide the back-to-back payment arrangement primarily because (i) FAW Jiefang focuses on the development and manufacturing of heavy-duty trucks, which is perfectly in line with our business focus in heavy-duty truck field. For instance, sales volume of heavy-duty trucks sold by FAW Jiefang accounted for over 20% of total heavy-duty trucks sold in China in 2022. We ranked the first in the hydrogen fuel cell system market in China, in terms of the total sales power output of hydrogen fuel cell systems that have been used for heavy-duty trucks in 2023, with a market share of 42.4%. This overlap of business focus lays a solid foundation for business synergy between us and FAW Jiefang; (ii) FAW Jiefang has been one of our major customers. We and FAW Jiefang have also established strategic cooperation relationship in hydrogen fuel cell industry, which brings us with sustainable business development opportunities in a long run; and (iii) backed by strong governmental support in developing fuel cell industry as exhibited in relevant favorable policies, and based on our contracts with the relevant governmental authorities for the Projects, we are confident that the awards will be provided by the authorities in due course upon completion of certain technical and mileage requirements. Such arrangement is reasonable in our industry as it is still in the early stage of development, as confirmed by Frost & Sullivan.

In 2021, 2022 and 2023, our revenue attributable to FAW Jiefang that was subject to such back-to-back arrangements amounted to RMB53.5 million, RMB128.3 million and RMB164.4 million, respectively, accounting for 98.7%, 94.8%, 99.1% of the total revenue attributable to FAW Jiefang, respectively. We do not adopt similar arrangements with any other customers as confirmed by our Directors. In addition, except for the back-to-back arrangements, our Directors confirm that the pricing and payment arrangements between FAW Jiefang and us are similar to those between other independent customers and us. Further, save for FAW Jiefang's shareholdings in our Company and Foshan Diyi Element New Energy Technology Co., Ltd. (佛山迪一元素新能源科技有限公司) (an insignificant subsidiary of our Company pursuant to Rule 14A.09 of the Listing Rules), the nomination of Mr. JI Yizhi (季一志) (our Supervisor) and our sales transactions with FAW Jiefang, we do not have any past or present relationships (including, without limitation, financing, family, employment, trust or otherwise) between FAW Jiefang or its respective substantial shareholders, directors or senior management, or any of its respective associates.

(3) In 2021, we had transaction with one entity of Customer Group C, of which the registered capital is RMB150.0 million. In 2022, we had transactions with three entities of Customer Group C, of which the registered capital are RMB150.0 million, RMB100.0 million and RMB137.2 million, respectively.

(4) In 2021 and 2022, we had transactions with two entities of Customer Group D, of which the registered capital are RMB928.0 million and RMB755.4 million, respectively.

Except for Yutong Group, none of the Directors, their associates or any shareholders holding more than 5% of the Group's issued share capital, to the best knowledge of our Directors, had any interest in the five largest customers in each year during the Track Record Period and as of the Latest Practicable Date. Except as disclosed above and as disclosed in the "— Overlapping Customers and Suppliers" in this section, as confirmed by our Directors, we do not have any other past or present relationships (including financing, family, employment, trust or otherwise) between each of these customers, their respective substantial shareholders, directors or senior management, or any of their respective associates.

Involvement in Application Projects For "Award in Lieu of Subsidy"

Forming a Consortium

As hydrogen fuel cell industry is supported nationally and locally, the government provides subsidies and awards in relation to FCEVs, hydrogen refueling stations, etc. We sometimes apply for subsidies and awards together with our customers, i.e. FCEV manufacturers for FCEVs in accordance with relevant local policies and implementation rules.

Policies for government subsidies and awards for FCEVs vary across different cities in China. The central governmental departments issued the "Notice on Launching the Pilot Application of FCEVs" (《關於開展燃料電池汽車示範應用的通知》) (the "Policy") in September 2020, which is the overarching policy introducing "award in lieu of subsidy" with a demonstration period of four years. Demonstration cities subsequently issued numerous supporting policies and rules for the local implementation of the Policy. However, in making such specific plans for implementing "award in lieu of subsidy", there is in general a deadline to complete related targets or goals by the end of 2025. As advised by Frost & Sullivan, apart from the policies in relation to "award in lieu of subsidy", local governments in China also constantly implement favorable policies related to the hydrogen industry, including but not limited to "14th Five Year Plan" Period (《河北省氫能產業發展「十四五」規劃》) in Hebei, (《上海市加快新能源汽車產業發展實施計劃 (2021–2025年)》) in Shanghai, "Hydrogen Highway (氫能公路)" initiative in Shandong, Zhejiang and some other provinces, trial period to exempt FCEVs with ETC kit from highway tolls in Shandong, Sichuan, and Jilin, which are not governed or confined by the Policy or the demonstration period. As further advised by Frost & Sullivan, local governments in China will continue to release and implement new favorable policies related to the hydrogen industry in the future.

Requirements for applying for such awards vary across different cities as well. For example, in some cities, a Consortium is required for the award applications for FCEVs. Whereas, among such cities, some of them require fuel cell system manufacturers to be the leading entity in the Consortium, such as in Shanghai, while in some of such cities, FCEV manufacturers are required to be the leading entity in the Consortium, such as in Beijing. There are also cities that require FCEV manufacturers to directly apply for the awards for FCEVs, such as in Henan. As a hydrogen technology company established in the Shanghai, we primarily apply for awards in Shanghai.

Pursuant to the Policy, relevant local policies, and annual notices issued by Shanghai Municipal Commission of Economy and Information (上海市經濟和信息化委員會) ("SHEITC"), in order to apply for the awards in Shanghai, relevant market participants are required to form a consortium for each application project (the "Consortium"). As the industry is still at early stage, and the market players are in the process of exploring the sustainable and cost-effective commercial scenes, forming a Consortium helps to get relevant market players together to figure out solutions for having FCEVs with technologies efficiently utilized in commercial scenes, such as logistics transportation services. We, as the leading entity in the Consortium, are responsible for coordination and notification of application progress among the members, application procedures, and communication with the relevant authority.

Pursuant to the consortium cooperation agreement signed by the members ("Consortium Agreement"), each Consortium is generally comprised of five roles: (1) hydrogen fuel cell company; (2) FCEV manufacturer(s); (3) FCEV operating entities; (4) hydrogen refueling entities; and (5) FCEV lessees. Salient terms of a Consortium Agreement is summarized as follows:

- *Leading Entity*: The leading entity in the Consortium will lead the application project, which is responsible for coordination and notification of application progress among the members, application procedures, and communication with the relevant authority.

- *Application*: The hydrogen fuel cell company is responsible for the application, and coordination among the members. All members in the Consortium are obligated to actively cooperate with and support the application.

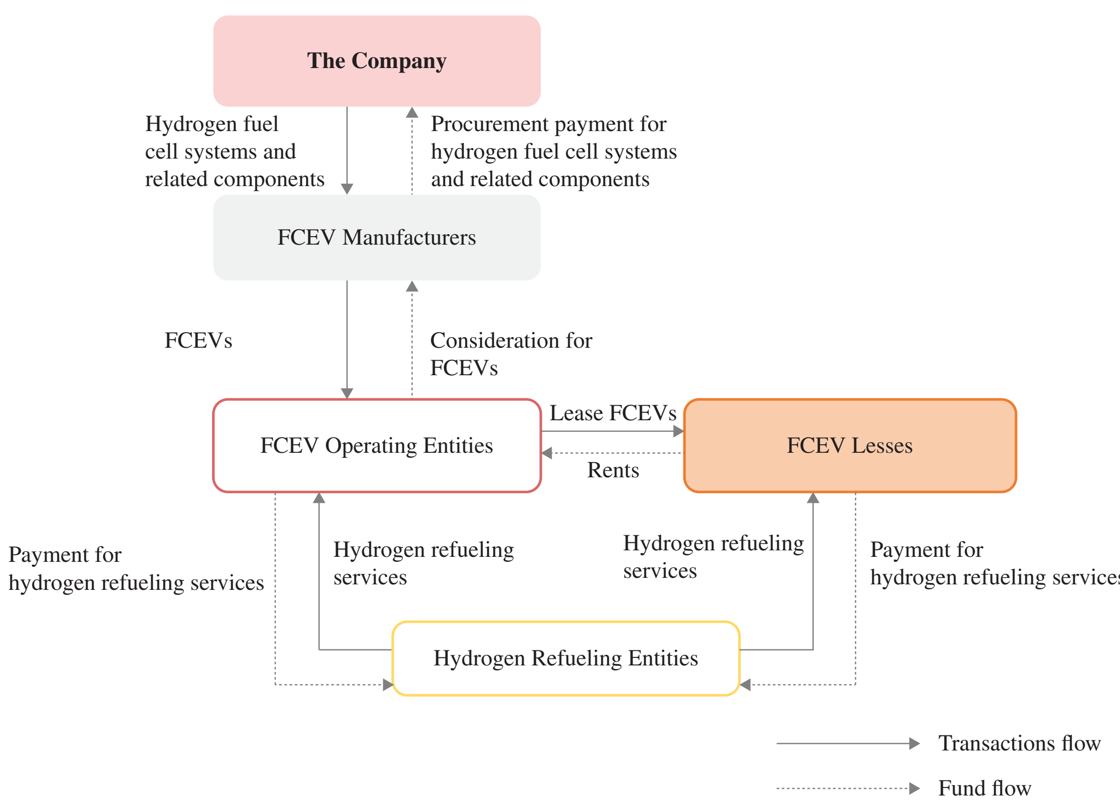
- *Work allocation*: Among the Consortium members, (1) hydrogen fuel cell company shall be responsible for providing hydrogen fuel cell systems and related components meeting the technical requirements, also for ensuring proper operation of the fuel cell systems; (2) FCEV manufacturer(s), shall be responsible for designing, manufacturing, and maintenance of FCEVs incorporating hydrogen fuel cell systems and related components provided by the hydrogen fuel cell company; (3) FCEV operating entities shall be responsible for procuring the FCEVs from the manufacturer(s), and taking charge of the operation of the FCEVs either through (i) self-use; or (ii) leasing the FCEVs to FCEV lessees; (4) hydrogen refueling entities shall be responsible for establishing and operating proper hydrogen refueling stations, and providing proper hydrogen refueling to FCEV operating entities and FCEV lessees, to ensure convenient and sustainable refueling supplies to such entities that use the FCEVs; and (5) FCEV lessees, which are generally entities that engage in logistics businesses or other businesses that have logistics needs, shall lease FCEVs from the FCEV operating entities, and use such FCEVs in their business operation.

- *Intellectual Property*: The intellectual property rights independently developed and completed by any member according to work allocation shall be solely owned by that corresponding member. The intellectual property rights jointly developed and completed by some members shall be owned jointly by that corresponding members.

During the Track Record Period, other than the Consortium Agreement, we only had direct transactions with the FCEV manufacturer(s) in such Consortium for the application projects, which transactions were the purchase and sale of the hydrogen fuel cell systems and related components. We, however, did not have any transaction with other members in the Consortium for the application projects, and did not sign any other side agreements with other members in the Consortium, except for the Consortium Agreement.

For clarification, according to the "Policies on Supporting the Development of Fuel Cell Vehicle Industry in Shanghai" (《關於支持本市燃料電池汽車產業發展若干政策》) (the "Supporting Policy"), FCEV manufacturers are entitled to awards that are linked to the FCEVs. Therefore, for the application projects in Shanghai, although the relevant awards will be given to the Company as the leading entity in the Consortium, the Company shall subsequently transfer the full amount of the awards to FCEV manufacturers after receiving them, pursuant to the Supporting Policy. Given the clear rule in the Supporting Policy, the members in the Consortium have not entered into any commercial arrangement with respect to the allocation of the subsidies and timing of settlement.

Please refer to a brief summary of the transaction and fund flows among the members in a Consortium as follows based on our knowledge and understanding of the rights and obligations of the Consortium members as stipulated in the Consortium Agreements. We, however, are not aware of the details of transaction and fund flows among other members in the Consortium as we are not a party of such transactions, except for transaction and fund flows between us and FAW Jiefang:



During the Track Record Period, we had formed Consortiums with some of our customers in Shanghai.

Fulfilment Requirement

The award for FCEVs are targeted towards vehicles that meet the technical requirements specified in the annex of the Notice named "Fuel Cell Vehicle City Cluster Demonstration Targets and Score Evaluation System" (《燃料電池汽車城市群示範目標和積分評價體系》) ("Application Guide"), which technical requirements include rated power, freeze-start temperature, rated power density for fuel cell stack, rated power density for fuel cell system, amongst others. Pursuant to the Application Guide, different FCEVs shall be rated in points, which points shall be arrived at with a formula covering various indicators of the FCEV, such as the year of operation, vehicle type, rated power, and total weight.

As the leading city in Shanghai demonstration city cluster, Shanghai Development and Reform Commission and a few other related authorities in Shanghai formulated the "Notice on Supporting the Development of Fuel Cell Vehicle Industry in Shanghai" (《關於支持本市燃料電池汽車產業發展若干政策》) in October 2021 (the "Supporting Rules"), for the localized implementation of the Notice in the Shanghai. According to the Supporting Rules, for the points of the relevant FCEV as calculated based on the Application Guide, competent authority in Shanghai will provide award of RMB200,000 for each point in total.

Furthermore, for specific application and evaluation process in each year during the demonstration period, Shanghai Municipal Commission of Economy and Information (上海市經濟和信息化委員會) ("SHEITC") issued annual notices regarding the award application (the "SHEITC Notices"), such as the "Notice on the Application for Shanghai Fuel Cell Vehicle Demonstration Projects in 2021" (《2021年度上海市燃料電池汽車示範應用項目申報工作的通知》), which notices stipulate the project eligibility requirements, application requirements, application methods, and other detailed application rules for the year. To obtain the application eligibility in Shanghai, as the leading entity, the fuel cell system enterprise needs to demonstrate project advantages to the competent district commercial department, where the fuel cell system enterprise is located, in order to obtain the recommendation from such department (in the form of a recommendation summary table with governmental stamp). After obtaining the application eligibility and after the application and selection procedure, the fuel cell system enterprise will sign an agreement with SHEITC (the "Project Agreement"), stipulating that the FCEVs applied by the Consortium will operate and complete a certain mileage within a specified period before receiving the award. Pursuant to the Project Agreements, the mileage requirement is listed as one of a few project assessment criteria, such as, rated power of hydrogen fuel cell systems, rated power density of fuel cell stack, and freeze start temperature. The intermediate time points in the designated time frames of the mileage requirements serve as expected timelines for FCEV operations, rather than a rigid requirement. SHEITC has the authority to adjust the mileage requirements based on the actual progress of the projects, in line with the overall strategic vision of promoting utilization of FCEVs at its early stage of development. Our Directors are of the view that the risk for us to lose government awards specified in relevant Project Agreements due to failure to reach the mileage requirements is remote. In terms of the probability of receiving the awards, our Directors believe that there is no material obstacle in receiving the awards in due course.

Award will be distributed to the fuel cell system enterprise based on the number of total points corresponding to the FCEVs. However, according to "Notice on Supporting the Development of Fuel Cell Vehicle Industry in Shanghai" (《關於支持本市燃料電池汽車產業發展若干政策》), the awards provided by the government are linked to the FCEVs, rather than the Consortium. Therefore, for the application projects in Shanghai, although the relevant awards will be given to the leading entity, i.e., fuel cell system company, the fuel cell system company will then transfer the full amount of the awards to FCEV manufacturer(s) in the Consortium after receiving the awards.

Back-to-Back Payment Arrangement Linked to the Application Projects

Based on amiable negotiation between us and certain FCEV manufacturer (i.e. our customer), such as FAW Jiefang, we offered back-to-back payment arrangement for such customer during the Track Record Period, pursuant to which, the customer will settle the procurement payment for fuel cell systems used in application projects only after the customer received corresponding award. For more information, see "— Customers, Sales and Pricing" in this section.

Overlapping Customers and Suppliers

During the Track Record Period, Beijing Nowogen Technology Co., Ltd. ("Beijing Nowogen") was our major supplier and also our major customer. Beijing Nowogen is a company engaged in R&D and production of fuel cell stacks, graphite plate and hydrogen fuel cell systems and the R&D of methanol hydrogen technologies in China. We established business relationship with Beijing Nowogen in 2020. During the Track Record Period, we purchased fuel cell stacks from certain of its subsidiaries. During the Track Record Period, we procured fuel cell stacks from Beijing Nowogen. In certain instances, based on customers' preference, we manufactured and supplied customized hydrogen fuel cell systems using the fuel cell stacks obtained from Beijing Nowogen to our customers. In other cases, Beijing Nowogen had established connections with FCEV manufacturers who had a demand for hydrogen fuel cell systems and also valued the fuel cell stacks provided by Beijing Nowogen. In these cases, although Beijing Nowogen lacked the capability to independently produce hydrogen fuel cell systems, it preferred to maintain those connections for itself instead of introducing us to potential customers. Consequently, Beijing Nowogen approached us to manufacture and supply customized hydrogen fuel cell systems, which they would then sell to the FCEV manufacturers. We have enjoyed a positive business relationship with Beijing Nowogen and hold their business decisions in high regard. For the fuel cell stacks that are incorporated in the fuel cell systems then sold to Beijing Nowogen, we adopt the net method when recognizing our revenue attributable to it; and for the ones that are incorporated in the fuel cell systems sold to other customers, we treat such portion as our purchase of components from a third-party supplier. In 2021, 2022, 2023 and the five months ended May 31, 2024, our procurement from Beijing Nowogen and its subsidiaries amounted to nil, RMB29.3 million, nil and RMB0.6 million, respectively. During the Track Record Period, products we supplied to Beijing Nowogen were primarily hydrogen fuel cell systems incorporating fuel cell stacks sourced from Beijing Nowogen, primarily because Beijing Nowogen, though manufactures fuel cell stacks itself, does not engage in producing hydrogen fuel cell systems. This collaboration was driven by our robust R&D capabilities, which enabled us to seamlessly integrate Beijing Nowogen's fuel cell stacks into the hydrogen fuel cell systems with optimized performances. Such transaction is generally consistent with industry practice, according to Frost and Sullivan. In 2021, 2022, 2023 and the five months ended May 31, 2024, our revenue generated from Beijing Nowogen amounted to RMB20.2 million, RMB33.8 million, RMB60.8 million and RMB0.5 million, respectively. Our Directors confirmed that the terms of transactions with Beijing Nowogen are of normal commercial terms and similar to those transactions with our other customers and suppliers.

To the best knowledge and belief of our Directors after making all reasonable enquiries, Beijing Nowogen and its respective ultimate beneficial owners are Independent Third Parties. As confirmed by our Directors, none of our Directors, Supervisors, their respective close associates, or any Shareholders who or which, to the best knowledge of our Directors, owned more than 5% of the issued share capital of our Company as of the Latest Practicable Date, has any interests in Beijing Nowogen during the Track Record Period. Except for the purchases and sales transactions with Beijing Nowogen, we and Beijing Nowogen jointly made equity investment in four entities engaged in the hydrogen fuel cell industry between 2022 and 2023, in order to strengthen our R&D capabilities, expand our market reach and enhance our ability to capture future market opportunities. Save for the purchases and sales transactions and the joint investments with Beijing Nowogen, as confirmed by our Directors, we do not have any other past or present relationships (including, without limitation, financing, family, employment, trust or otherwise) with Beijing Nowogen, its respective substantial shareholders, directors or senior management, or any of its respective associates.

Warranty

We generally offer a five-year or 200,000-kilometer limited warranty for our hydrogen fuel cell systems, whichever is reached first. We only allow product replacement due to quality issue. Upon receipt of a customer service request, for products covered by the quality warranty terms of our contracts we provide after-sales services, including issuance of after-sales service plan, remote consultation, and remote or on-site repair and maintenance.

If the quality issue is attributed to the customer's liability or beyond the scope of our warranty terms, the customer shall bear the cost of after-sales service. If the quality issue is caused by raw materials or components from our suppliers, we generally work together with such suppliers to resolve our customers' service requests before allocating liabilities between us and the suppliers. For product defects caused by raw materials or components from suppliers, we follow the warranty terms in the procurement agreements to make warranty claims against such suppliers accordingly.

We have three after-sales service centers in Shanghai, Foshan, and Zhengzhou, respectively and an after-sales service team consisting of 29 technicians. Upon the receipt of after-sales requests, our after-sales service center will take the lead and communicate with the customer in a timely manner. Upon communication with the customer and further analysis of the complaint, the technicians in charge of such compliant will provide remote consulting or remote or on-site repair and maintenance services depending on the issues on hand. During the Track Record Period, there were no product recalls or returns, product liability claims, or customer complaints that materially and adversely affected our business.

PRICING

We price our products and services based on various factors as follows. According to Frost & Sullivan, our pricing for strategies are generally in line with the prevailing market trend.

Hydrogen Fuel Cell Systems

For hydrogen fuel cell systems, the prices are mainly determined by the raw material costs, production costs, transportation costs, maintenance and repair costs, warranty offered, competitors' pricings, prevailing market conditions, and specification of products requested by customers. The models selected by a customer also play an important role in pricing. For instance, models with higher rated powers, power densities and enhanced specifications, such as Sirius series, are generally priced higher than other models, such as Polaris series.

With respect to customized fuel cell systems requested by our customers, in addition to the foregoing, we may adjust the prices based on the customization requested by the customers, the amount and flexibility of additional technical services provided, seniority and number of our engineers involved, as well as after-sales maintenance services to be provided to such customers.

We conduct review on the pricing of our products on a regular basis to capture the fluctuation of prices in the market. In particular, we inspect the price trend of key raw materials from time to time to grasp the current and future purchase price, and to identify the potential discrepancies between supply and demand in the industry.

In addition, we value our customers, and view some of our customers as our key customers considering their long-term business relationship with us, their contribution to our revenue, and synergies with our businesses. For such key customers, we may consider to provide certain percentage of discount (around 10%) to their orders, and also provide extended warranty and maintenance to such key customers. If our customers purchase over ten units per order, we will also provide wholesale price, rather than individual unit price for such order.

During the Track Record Period, the average selling prices of fuel cell systems ranged from RMB1,958 per kW to RMB4,635 per kW.

Components of Hydrogen Fuel Cell Systems

During the Track Record Period, we sold various self-developed and produced Components for Fuel Cell Systems, and Components for Fuel Cell Vehicles out-sourced from our suppliers. With respect to Components for Fuel Cell Systems, we determine the prices through a cost-plus basis, considering our management costs, labor costs, storage costs, transportation costs, among other factors. For complex components that require substantial R&D efforts (such as, DC-to-DC converters, humidifiers, hydrogen pumps,), we generally add a higher markup toward to costs, as compared with standard components (such as, standard parts and fasteners).

With respect to Components for Fuel Cell Vehicles, we mainly determine the selling price of such components based on our research of prevailing market price and conditions. We also take into consideration our expected gross profit margin in determining the selling prices.

Fuel Cell Engineering and Technical Services

For our fuel cell engineering and technical services, the prices are primarily determined through a cost-plus basis, the services fees vary due to various factors, such as (i) the nature and complexity of the services; (ii) whether design is required; (iii) labor costs of technicians and engineers of different seniority and level of experience; (iv) installation or testing; and (v) the overall quantity of the materials required.

Hydrogen Production Systems and Related Components

For hydrogen production systems and related components, the prices are mainly determined by the raw material costs, production costs, transportation costs, maintenance and repair costs, warranty offered, competitors' pricings, prevailing market conditions, and specification of products requested by customers.

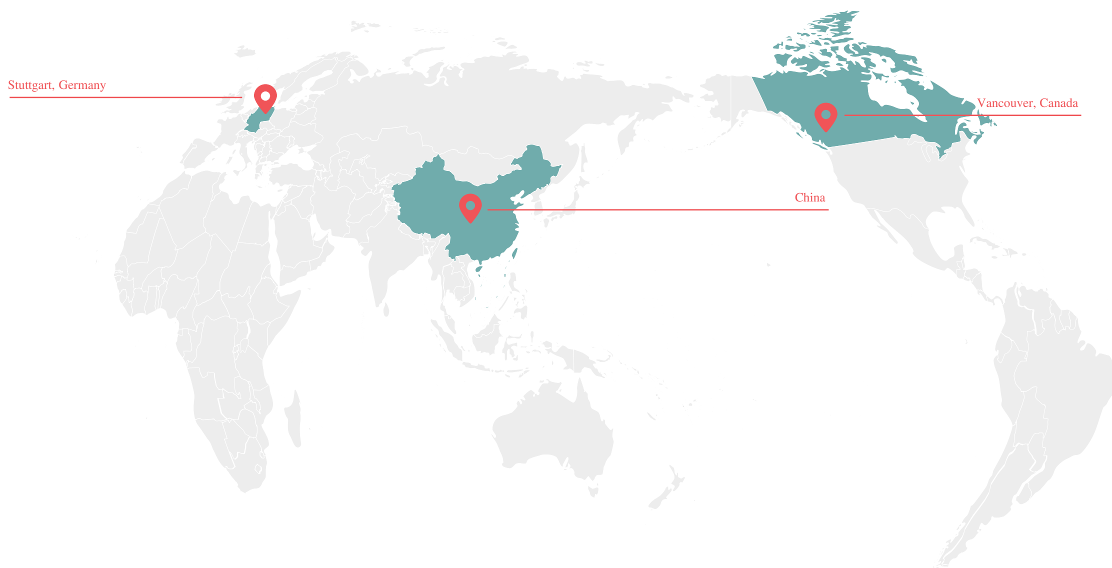
As we started the sales of hydrogen production systems and related components in 2023, and it is still an emerging market, we keep close attention to the market development as the market evolves. We also inspect the price trend of key raw materials from time to time to grasp the current and future purchase price, and to identify the potential discrepancies between supply and demand in the industry.

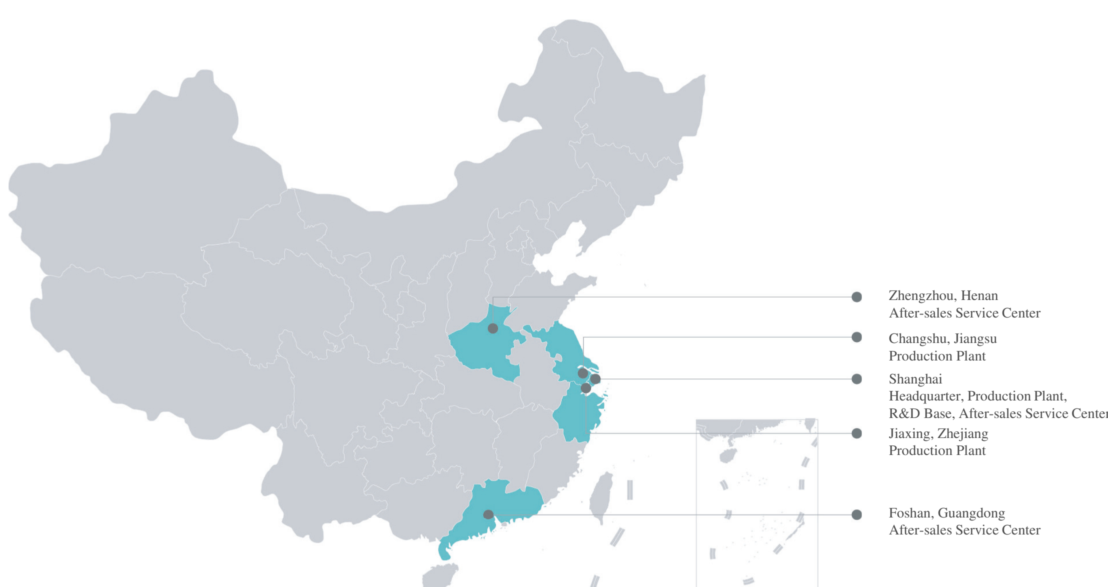
During the Track Record Period, the average selling price of PEM water electrolysis hydrogen production systems was approximately RMB16,165 per kW.

BUSINESS NETWORK

To meet the increasing downstream demands for hydrogen fuel cell systems and components resulted from favorable industry policies promulgated by the relevant governments, we strategically spread out our footprints internationally. As of May 31, 2024, our national business network in China consisted of our headquarter in Shanghai, three production plants in Changshu, Jiaxing, and Shanghai, three after-sales service centers in Shanghai, Foshan, Guangdong, and Zhengzhou, Henan. Meanwhile, we had one R&D base in Shanghai. In addition, for overseas countries, we had one subsidiary in Stuttgart, Germany and one subsidiary in Vancouver, Canada.

By staying close to relevant overseas markets, we are not only able to get first-hand knowledge about industry trend and market preference in order to further penetrate into local regions, but also attract and retain local talents so as to enhance our global competitiveness in terms of technology advancement and latest technology applications.





RESEARCH & DEVELOPMENT

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

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

The customers' needs for production types and power outputs differ in different application scenarios. By modularizing key parts of our hydrogen fuel cell systems, subsystems and fuel cell stacks, we are able to use certain components and parts in different products interchangeably, so as to save research and development costs, and shorten the development cycle. To be specific, we have a R&D platform for our Caven Series and Prisma Series, by modularizing key parts of hydrogen fuel cell systems in each series, we are able to reduce research and development resources, and spread costs among different products. Meanwhile, the product development cycle is reduced by 30% to 50%. In addition, by modularizing other parts, such as frame and end plates, we effectively reduce the volume and weight of the system, and complexity of the parts, and reduce the heat loss and condensate water accumulation during the transportation of hydrogen and oxygen, which in turn help increase the efficiency and stability of the system.

As of the Latest Practicable Date, we had a research and development team of 108 personnel from various countries, such as China, Germany, Japan, the U.S., and Canada led by Dr. Christopher John Guzy, Dr. Zhai Shuang (翟雙), Dr. Hu Zhe (胡哲), Mr. Liu Yun (劉贇), and Dr. Di Zhigang (邸志崗). Among our research and development team members, around

38.9% of whom earned a master's degree or higher. In addition, our R&D team members have extensive experience in hydrogen industry, with an average of ten years of relevant experience working in hydrogen industry. For each area of hydrogen fuel cell system and hydrogen production system, we have more than one chief scientific expert leading the continuous research and product iteration in hydrogen fuel cell systems and hydrogen production systems. We have participated in a number of national, provincial and municipal research projects as well as independent research and development projects to develop hydrogen fuel cell technology and accelerate product upgrades.

Our focus on research and development has fueled our growth and enabled us to strengthen our market position. We possess frontier technologies and technical know-how for our proprietary hydrogen fuel cell systems, fuel cell stacks, MEAs and other components.

Hydrogen fuel cell system design and iteration are conducted through our research and development platform, through which, we have categorized some components and parts of hydrogen fuel cell systems into standard parts. We developed standard parts adapt to all hydrogen fuel cell system products on our platform. We also have standard interface for our hydrogen fuel cell systems, so that standard parts can be easily installed or changed. By utilizing such underlying technologies and common designs that are not product-specific, we have significantly shortened development cycle of new products by 30%-50%, and saved research and development expenses attributable to each single new product.

In terms of hydrogen production equipment, we had both PEM and ALK electrolysis technologies and products. As compared with ALK electrolysis, PEM electrolysis is more efficient and consumes less energy in generating same quantity of hydrogen, it also has higher adaptability to renewable energy sources. On the other hand, at current stage, PEM electrolysis hydrogen production system is still relying on imported main components, while ALK electrolysis hydrogen production system is more cost-efficient, more mature, and widely accepted in China.

We believe that our proprietary technologies and platform enable us to achieve efficient development of future products to meet the market demand. We are of the view that our upgraded research and development platform will help us adapt to the fast-evolving hydrogen fuel cell systems and hydrogen production systems markets, and increase our market competitiveness.

During the Track Record Period, our research and development expenses amounted to RMB230.9 million, RMB198.7 million, RMB220.9 million and RMB90.3 million in 2021, 2022, 2023 and five months ended May 31, 2024, respectively. Our research and development expenses have contributed to the enhancement, development and improvement of our proprietary hydrogen fuel cell systems, fuel cell stacks, other components and their productions.

Cooperation in Research and Development and Ongoing Research and Development Projects

During the Track Record Period, we have collaborated with top universities such as Tongji University (同濟大學), and key players in our industry that possess technologies for further exploring the iteration of our technologies. We believe these collaborations provide us with insights into industry trends and emerging new technologies, which help direct the focus of our current and future research and development efforts. Some of our noteworthy ongoing R&D projects include:

- we cooperate with, amongst others, Tongji University (同濟大學), and Shanghai Municipal Science Commission (上海市科學技術委員會) to carry out research project for highly-integrated fuel cell system for industrialization, and we are responsible for the research and development of fuel cell system engineering. The intellectual property rights independently developed and completed by each party according to task allocation shall be solely owned by that corresponding party. For the public interests, Shanghai Municipal Science Commission (上海市科學技術委員會) has the royalty free right to use the intellectual property rights.

- we cooperate with, amongst others, FAW Jiefang (一汽解放), to carry out research project for high-load and long-lifespan fuel cell stacks and engines for heavy-duty trucks, aiming to enhance the fuel cell system efficiency, extend lifespan of fuel cell stacks, reduce costs, so that fuel cell systems can be commercially used in heavy-duty trucks. The intellectual property rights independently developed and completed by each party according to task allocation shall be solely owned by that corresponding party.

- we cooperate with, amongst others, Zhengzhou Yutong Bus Co., Ltd. (鄭州宇通客車股份有限公司), to carry out research project for hybrid power system platform for bus – research on fuel cell system benchmarking and durability testing technology. The intellectual property rights independently developed and completed by each party according to task allocation shall be solely owned by that corresponding party; and the intellectual property rights produced under the cooperation are jointly owned by us and the participating parties.

- we cooperate with, amongst others, Shanghai Municipal Science Commission (上海市科學技術委員會) to carry out research project for long lifespan high power fuel cell stacks and key components for vehicles, and we are responsible for the performance testing of fuel cell stacks. The intellectual property rights independently developed and completed by each party according to task allocation shall be solely owned by that corresponding party. For the public interests, Shanghai Municipal Science Commission (上海市科學技術委員會) has the royalty free right to use the intellectual property rights.

- we cooperate with, amongst others, Xi'an Jiaotong University (西安交通大學), to carry out research project for fuel cell air compressor for vehicles for enhanced performance and control of air compressors. The intellectual property rights independently developed and completed by each party according to task allocation shall be solely owned by that corresponding party; and the intellectual property rights produced under the cooperation are jointly owned by us and the participating parties.

- we cooperate with, amongst others, Tongji University (同濟大學) to carry out research project for reliability, durability and engineering manufacturing technologies of PEM fuel cell stack — research and development of fuel cell stack sealing and batch assembly technology and equipment. The intellectual property rights independently developed and completed by each party according to task allocation shall be solely owned by that corresponding party; and the intellectual property rights produced under the cooperation are jointly owned by us and the participating parties.

Salient terms of the collaboration agreement are as follows:

- The cooperation agreement sets out the major objectives, technical route and target schedule of the R&D project.

- The R&D project usually designates the project leader and R&D members, with each member taking a portion of the research.

- The terms for such cooperation agreements generally range from three to five years.

- The intellectual property right developed before the start of the cooperation shall be solely owned by the original holder; the intellectual property rights jointly developed during the cooperation shall be jointly owned by the contributing parties; and the intellectual property rights formed by one party alone during the cooperation shall be owned by such party alone.

- The technical achievements, patents, copyrights and other intellectual property rights jointly owned by the parties shall not be transferred or licensed to a third party without the consents of all related parties.

Breakthrough and Achievements

We believe that technology development is the key to our sustainable success and we are committed to the development of our proprietary technologies. Over the years, our dedicated efforts have allowed us to establish competitive edges over industry peers in terms of development, manufacturing and integration of hydrogen fuel cell systems and key components, including fuel cell stacks, MEAs, and bipolar plates. Through consistent breakthroughs in technology, we have successfully positioned our products, in particular our fuel cell systems, as a recognized brand. These products are characterized by their enhanced performance, great reliability, long lifespan, and great environmental adaptability. Some examples of our key achievements are as follows:

High-Performance Controller and Highly Robust Control System Design Technology

Our high-performance controller and highly robust control system design technology can effectively improve the reliability, lifespan, and robustness of hydrogen fuel cell systems in the complex application environment of commercial vehicles. Our controller is designed in accordance with the standards of electrical and electronic components in the automotive industry. It offers excellent compatibility with the application environment and has successfully passed tests and validations based on international standards and corresponding national standards, such as ISO16750, CISPR25, ISO7637, ISO11452, and ISO10605. Furthermore, our controller features a wide range of peripheral interfaces, allowing for quick integration of new sensors and actuators during the development and iteration of the hydrogen fuel cell system and have significantly shortened the system development time. In addition, we have developed a model-based closed-loop control software system. This system ensures that the fuel cell stacks in our hydrogen fuel cell system operate in a reasonable and healthy state. It enables accurate reading, checking, risk identification, mitigation, and fault response for the hydrogen fuel cell system and components' operational status.

Iterative Optimization Control Technology of Hydrogen Fuel Cell System Based on Big Data Platform

To address the challenges commonly encountered in fuel cell vehicles, such as isolated vehicle information, multi-dimensional fault vectors, and difficulties in online historical data analysis, we have undertaken extensive technology development and engineering applications based on real vehicle data collected over a long time span on a cloud platform. Drawing upon our strong technical capabilities and rich experience in providing fuel cell vehicle solutions, we have developed a comprehensive suite of data-driven tools and technologies. These tools enable accurate and real-time monitoring of key metrics from the fuel cells installed in relevant vehicles. This capability facilitates cross-vehicle management, extends system lifespan, and reduces hydrogen consumption. Furthermore, our tools enable quick analysis and comparison of different failure events, allowing for efficient and effective solutions to be implemented. They also provide early warnings and effective preventive measures for similar events, enhancing and optimizing overall vehicle operation.

Non-Destructive Fast Start Technology for Hydrogen Fuel Cell System at -30°C Without Auxiliary Heat

One of the significant design challenges in hydrogen fuel cell systems is the low-temperature starting problem. It is crucial to achieve fast starting while minimizing energy loss to the vehicle's power system and preventing damage to the fuel cell's lifespan. To address this challenge, we have made several design improvements in the fuel cell design processes. These improvements focus on enhancing the ice-tolerance of the membrane electrode, preventing the local accumulation and blockage of condensate and ice, realizing dynamic control of concentration polarization through real-time impedance measurement, and minimizing the risk of icing inside the fuel cell and key components with our anisotropic system integration thermal conductivity design. Our design improvements enable fast freeze-starts without compromising fuel cell's lifespan, significantly optimize the customer's utilization experience of the fuel cell, and enhance the overall hydrogen safety design level of the hydrogen fuel cell system.

Fuel Cell Water-Heat Balance Management Technology and High-Power System Heat Dissipation Management Technology

The water balance and heat balance in a hydrogen fuel cell system significantly impact its reliable and long-term stable operation. To address this, we have established a series of control models, including the heat production model of the fuel cell stack, water temperature model, cooling system model, internal water balance model of the fuel cell stack, humidifier humidification model, and anode circuit component model. These models form the basis of our complete closed-loop control strategy. By leveraging these control models, we ensure that the fuel cell operates at a reasonable and healthy state and improve the lifespan, reliability, and overall performance of the system.

Furthermore, we conduct system design and control technology optimization with the focus on the characteristics of fuel cells, such as their high proportion of heat production and the lower permissible temperature of the fuel cell stack materials. Meanwhile, by establishing a whole vehicle heat dissipation model that takes into account factors like fan hysteresis, thermal inertia of the heat dissipation circuit, and other physical characteristics, combined with the system's water transfer characteristics, we achieve closed-loop decoupling control of the dynamic water temperature and hydrogen-air circuit operating conditions. This control mechanism effectively mitigates material damage caused by high temperature. Moreover, we have developed a route optimization system capable of analyzing different operating scenarios and requirements. This system reduces high-temperature operation throughout the entire life cycle of the vehicle and safeguard the lifespan of the hydrogen fuel cell system in high-power heat dissipation applications.

High-temperature resistance technology of fuel cell stacks

We have developed high-temperature resistant graphite compression plates, and single-cell sealing materials and corresponding sealing processes, through the optimization of temperature-resistant graphite composite resin materials, material ratios, and precision hot-press molding technology. We have also developed catalyst slurry ratios and coating processes based on high-temperature operating conditions to reduce platinum aggregation and carbon carrier corrosion rates at high temperatures, thereby improving proton exchange membrane conductivity and humidification properties under high-temperature conditions.

Furthermore, by optimizing the design and material selection of the three-chamber sealing system, we have improved sealing stability at high temperatures. We have also established fuel cell multi-physics coupling models suitable for high-temperature operation. Through the combination of precise flow field structure design and dimension and quality control, we are able to ensure consistent heat generation and dissipation distribution in the fuel cell stacks, thereby achieving effective thermal and water management to balance performance and lifespan under high-temperature operating conditions. As a result, working efficiency and environmental adaptability of our fuel cell stacks are expanded.

Long lifespan technology of fuel cell stacks

To ensure the long lifespan of 15,000 hours to 30,000 hours for our fuel cell stacks in complex fuel cell vehicle working environments, we employ corrosion-resistant graphite bipolar plates to prevent corrosion associated with prolonged use of metal bipolar plates. We also minimize performance degradation or internal leaks in single cells caused by deviations in system operating conditions, extreme operating conditions, and other uncontrollable factors through catalyst microstructure and active structure design, as well as the formulation of anti-poisoning anode slurries.

Furthermore, we enhances electrode impurity and corrosion tolerance by adding hydroxyl quenching agents to the membrane electrode assembly and optimizing the three-dimensional hierarchical diffusion layer structure for gas and liquid-phase mass transfer. We employ asymmetric membrane electrode assembly designs to strengthen surface reaction processes, significantly improving impurity tolerance and corrosion resistance. Through studying the degradation mechanisms, material selection criteria, and durability design guidelines for core fuel cell components, we have developed corresponding accelerated durability methods, which enable us to achieve long-lifespan engineering design configurations tailored to different application scenarios and requirements.

Highly-automated fuel cell stack production technology

We have established comprehensive performance evaluation system for fuel cell stack testing, covering dimensions, such as general performance, low-temperature characteristics, and safety requirements. This evaluation system encompasses temperature, pressure, excess factor, humidity, and other dimensions. We have designed micro-injection molding to achieve rapid, high-quality, and controllable molding of ultra-thin composite graphite bipolar plates for our fuel cell stacks. Through high-precision positioning, monitoring, error detection, and automated assembly, we have achieved automated stacking, compression, and fully automated welding processes for the bipolar plates.

We focus on intelligent design, operation, production (MES, control systems, intelligent detection and assembly equipment, intelligent logistics, and warehousing), and intelligent services. We integrate data and systems such as SAP, MES, and QMS into a unified platform. This integration enables functionality across various aspects of the product lifecycle, including design, manufacturing, assembly, logistics, and more, ultimately improving the research and production efficiency of fuel cell stacks.

Long lifespan, high-temperature resistance, high consistency membrane electrode design, and mass production technology

We have effective control of the catalyst layer's porous structure by customizing the selection of high oxygen permeable polymers, regulating the morphology, particle size, and slurry composition of the catalyst. By optimizing the hydrophilic/hydrophobic ratio and pore distribution of the diffusion layer, along with micro-scale gas-liquid mass transfer simulations, we are able to regulate the micro-scale water balance inside the electrode, therefore preventing flooding or excessive dryness during operation of the MEA. By selecting OER catalysts with special carriers and controlling the morphology of iridium and special carbon carriers, we improve the utilization efficiency of OER catalysts and increase the membrane electrode's resistance to degradation.

In terms of MEA mass-production, we have established evaluation systems for slurry dispersion, high-speed roll-to-roll process for membrane electrodes, integrated processes, dual-sided heating, and active area cooling hot-pressing processes, among other technologies. These advancement enables the MEA to achieve high power density (>1.32W/cm^2), long estimated lifespan (>30,000hours), low freeze-start temperature (-30°C), long anti-reverse polarity duration (>3hours), high uniformity coating with high platinum loading CPK over 1.67, high coating size control accuracy with CCM wide-width CPK over 1.67, and high defect automatic classification accuracy (>99%).

High-Performance, and Long-Lifespan Composite Graphite Bipolar Plate Seal Structure Design and Mass Production Technology

In order to meet high-performance and long-lifespan requirements in commercial vehicle applications, we have developed composite material formulations using natural graphite and highly durable resins. We have optimized space and structure of bipolar plates, and the distribution of the medium, achieving a conductivity of ≥100S/cm and durability of ≥30,000 hours.

In terms of mass production technology, we have improved the resin formula to optimize the polymerization mechanism and microscopic composite morphology of the resin and graphite. Through the use of ultra-high vacuum and precision fluid control technology, we have realized an automated mass production of the plates. With the coating process to achieve the full intelligence and automation of the polar plate bonding, visual inspection to lamination, we have achieved a comprehensive yield rate of over 95% for bipolar plates.

AWARDS

Throughout the years, we have received numerous rewards and recognitions in respect of our market size, production capabilities, technological development, and others. Set forth below are some examples of our awards received during the Track Record Period:

Year of grant	Award of recognition	Accrediting/Issuing institution/Authority
2024	List of Shanghai Patent-Intensive Products and Organizations for the Year of 2023 ("2023年上海市專利密集型產品及單位名單")	China Patent Protection Association
2024	List of Shanghai Intelligent Factories for the Year of 2023 ("2023年度上海市級智能工廠名單")	Shanghai Economy and Information Technology Commission
2023	National Enterprise Technology Center of 2022 (29th Batch) (2022年(第29批)國家企業技術中心)	National Development and Reform Commission, Ministry of Science and Technology, Ministry of Finance, General Administration of Customs and General Administration of Taxation
2023	First Prize of Shanghai Industry-University-Research Cooperation Outstanding Projects in 2022 (2022年上海產學研合作優秀項目一等獎)	Shanghai Association for the Promotion of Scientific and Technological Achievements
2023	Scientific Technology Advancement in Shanghai for the Year of 2022 (2022年度上海市科學技術獎)	People's Government of Shanghai
2022	China Renewable Energy Society Science and Technology Progress Award in 2022 (2022年度中國可再生能源學會科學技術進步獎)	China Renewable Energy Society
2022	The First (Unit) of Major Technical Equipment Project in Energy Sector in 2021 (2021年度能源領域首台(套)重大技術裝備項目)	National Energy Administration
2022	Leading Enterprise of National Intellectual Property (國家知識產權優勢企業)	Department of Utilization and Promotion of State Intellectual Property Office

Year of grant	Award of recognition	Accrediting/Issuing institution/Authority
2022	TOP100 Enterprises of Shanghai Hardcore Science and Technology (2022上海市硬核科技企業TOP100)	Shanghai Industrial Technology Innovation Conference
2021	Science and Technology Award of China Machinery Industry (中國機械工業科學技術獎)	China Machinery Industry Federation
2021	Manufacturing Individual Champion Enterprise (製造業單項冠軍)	The Ministry of Industry and Information Technology
2021	The First APEC "Light of Innovation" Award for Outstanding Achievements in Small and Medium-sized Enterprises' Technological Innovation (首屆APEC"創新之光"中小企業技術創新優秀成果獎)	China SME Development Promotion Center
2021	High-tech Enterprises (高新技術企業)	Shanghai Science and Technology Commission

INTELLECTUAL PROPERTIES

Our success depends to a large extent on our ability to protect our core technology and intellectual property. We seek to protect our core technologies and proprietary technologies through a combination of copyrights, trademarks, trade secrets and confidentiality policies. As of the Latest Practicable Date, we had (i) 339 registered patents in China, including 120 invention patents, 206 utility model patents and 13 design patents, (ii) 108 registered trademarks in China, two registered trademarks in Hong Kong, five registered trademarks in Japan, seven registered trademarks in European Union, eight registered trademarks in United States, and one registered trademark in Canada, (iii) 37 registered software copyrights and six registered work copyrights in China, as well as (iv) seven registered domain names in China. For details of our intellectual property portfolio, see "Appendix VI — Statutory and General Information — Further Information About the Business of Our Company — 2. Intellectual property rights" in this prospectus.

In addition, we have adopted and implemented policies to protect our core technologies and avoid infringement, including (i) before the official launch of a new product, we generally engage external counsels to conduct patent search and infringement analysis specifically for our proprietary technology. If there is a high risk of patent infringement, we will consider take actions, such as apply to invalidate the opposing party's patent or modify our product plans to avoid infringement risks; (ii) to prevent third-party infringement of our intellectual property, we have established an internal patent protection mechanism, involving our IP management personnel, sales personnel, and research and development personnel. We will provide trainings for such personnel periodically to get familiarize with our intellectual property rights and related laws and regulations. They will promptly report to the IP management team for appropriate action with the support of external counsels upon observation with potential infringement; (iii) inclusion of confidentiality clauses as well as ownership and protection of intellectual property rights clauses in commercial and research and development agreements with business partners for instance, in the strategic collaborations with our business partners, the relevant contracts would generally stipulate intellectual property protection-related clauses such as (1) during the collaboration process, any technical information provided by one party to the other party shall not be disclosed to any third party in any form; and (2) except for the intellectual property developed independently by a party without using any drawings or technical information from the other party, the intellectual property generated based on the other party's drawings and technical information shall be owned by the other party; (iv) registration of our research and development achievements as patents or inventions timely and (v) the protection of sensitive information stored on employee computers through protective software. In addition, our intellectual property team proactively takes initiatives to identify potential infringement upon our intellectual property rights and take appropriate actions based on our findings.

We intend to protect our technology and proprietary rights vigorously. We have employed internal policies, confidentiality clauses, and data security measures to protect our proprietary rights. During the Track Record Period and up to the Latest Practicable Date, we did not initiate any material litigations for the infringement of our intellectual property rights, and no material claims or disputes were brought against us in relation to any infringement of trademarks, copyrights or other intellectual properties. In addition, from time to time, third parties may initiate litigation against us alleging infringement of their proprietary rights or declaring their non-infringement of our intellectual property rights. See "Risk Factors — Risks Relating to Our Business — We may not be able to adequately protect our intellectual property, which could cause us to be less competitive. Intellectual property infringement claims or other allegations by third parties and third-party infringements of our intellectual property rights may adversely affect our business" in this prospectus.

SALES AND MARKETING

During the Track Record Period, we primarily focused our marketing and sales efforts on our hydrogen fuel cell systems and components. As of the Latest Practicable Date, we had a sales and marketing team of 90 employees, focusing on (i) business development in relation to the application of hydrogen energy technology in various scenarios, including commercial vehicles, power generation stations and construction machinery, (ii) cooperation within the industry value chain, as well as (iii) after-sales services. We maintain respective sales and marketing teams responsible for our sales efforts in different areas nationwide in accordance with our sales strategy. Our sales and marketing staff analyze the dynamics of existing customers and trends in key markets to determine where opportunities exist, and our regional sales and marketing teams implement strategies within their respective regions.

Our sales and marketing staff regularly contact our existing and potential customers about our current offerings and development plans. They actively collect customer feedback on our products and offer assistance in addressing their needs regarding product designs and other aspects. Besides maintaining frequent communication with our existing customers, our sales and marketing staff also seek to expand our customer base through presenting our strengths and showcasing our products and services to their own existing contacts and potential customers. In 2021, 2022, 2023 and May 31, 2024, our selling and marketing expenses were RMB90.5 million, RMB102.8 million, RMB134.8 million and RMB43.1 million, respectively, accounting for 17.3%, 17.0%, 15.1% and 344.0%, respectively, of our revenue during the same periods.

In terms of customer management, our customer management team directly reaches out to our key customers by way of site visits or call communications on a regular basis to better understand their demands and promote our products. We also actively participate in industry conferences to track the market dynamics, explore market opportunities, enhance our brand recognition and obtain more orders.

BUSINESS SUSTAINABILITY

We were established in 2015. Since our inception, we have achieved growth. During the Track Record Period, our total revenue amounted to RMB524.1 million, RMB604.6 million, RMB895.3 million and RMB12.5 million for 2021, 2022, 2023 and the five months ended May 31, 2024.

We have recorded gross profit in 2021, 2022 and 2023, which amounted to RMB61.8 million, RMB49.8 million and RMB179.6 million, respectively, and gross loss of RMB24.2 million for the five months ended May 31, 2024. The decrease in gross profit from 2021 to 2022 was mainly due to the increased impairment losses on inventories as a result of the rapid product iterations toward high-output fuel cell systems and the decline in market prices. Other than impairment losses on inventories, our cost of sales of goods and services as a percentage of our total revenue maintained a downward trend, decreasing from 79.1% in 2021 to 78.2% in 2022, and further to 76.4% in 2023. In 2023, our gross profit surged significantly to RMB179.6 million, mainly the sales growth of our hydrogen fuel cell systems. Meanwhile, the gross profit margin of our hydrogen fuel cell systems increased from 21.6% in 2021 to 23.2% in 2022 and further rose significantly to 28.0% in 2023, reflecting our efforts in cost control. We recorded gross loss with a negative margin for the five months ended May 31, 2024, mainly due to attributable to the gross loss from sales of fuel cell systems and components. This was further because our revenue was relatively small in the first five months of 2024 due to the seasonality and fluctuations in our customers' demands for application of fuel cell systems and components, which were in relation to their vehicle production schedules, while costs of sales such as employee benefit expense and depreciation and amortization did not decline significantly during the same period, resulting in a gross loss. For further information, see "Financial Information — Results of Operations — Gross Profit and Gross Profit Margin" in this prospectus.

Cost control and reduction is crucial for the overall development of hydrogen fuel cell industry, especially in the transition period from policy-driven to market-driven. According to Frost & Sullivan, fuel cell stack is the key component of the hydrogen fuel cell system, which in general accounts for around 63.0% of the total cost of a fuel cell system. Within a fuel cell stack, MEA and bipolar plate are important, which in general account for around 61.8% and 27.5% of the cost of a fuel cell stack. Attributable to our continuous research and development efforts and product iteration, outrunning other market players in the hydrogen fuel cell industry, rather than relying on third party suppliers, we have achieved self-development and production of fuel cell stacks, MEAs, and bipolar plates. We started to produce our proprietary fuel cell stacks in 2020, our proprietary MEAs in 2021, our proprietary graphite bipolar plates in 2023. The self-development and production of key components of fuel cell systems help us drive down costs.

We have collaboration with internationally renowned component suppliers and commercial vehicle manufacturers, so as to further develop new products. We also expand our product application from commercial vehicles to diversified markets, such as power generation stations, construction machinery, rail transportation, and other new application scenarios. In addition to our vertical growth, we are also expanding our presence horizontally from hydrogen fuel cell to hydrogen production, where we have self-developed PEM water electrolysis hydrogen production system, and related components, and started to generate revenue in such business segment in 2023.

Despite our continued growth in business, we are not yet profitable. We have incurred net losses during the Track Record Period. In 2021, 2022, 2023 and the five months ended May 31, 2024, we recorded net losses of RMB654.3 million, RMB546.1 million, RMB577.5 million and RMB409.4 million, respectively. Our net loss position was primarily because we are vigorously expanding our product portfolio, and exploring upstream and downstream network and collaborations in order to achieve the synergies among "electricity-hydrogen-electricity" in our business model, and thus incur significant amount of research and development expenses, selling and marketing expenses, as well as various other operating expenses.

Considering that hydrogen industry is still in its early developing stage, and is gradually shifting from policy-driven to market-driven, to pave the way for a long-term success in such new and fast-growing market, we believe it is more important to focus on building and developing our research and development and production capacity, rather than seeking immediate financial returns or profitability, so as to lay a solid foundation for future growth as the hydrogen industry continues to mature. In the medium term, we aim to maintain sustainability and achieve profitability through: (i) business expansion and revenue growth; (ii) ability to manage costs and enhance operating leverage; and (iii) improving cash flow and ability to raise funds. With our improved profitability, we also expect our cash flow to improve concurrently.

Business Expansion and Revenue Growth

Favorable Policies in Hydrogen Industry

We are operating in one of the fastest-growing industries in China with strong government support. The PRC government has been announcing various favorable policies to develop the hydrogen industry. In particular, in December 2023, the NDRC released the Catalogue for the Guidance of Industrial Structure Adjustment (2024) (《產業結構調整指導目錄(2024年本)》), in which hydrogen related industries, such as, hydrogen fuel cell systems, hydrogen production, are encouraged. In June 2023, the National Energy Administration released the Blue Book on the Development of New Power Systems (《新型電力系統發展藍皮書》), promotes the low-carbon development of energy used in various industries by 2030, the transfer of industries from the eastern to central and western regions, and the increase in the proportion of non-fossil energy consumption to 25 percent. In March 2022, the NDRC issued the Medium- and Long-term Development Plan for Hydrogen Industry (2021–2035) (《氫能產業發展中長期規劃(2021–2035年)》), proposing to (i) promote the diversified hydrogen energy applications including fuel cell systems; (ii) improve the core technologies of fuel cell systems; (iii) accelerate the construction of hydrogen energy infrastructure; and (iv) support enterprises with strong R&D capabilities. It is anticipated that by 2035, a comprehensive hydrogen energy industry will be established, creating a diverse ecosystem of hydrogen energy applications covering sectors, such as transportation, energy storage, and more. It is also anticipated that by 2025, the total number of FCEVs will be around 50,000 units, with the support of enhanced and more comprehensive infrastructures for FCEVs, such as hydrogen refueling stations, representing a huge increase from around 18,000 units in 2023. The annual production volume of hydrogen from renewable energies will be in the range of 100,000 to 200,000 tons. For more information, see "Regulatory Overview — Regulations Relating to Our Industry and Products" in this prospectus. For the year ended December 31, 2023, the annual production volume of hydrogen from renewable energies was approximately 80,000 tons. As of September 30, 2024, there were around 22,500 units of FCEVs. As of October 31, 2024, there were 435 units of hydrogen refueling stations.

Many local governments in China have also proposed specific plan and target supporting the development of hydrogen industry and fuel cells systems. For example, in July 2021, Hebei Province issued the Development Plan of Hydrogen Energy Industry in Hebei Province for the "14th Five Year Plan" Period (《河北省氫能產業發展「十四五」規劃》), proposing that a total of 100 hydrogen refueling stations will be built and the number of fuel cell vehicles in Hebei province will reach 10,000 by 2025. In February 2021, Shanghai issued the Implementation Plan for Accelerating the Development of New Energy Vehicle Industry in Shanghai for 2021–2025 (《上海市加快新能源汽車產業發展實施計劃(2021–2025年)》), proposing to achieve goals including construction and operation of over 70 hydrogen refueling stations and promotion of nearly 10,000 fuel cell vehicles in Shanghai by 2025.

In addition, various cities in China are encouraging commercial use of FCEVs, such as "Hydrogen Highway (氫能公路)" initiative in Shandong, Zhejiang and other provinces, which projects aim to establish a network of hydrogen refuelling stations and promote the use of commercial FCEVs, such as hydrogen-powered heavy-duty trucks, as a part of China's broader efforts to promote sustainable and green transportation solutions. For instance, in April 2024, Sinopec's hydrogen-powered heavy-duty trucks successfully completed a 1,500-kilometer test run. The FCEVs used in this test run were two 49T hydrogen-powered heavy-duty trucks that are equipped with 180kW fuel cell systems produced by us, providing an endurance mileage of 600 kilometers. To enable long-distance and inter-regional transportation, attributable to Sinopec's traditional gas station network, it has established hydrogen refueling network along the Beijing-Tianjin, Chengdu-Chongqing, Shanghai-Ningbo, Jinan-Qingdao, and Hankou-Yichang expressways, with the longest distance being approximately 350 kilometers.

Some non-demonstration cities announce preferential policies to encourage the use of FCEVs in local areas. For instance, local government in Shandong Province released notice to start a trial period of two years to exempt FCEVs with ETC kit from highway tolls in March 2024 to promote long-term transportation of FCEV; local government in Sichuan Province released notice to exempt registered FCEV with ETC kit from selected highway tolls in April 2024 for similar purpose; local government in Jilin Province released notice to start a trial period of two years to exempt FCEVs with ETC kit from highway tolls in Jilin Province in August 2024. There are also similar policies in other provinces, such as Shaanxi Province, Lvliang City, Shanxi Province, and Ordos, Inner Mongolia. According to Frost & Sullivan, assuming that the fuel cell heavy-duty trucks with ETC kit transport within the areas with such exemption of highway tolls, such policies are expected to reduce total cost of ownership of the fuel cell heavy-duty trucks by around 10% to 15%. In response to such policies, the number of hydrogen refuelling stations and related infrastructure are expected to witness a huge growth, which in turn will drive the adoption of fuel cell heavy-duty trucks and hydrogen fuel cell systems. Furthermore, in 2023, the first domestically developed hydrogen-powered urban rail train in China successfully completed a full-load running test in Changchun. This milestone signifies a new breakthrough in the application of hydrogen fuel cell system in rail transportation and demonstrating China's goal of promoting diversified application of hydrogen fuel cell systems, especially in heavy-duty logistics. The favourable policies will further drive growth in hydrogen industry.

According to Frost & Sullivan, China's hydrogen consumption measured by volume is expected to increase from 36.6 million tons in 2023 to 52.8 million tons in 2028. In particular, the consumption of China's low carbon hydrogen measured by volume is expected to increase from 2.9 million tons in 2023 to 13.5 million tons in 2028, with a CAGR of 36.0%. China's hydrogen fuel cell industry measured by sales value is expected to increase from RMB3,930 million in 2023 to RMB49,820 million in 2028, with a CAGR of 66.2%. China's electrolyser industry measured by shipment value is expected to increase from RMB1.9 billion in 2023 to RMB64.1 billion in 2028, with a CAGR of 102.1%. For more information, see "Industry Overview" in this prospectus.

Business Development

We are a leading hydrogen technology company in China. As we continue to make technological advancements, iterate our products, and enhance our market awareness, we have been dedicated to expanding the application of our fuel cell systems beyond vehicles, venturing into non-vehicle scenarios; expanding geographically into new non-demonstration cities in China, and exploring opportunities in international markets. Leveraging our strong network in hydrogen industry, apart from hydrogen fuel cell industry, we also gradually expands into hydrogen production industry. This strategic positioning in hydrogen fuel cell industry and hydrogen production industry enables us to establish a comprehensive "electricity-hydrogen-electricity" business model. In the future, we plan to further expand our business development in these five aspects through the following:

- ***Expanding application scenarios***: In addition to commercial vehicles, we will also expand our presence in vehicle applications such as special-purpose vehicles, and passenger cars; and non-vehicle applications, such as railways, vessels, airplanes, and power generation applications. To achieve this goal, we have been focusing on continuous product iteration. For instance, we continue to optimize the Prisma Series. The production costs for the new model of Prisma Series in 2024 has reduced by approximately 10% compared to the ones with the same rated power in 2023. Additionally, the new model of Prisma Series in 2025 will incorporate a new generation of CCM, which has improved performance by around 23% compared to the current CCM. This improvement can help reduce CCM used in hydrogen fuel cell systems for achieving the same rated power, and in turn help reduce production costs by approximately 20% or more compared to the ones with the same rated power in 2023. The new series products are also designed to be highly adaptable to harsh environments, complex working conditions, and heavy loads. This adaptability makes them suitable for long-term transportation of heavy-duty trucks on high-latitude highways and compatible with new scenarios.

  We also plan to conduct pilot projects with industry stakeholders in such industries, to showcase the practicality and benefits of hydrogen fuel cell systems. For instance, we will participate in a research and development project with the 712th Institute of China Shipbuilding Corporation (中國船舶集團有限公司第七一二研究所) for the development of fuel cell vessels. Additionally, we have formed a strategic collaboration with Zhongqing (Hunan) Rail Transportation Co., Ltd. (中氫(湖南)軌道交通有限公司). Leveraging the respective technological strengths in hydrogen fuel cell systems, and rail transportation, we aim to provide technical services, prototype experiments, and customized production for CRRC Corporation Limited (中國中車股份有限公司) for the development of fuel cell locomotives. We will jointly develop a prototype of a fuel cell trainer aircraft with Jiangxi Hongdu Aviation Industry Group Ltd. (江西洪都航空工業集團有限責任公司). Successful demonstrations can help build confidence in potential customers and encourage wider adoption. In 2024, we jointly developed a 1.5 MW trailer-mounted hydrogen power station with Gemstone Electrical Equipment Co., Ltd. (寶石電氣設備有限責任公司), which is the largest integrated trailer-mounted fuel cell cogenerator in China.

- ***Expanding geographical presence***: In observing that the hydrogen fuel cell industry in China is currently in a transitioning period from a policy-driven industry to a market-driven one, building upon the existing track record in demonstration city clusters, we have successfully penetrated into various non-demonstration cities. During the Track Record Period, our revenue of fuel cell systems from non-demonstration cities in China increased from RMB89.7 million in 2021 to RMB110.8 million in 2022, and further increased to RMB213.3 million in 2023. In near future, we plan to expand into new non-demonstration cities, where hydrogen fuel cells offer comparative advantages over other power sources, such as in Qingdao, Ningbo, Chongqing, Wuhan, Jiyuan, Linfen, Jinan, and Hohhot. These target markets share similarities with other non-demonstration cities where we have already established proven track record. These markets possess unique geographic, industrial, and/or market characteristics that promote the utilization of hydrogen energy. These characteristics include but not limited to, strong hydrogen supply with competitive prices, abundant industrial materials that require heavy-duty logistics, and supportive local policies encouraging the adoption of FCEVs to reduce carbon emissions in public transportation.

  For instance, in April 2024, Yutong Group delivered and put into operation 50 hydrogen-powered heavy-duty trucks powered by our hydrogen fuel cell systems that were customized for Henan Jinma Energy Co., Ltd. (河南金馬能源股份有限公司) ("Jinma"). Such trucks are specifically designed for transporting raw coal between Jiyuan, Henan and Linfen, Shanxi. Utilizing low-price by-product hydrogen produced in local industrial operations, such as coke, steel, and chlor-alkalic production, the operating cost of a hydrogen fuel cell heavy-duty truck is lower than the corresponding operating cost of a diesel-fueled heavy-duty truck, which makes it a commercially viable scenario for hydrogen fuel cell systems in non-demonstration cities without reliance on subsidies. In expecting a huge and rapid market growth of hydrogen fuel cell industry in such demonstration cities, leveraging and through our existing strategic alliance with fuel cell vehicle manufacturers, we will actively seeks business opportunities with other companies with bulk material transportation needs in local areas or within close regions, similar to Jinma.

- ***Accelerating global expansion***: We have obtained multiple international certifications, evidencing that our products have reached international standards. Also, we have collaborated with international commercial vehicle manufacturers and suppliers in the development of fuel cell vehicles and components. We believe that our presence in international market will enable us to take advantage of the development of global hydrogen fuel cell industry.

  During the Track Record Period, the revenue derived from overseas countries and regions increased from RMB5.5 million in 2021, to RMB8.6 million in 2022, and further increased to RMB23.2 million in 2023. In April 2024, we entered into sales contract with certain customer in Korea, achieving our first overseas bulk sale, with contract price exceeding RMB30.0 million. In near future, we will further collaborate with internationally renowned automotive manufacturers in the research and development of hydrogen fuel cell vehicles. Through providing engineering and technical services, we aim to enhance our international reputation and establish a solid foundation for future large-scale commercialization efforts abroad. For instance, we have provided engineering and technical services, including fuel cell system integration, system ECU development, system performance testing and evaluation, for the Haima 7X-H hydrogen fuel cell MPV jointly developed by Toyota and Haima. Haima 7X-H hydrogen fuel cell MPV served as the shuttle for the Bo'ao Forum for Asia Annual Conference in 2024, received positive feedback from conference attendees. Through similar project collaboration and engineering and technical support, we will strengthen partnerships with international automotive manufacturers, such as Toyota, Schaeffler, and Daimler. We will continue to provide high-quality engineering and technical services, enhance international cooperation, and improve our competitiveness and reputation in overseas markets. In addition, we will participate in international expos, such as FC Expo in Tokyo, Japan, which attract a diverse range of industry professionals, potential customers around the world, by showcasing our fuel cell systems, solutions and technologies, we can significantly increase our visibility and brand recognition in the global market, as well as establish connections with key stakeholders in the global fuel cell industry.

- ***Further development of hydrogen production products***: We have gradually expanded into hydrogen production industry. Such expansion is not only built upon our mature network in the hydrogen industry and solid collaborations with other relevant stakeholders in hydrogen market, but more importantly, built upon our existing technologies and know-hows in MEAs. PEM fuel cell systems and PEM water electrolysis hydrogen production systems have a reciprocal relationship in terms of chemical reactions. As we have core technologies in developing and producing MEAs, our research and development capabilities and technological foundation provide a solid basis for the development of hydrogen production systems, which provide robust support for development of hydrogen production systems.

  As we gradually extend our business to the supply side of hydrogen by providing hydrogen production systems, we can satisfy the full-service needs of our customers in hydrogen industry, especially conglomerates that seek comprehensive solutions for hydrogen generation and application. Our extensive product portfolio can also increase the client adherence and loyalty, and cross-sell our products. We aim to build production capacity for hydrogen production products in the near future, and produce hydrogen production systems and related key components.

We have developed PEM water electrolysis hydrogen production systems, PEM water electrolysis cells, PEM hydrogen production MEAs, hydrogen production power sources, and electrodes for ALK electrolysis, all of which are well-received by the market and is under continuous iteration strategy that designed to keep enhancing their competitiveness. As of September 30, 2023, revenue derived from this business segment amounted to RMB0.4 million. However, as of December 31, 2023, the revenue derived from this business segment had significantly increased notably to RMB7.7 million despite that we are still in the early-stage commercialization of hydrogen production products. As a front runner in developing PEM and ALK electrolysis products, we anticipate a continuous increase the sales of our hydrogen production systems and components.

By 2027, we plan to launch: (i) standardized industrial PEM hydrogen production system that is capable of producing hydrogen for long period with remote control, that facilitates mass production and scalable management; (ii) integrated hydrogen production and refuelling solution, for one-stop hydrogen production, storage, and refuelling. Such solution helps provide on-site hydrogen for hydrogen refueling stations, saving transportation costs for out-sourced hydrogen; and (iii) compact hydrogen production and refuelling unit, which is primarily developed as a standardized solution to meet the hydrogen refuelling needs of non-road vehicles. It integrates all necessary modules, including hydrogen production, storage, and refuelling, into a single and small device, that help fulfilling hydrogen demands of logistics parks, airports, hydrogen-powered forklifts, special-purpose vehicles, and other non-road transportation vehicles.

In regions with abundant renewable energy resources, we plan to actively participate in low-carbon hydrogen production projects by utilizing renewable energy electricity. Such hydrogen, as a form of green energy, will be used as industrial raw material to produce green ammonia and green methyl alcohol, reducing reliance on traditional fossil energy sources and lowering greenhouse gas emissions. For example, in the project of integrating green hydrogen production, storage, transportation and application with annual output of 100,000 tons hydrogen in Taiyang Mountain, Ningxia ("寧夏太陽山年產10萬噸綠氫製儲輸用一體化示範項目"), green hydrogen produced with our PEM and ALK water electrolysis products will be used to produce green ammonia and green methyl alcohol locally.

- ***Enhancing marketing efforts***: We plan to attend or hold more industrial forums, events and activities so as to increase adherence of existing customers and gain new customers. We intend to offer attractive performance-based compensation schemes to incentivize marketing team to enhance their efforts and achieve our marketing goal. In addition, we plan to actively promote the application of our products by (i) assisting commercial vehicle manufacturers in their research and development and testing of fuel cell vehicle prototypes; and (ii) leveraging the various local supportive policies for the hydrogen fuel cell industry to enter different markets and expand our sales channels.

Management of Cost and Enhancement of Operational Leverage

Cost of Sales

In 2021, 2022, 2023 and the five months ended May 31, 2024, our cost of sales accounted for 88.2%, 91.8%, 79.9% and 293.3% of our total revenue. The cost of sales as percentage of total revenue increased in 2022, mainly due to an increase in impairment losses on inventories as a result of the rapid product iterations toward high-output fuel cell systems and the decline in market prices. Other than the impairment losses on inventories, our cost of sales of goods and services as a percentage of total revenue declined from 79.1% in 2021 to 78.2% in 2022, and further to 76.4% in 2023, reflecting our successful efforts in cost control. The cost of sales as percentage of total revenue increased in the five months ended May 31, 2024, mainly due to the fact that the lower sales volume of fuel cell systems and components during this period led to a decease in costs of raw materials, while other costs like employee benefits, depreciation, and amortization did not decline proportionately.

During the Track Record Period, the major component of our cost of sales was cost of raw materials. In order to reduce raw material costs, we have enhanced our R&D capability and strengthen our supply chain. In particular, we have made remarkable progress in developing and producing key components of fuel cell systems, independent R&D of MEAs, bipolar plates, and hydrogen production systems in the hydrogen fuel cell system industry in China. Meanwhile, we intensified domestic raw material procurement, establishing stable partnerships with reliable domestic suppliers. This allowed us to maintain supply of raw materials at competitive prices and ensure our ability to manufacture and deliver high-quality products promptly according to customer demand. Additionally, we actively promoted technological advancements and updates to our products, further contributing to the reduction of our cost of sales. As a result, during the Track Record Period, the average cost of sales per kW of our fuel cell systems decreased from RMB3,070.1 in 2021 to RMB2,448.7 in 2022, and further to RMB1,893.8 in 2023.

Looking ahead, we plan to further enhance the degree of self-development and production of key components. Also, we will increase the procurement of domestically sourced raw materials. These measures, combined with the continued evolvement of industry, technology advancement, and the gradual maturity of the domestic fuel cell raw material supply system, are expected to help us lower average cost of sales and optimize our gross profit margin further. Specifically, we plan to carry out the following measures:

- <u>In-house Development:</u> Over the past eight years, we achieved significant breakthroughs in the field of hydrogen fuel cell systems, conducting independent R&D of crucial components to lower prices. We have independently developed and realized mass-production of hydrogen fuel cell systems, fuel cell stacks, MEAs, and bipolar plates, which contributed to cost reductions. For example, during the transition from Electra 1.5 to Sirius 1.0, we achieved a cost reduction by implementing in-house production of bipolar plates, reducing catalyst loading, and increasing the single-cell reaction area as well as localization of certain structural components of fuel cell stacks. Going forward, we will leverage technology advancements and optimize our production processes to enhance yield, cycle time and labor efficiency for the components we produce in-house.

- Supply Management: We plan to increase the utilization of domestically sourced raw materials, and collaborate with suppliers capable of delivering quality products at competitive prices. We expect this strategy to further enhance the diversification and localization of our supply chain for major materials in the fuel cell stack, such as carbon paper and catalysts, leading to their cost reductions. We also anticipate a further decrease in purchase cost from domestic suppliers, driven by advancements in their technologies, increased production resulting from industry development, and their own domestic procurement of raw materials. Additionally, we aim to optimize production plans and manage inventory more efficiently through collaboration with domestic suppliers, to improve production efficiency while reducing costs. As our business scales, our purchases from suppliers will increase and we expect to negotiate with suppliers to secure more favorable prices under similar quality and conditions.

- Product Iteration and Upgrades: We have achieved cost reduction through annual product iterations and upgrades, and we will continue to pursue further cost reduction through ongoing product improvements. These iterations and upgrades encompass various approaches, including but not limited to the following:

  (a) Application of new technologies to enhance performance or increase integration, resulting in cost reduction. For example, in the Prisma 18 product, the introduction of a cathode technology enables energy recovery, reducing the demand for stack power and thus achieving a cost reduction. Another example is the adoption of a multi-in-one discrete SiC power control module in the Prisma 8, Prisma 18, and Prisma 12+ products launched in 2023, which integrates multiple components and reduces parts count, lowering the overall cost of power electronic components.

  (b) Streamlining system architecture by reducing the number of components to achieve cost reduction. For instance, as part of our upgrade from the E Series to the S Series, we eliminated the heaters and pressure relief valves in our fuel cell systems. Additionally, we replaced controllers with integrated power electronics converters in air circulation and hydrogen circulation systems, resulting in an approximately 29% reduction in relevant costs. We also optimized wiring harnesses and structural components, achieving an approximately 14% decrease in related costs.

  (c) Process improvements, including introducing new manufacturing processes and improving material utilization. For example, we transitioned from sealing on bipolar plates to injection molding sealing on membrane electrode frame, realized in-house production of certain structural components of fuel cell stacks, automated processes for membrane electrodes and bipolar plates. These measures have enhanced process yield and utilization of core materials, resulting in a overall cost reduction.

- Optimization of Manufacturing Process and Costs: We plan to optimize production processes, upgrade facilities and equipment, and utilize more automated production to enhance production efficiency. For instance, we recently invested in new EGP bipolar plate automated surface treatment equipment, successfully implementing it in mass production. This equipment reduces the personnel requirement from 5.5 people per shift to 2.5 people, achieving a 55% reduction in the relevant workforce. Additionally, we have made advancements in the production process by adopting a design of an injection molding mold with two identical cavities for edge sealing. This mold design increases the relevant production capacity from 190 units per shift to 360 units per shift, resulting in a 79% increase in capacity. Furthermore, we are developing automatic cutting equipment for CCM, aiming to lower the relevant personnel requirement by 67% from three people per shift to just one.

In particular, we have developed specific strategies to reduce costs in key production steps and major materials. Examples include:

- For MEAs, our cost reduction efforts focus on four aspects. (i) We actively develop new domestic suppliers for key materials such as carbon paper and catalysts. By localizing the supply chain, we aim to reduce costs associated with transportation and importation. (ii) We are dedicated to optimizing the design and technology of MEAs to enhance the overall performance and reduce costs. This includes the development of high-performance catalysts, reducing the catalyst loading, and customizing the micro-porous layers in carbon paper. (iii) We are streamlining the manufacturing processes involved in MEA production. By optimizing the pulp preparation and automating the cutting of CCMs, we aim to minimize material waste, improve material utilization, and increase overall production efficiency. (iv) One of the most commonly used precious metals in fuel cell catalysts is the platinum group metal. We collaborate with our partner to recover and refine platinum group metals from MEAs, waste materials in fuel cell stack manufacturing, and end-of-life hydrogen fuel cells. The recovered precious metals contribute to cost savings in fuel cell stack production, while ensuring a reliable supply of platinum group metals.

- In terms of bipolar plates, our cost reduction efforts primarily revolve around three areas. (i) We are actively developing new domestic suppliers for materials such as resin and adhesive bonding. By localizing the supply chain, we can reduce costs associated with imports and potentially negotiate more favorable pricing terms. (ii) We are committed to optimizing the design and technology of bipolar plates. This includes increasing the reaction surface area of individual fuel cells and optimizing the design for flow field of bipolar plates to lower costs. (iii) We also implement automation of surface treatment and adhesive dispensing, and optimize mold usage during the manufacturing process, to improve efficiency and reduce manual labor requirements.

- In terms of the production of fuel cell stacks, our cost reduction strategies encompass four major aspects. (i) We prioritize domestic sourcing for hardware and sealing materials. By working with local suppliers, we can reduce costs associated with international procurement and potentially take advantage of cost advantages offered by domestic markets. (ii) We focus on optimizing the design and technology of fuel cell stacks. This includes refining the sealing design, transitioning from bipolar plate sealing to membrane electrode frame sealing, and other improvements to enhance overall yield and manufacturing efficiency. (iii) We are streamlining the manufacturing processes involved in fuel cell stack production, with a particular emphasis on testing. By reducing cycle times and minimizing hydrogen consumption during testing, we can achieve significant cost savings throughout the production process.

- In terms of the production of fuel cell systems, our cost reduction strategies center around three major aspects. (i) We are actively developing components that offer improved performance while simultaneously reducing costs. For example, we have adopted cathode expansion technology for energy recovery and low-humidification techniques to lessen humidification requirements and associated costs. (ii) We are focused on developing new control models and optimizing control system strategies. By simplifying the system architecture, increasing component integration, and reducing the number of parts, we can achieve significant cost reductions. (iii) We employ platform-based and modular design approaches, establish standardized component libraries, and promote component sharing. These measures enable us to streamline procurement processes, leverage economies of scale, and ultimately achieve cost reductions.

Other Major Operating Expenses

During the Track Record Period, we incurred substantial operating expenses, including research and development expenses, sales and marketing expenses, and administrative expenses to support product development, business expansion, and brand awareness enhancement.

During the period from 2021 to 2023, the proportion of our operating expenses to total revenue exhibited a decreasing trend. In 2021, 2022 and 2023, our selling and marketing expenses were RMB90.5 million, RMB102.8 million, and RMB134.8 million, representing 17.3%, 17.0%, and 15.1% of our revenue, respectively. Our administrative expenses were RMB218.2 million, RMB242.7 million, and RMB339.7 million, representing 41.6%, 40.1%, and 37.9% of our revenue in 2021, 2022 and 2023, respectively. Our research and development expenses were RMB230.9 million, RMB198.7 million, and RMB220.9 million, representing 44.1%, 32.9%, and 24.7% of our revenue in 2021, 2022 and 2023, respectively. For the five months ended May 31, 2024, our selling and marketing expenses, administrative expenses, and research and development expenses amounted to RMB43.1 million, RMB196.6 million and RMB90.3 million, respectively, representing 344.0%, 1,570.0% and 721.0% of our total revenue for the same period. The relatively high proportion of such operating expenses to our total revenue was mainly due to the relatively low revenue base in the first five months of 2024, as well as the increase in employee benefit expenses due to granting shares to employees under our share incentive scheme in January 2024.

As we continued to invest in business expansion, brand promotion, and marketing activities, the absolute amounts of our sales and marketing expenses and administrative expenses experienced an increase. In addition, the share-based payment expenses that we recorded as a result of the grant of shares under our employee incentive scheme, which amounted to RMB31.3 million, RMB27.1 million, RMB87.1 million and RMB117.5 million in 2021, 2022, 2023 and the five months ended May 31, 2024, respectively, contributed to the increase in the absolute amount of our costs and operating expenses, particularly the increase in the absolute amount of our administrative expenses in 2023.

Moving forward, we do not expect significant growth in operating expenses as we work to improve the efficiency of our research and development and sales activities, and optimize our organizational structure as detailed below. Furthermore, as we continue to experience sales growth and expand our business, we anticipate benefiting from greater economies of scale. Together with the following measures, these factors are expected to drive a further decrease in the proportion of operating expenses to our total revenue.

- Selling and Marketing Expenses: Employee benefit expenses, after-sales service fees, and advertising and promotional expenses are major components of our selling and marketing expenses during the Track Record Period. With respect to employee benefit expenses, we have optimized our organizational structure starting from the end of 2023 to improve overall operational efficiency. In particular, we will control the number of sales personnel and consider incentivizing them through share-based payments. Regarding after-sale service fees, we expect to reduce the proportion of after-sales service fees relative to our revenue, considering factors such as our ability to control product quality through in-house development and production of core components, and the continuous improvement of hydrogen infrastructure. Furthermore, when it comes to advertising and promotional expenses, we intend to achieve certain reductions in line with our established brand influence and market recognition. The economies of scale from our business expansion will also enable us to optimize the efficiency of our selling and marketing expenses.

- Administrative Expenses: Employee benefit expenses, office and traveling expenses, depreciation and amortization are major components of our administrative expenses during the Track Record Period. For employee benefit expenses, starting from the end of 2023, we initiated organizational restructuring to improve overall operational efficiency. We plan to control the number of administrative personnel and intend to compensate them through share-based payments. With respect to office and traveling expenses, we have implemented strict budget control measures to improve operational efficiency, including measures such as transitioning to lower-priced property service providers. These measures contribute to reducing unnecessary expenditures and enhancing our financial performance. Regarding depreciation and amortization, we do not anticipate a significant increase in depreciation and amortization expenses as our existing fixed assets for management purposes are expected to meet future operational requirements.

- Research and Development Expenses: Employee benefit expenses and raw materials expenses are significant components of our research and development expenses during the Track Record Period. With respect to employee benefit expenses, we will integrate cross-product line research and development teams, combining similar functions to achieve personnel reuse. Through talent assessment, high-performance and high-potential individuals will be identified, and redundant staff will be reduced, while retaining and incentivizing key employees to achieve a healthy replacement and strengthen the team. Also, leveraging past product deployment experience, we will focus on product planning and reduce investment in research and development projects with low returns. In terms of raw materials expenses, we plan to utilize mass-produced components, and consolidate related development and verification work to minimize repetitive validation items and prototype quantities, reducing material expenses and related R&D costs. By implementing these measures, we aim to achieve cost savings and better cost management while maintaining the quality and effectiveness of our R&D efforts.

Improving Cash Flow and Ability to Raise Funds

To mitigate the risks associated with net operating cash outflows, we plan to improve our cash flow situation by enhancing operational capital efficiency. We believe that our working capital condition will improve, and we have the capability to raise funds when necessary, considering the following factors:

- Increasing Revenue and Enhancing Operational Leverage: Through measures such as (i) boosting revenue by improving product performance and expanding product applications, and (ii) managing cost of sales and increasing operational leverage, we anticipate improving our net operating cash position.

- Enhancing Collection Efforts: We have and will continue to improve our trade receivables collection process. We have implemented our sales and collection policy, which specifies our cash flow and liquidity management policy, as well as specific measures for collections of receivables. Our financial team regularly monitors our bank accounts and compiles trade receivables data, while our sales team maintains close communication with customers regarding outstanding payments. We will regularly follow up on overdue trade receivables. Additionally, with ongoing product improvements and increased brand recognition, we plan to negotiate more favorable credit terms with customers, such as shortening credit periods, and requiring customers to make a certain proportion of prepayments before shipment. For further information, see "Financial Information — Discussion of Certain Selected Items from the Consolidated Statements of Financial Position — Trade and Bills Receivables and Contract Assets — Recoverability of Trade and Bills Receivables" in this prospectus.

- Prudent Credit Assessment: We undertake continuous credit assessments for both new and existing customers. Before entering into any sales contracts, we assess the credit quality and associated risks of potential customers, including their business operations and past financial performance. We collect background information and establish customer profiles for new clients, evaluating their credit risk as part of our customer engaging process. For further information, see "Financial Information — Discussion of Certain Selected Items from the Consolidated Statements of Financial Position — Trade and Bills Receivables and Contract Assets — Recoverability of Trade and Bills Receivables" in this prospectus.

- Strengthening Supply Management: As our business scale expands, we expect our purchases from suppliers to further increase and we plan to negotiate more favorable terms with suppliers, such as (i) extending payment periods and (ii) negotiating flexible payment methods, including bills payables and supply chain finance products, to reduce daily operating cash expenditures. In 2023, the Group has entered into a supplier finance arrangement with a third-party factoring company in China in order to extend the payment terms for its purchases from suppliers. The total credit limit offered by the factoring company is RMB200 million, of which RMB48.9 million had been utilized as of May 2024.

- Narrowing the Gap Between Trade Receivables and Payables Turnover Days: Given the prolonged collection period for trade receivables, we face a significant mismatch between our trade receivables and trade payables turnover days, which poses liquidity risks as our business expands. In 2021, 2022 and 2023, our trade receivables turnover days were 909, 1,029 and 866 days, respectively, while trade and bills payables turnover days were considerably shorter at 501, 435, and 325 days for the same years. To manage this risk and ensure sustainability, we have implemented and will continue to implement various cash flow and liquidity management measures. We established a robust budget management mechanism to ensure effective financial control. Our annual budget includes a well-defined trade receivable collection schedule, which is regularly updated. Our finance department conducts a monthly aging analysis of trade receivables and collaborates with our sales department to stay informed about any relevant changes. Our sales team assesses the creditworthiness of customers and maintains ongoing communication to facilitate timely payments. When selecting customers and projects, we carefully consider the potential time for collecting trade receivables, and prioritize projects with shorter payment cycles and stronger customers' financial capabilities. Moreover, we seek to source quality raw materials from local suppliers to benefit from shorter lead times and longer payment terms compared to overseas suppliers. We will also explore supply chain finance options, such as factoring, to improve our cash flow. Through these efforts, we have reduced the gap between turnover days of trade receivables and trade payables in 2023 compared to the data in 2022.

For further information, see "Risk Factors — We recorded net losses in the past and had negative cash flows from operating activities, and our trade receivables turnover days remained at a relatively high level, all of which may continue if we may not be able to implement our business plans successfully in the future" and "Financial Information — Discussion of Certain Selected Items from the Consolidated Statements of Financial Position — Trade and Bills Receivables and Contract Assets — Measures to Narrow the Gap of Turnover Days of Trade Receivables and Trade Payables" in this prospectus.

- Effective Inventory Management: We will optimize inventory control to improve production planning and inventory turnover days. We believe that maintaining appropriate inventory levels will help us to better plan our raw material purchases and timely delivery of products without adding pressure on working capital. For further information, see "Financial Information — Discussion of Certain Selected Items from the Consolidated Statements of Financial Position — Inventories — Inventory Management" in this prospectus.

- Available Financial Resources: Going forward, we will finance our working capital mainly through cash generated from our operations, net proceeds from the Global Offering, bank and other borrowings, supply chain financing, and/or other equity financing when necessary. Historically, such sources of financing (other than the net proceeds from the Global Offering) were available to our Group, and we believe that such financing continues to be feasible in the future. In particular, we believe private equity financing remains viable given the growing prominence of the hydrogen industry and favorable market conditions suggested by recent financing activities, as well as our strong market position and robust business development. We have obtained, and believe that we can continue to obtain, borrowings and credit facilities from banks for our utilization when needed. We have maintained long-standing and positive relationships with a number of reputable banks. As of September 30, 2024, we had unutilized banking facilities of RMB348.4 million, which were committed and unrestricted. These banking facilities have been approved and formally confirmed by the relevant banks in the associated agreements and/or confirmation letters. They can only be canceled in rare circumstances, such as bankruptcy or liquidation, which we consider unlikely to occur. Therefore, our Directors and our PRC Legal Adviser are of the view that these banking facilities are highly certain. Additionally, we can utilize supply chain financing, including factoring as discussed above, to optimize working capital management.

With our aforementioned strategies and plans for (i) business development, (ii) enhanced cost management and operating leverage, and (iii) improved cash flow positions, and subject to inherent uncertainties and risks stated below, we believe our business will continue to grow and we will be able to achieve profitability with cash flows in the short-term future. Our Directors are of the view that we have sufficient working capital to support our business operations up to 2026, even without the net proceeds from the Global Offering, after taking into account our existing cash and cash equivalents, unutilized banking facilities and our ability to obtain additional banking facilities, supply chain financing and/or other equity financing when necessary.

Nonetheless the above, our future profitability is subject to various factors, such as our ability to develop new products and models, implement business strategies effectively, continuously grow revenue and profit margin, and expand our customer base in a cost-effective way, and thus inherent uncertainty exists. The foregoing forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. These forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond our control, which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

The relevant risks are set forth in the Risk Factors. See "Risk Factors — Risks Relating to Our Industry — We are in a new industry where emerging technologies used in fuel cell systems or hydrogen production system may not be mature. Any major product defects, malfunctions or negative news concerning the hydrogen industry may damage our reputation and adversely affect our business, financial condition and results of operations" and "Risk Factors — Risks Relating to Our Business — We recorded net losses in the past and had negative cash flows from operating activities, and our trade receivables turnover days remained at a relatively high level, all of which may continue if we may not be able to implement our business plans successfully in the future" in this prospectus.

SEASONALITY

During the Track Record Period, we received customer orders, manufactured products and arranged deliveries to customers throughout the year. As we are subject to the seasonality of the hydrogen industry, the majority of our production activities generally take place during the second half of each year. We adopt an "on-demand manufacturing" approach for the batch production of hydrogen fuel cell systems. Our customers will generally determine how much supplies they need from us after assessing and determining their product and sales plans, and then we commence production according to their demands in the second half of the year. As a result, our production activities are subject to seasonality, which is common in hydrogen industry, according to Frost & Sullivan. As advised by Frost & Sullivan, the seasonality in hydrogen fuel cell industry is also influenced by the periodical issuance or updates of related governmental policies in the hydrogen fuel cell industry and the kick-off of related government award projects, which generally occurs in the second half of the year. Our main customers, i.e., the fuel cell vehicle manufacturers, generally determine and place orders accordingly only after their assessment of such newly issued or updated award policies. We generally commence production in the second half of the year after negotiating with our customers regarding the purchase orders. Therefore, the final production completion and delivery time will usually be in the second half of the year.

The following table sets forth the quarterly estimated production capacity, actual quarterly production volume and the utilization rate of our hydrogen fuel cell systems:

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2021				
Estimated production capacity (units)	1,250	1,250	1,250	1,250
Actual production volume (units)	22	246	215	879
Utilization rate (%)	1.8	19.7	17.2	70.3
2022				
Estimated production capacity (units)	1,250	1,250	1,250	1,250
Actual production volume (units)	36	61	252	974
Utilization rate (%)	2.9	4.9	20.2	77.9
2023				
Estimated production capacity (units)	1,250	1,250	1,250	1,250
Actual production volume (units)	181	303	330	940
Utilization rate (%)	14.5	24.2	26.4	75.2
2024				
Estimated production capacity (units)	1,250	N/A	N/A	N/A
Actual production volume (units)	1	N/A	N/A	N/A
Utilization rate (%)	–	N/A	N/A	N/A

In line with the seasonality of our products' demands, most of our revenue was recognized in the second half of the year, especially in the fourth quarter. In 2021, 2022 and 2023, our revenue for the second half of the year, especially the fourth quarter, accounted for a majority of our total revenue in the same year. The following table sets forth our revenue and gross profit for the sales of goods and services by quarters during the Track Record Period:

		First Quarter		Second Quarter		Third Quarter		Fourth Quarter		Full Year
		RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*
2021	Revenue	6,037	1.2	15,339	2.9	1,756	0.3	500,977	95.6	524,109
	Gross profit	2,294	2.1	3,401	3.1	855	0.8	102,905	94.0	109,456
2022	Revenue	18,581	3.1	42,904	7.1	53,950	8.9	489,213	80.9	604,648
	Gross profit	3,145	2.4	5,198	3.9	16,601	12.6	106,992	81.1	131,936
2023	Revenue	38,406	4.3	106,007	11.8	75,074	8.4	675,833	75.5	895,278
	Gross profit	1,958	1.0	26,816	12.7	26,722	12.6	155,884	73.7	211,381
2024	Revenue	3,876	N/A	8,645	N/A	N/A	N/A	N/A	N/A	N/A
	Gross profit	(8,915)	N/A	(6,810)	N/A	N/A	N/A	N/A	N/A	N/A

Revenue in the first and second quarters of 2021 was larger than revenue in the third quarter of that year, because the revenue of a few orders placed in prior years was recognized in the first and second quarters of 2021. In addition, some customers in 2021 postponed placing their orders till the fourth quarter because relevant award policies were issued later in that year, such as "Policy Regarding the Support for the Development of the Local Fuel Cell Vehicle Industry" ("關於支持本市燃料電池汽車產業發展若干政策") issued by authorities of Shanghai on October 25, 2021.

To cope with the seasonality and the high production demand in the third and fourth quarter, we generally have control procedures to strengthen the management of production orders. In particular, our sales and marketing teams regularly provide and update sales and production forecasts to facilitate us to effectively plan and ensure timely deliveries, considering our customers' demands. Once the production planning forecast is updated, we would share and synchronize a raw material forecast with suppliers. In cases involving longer delivery time of raw materials, staff responsible for procurement would initiate raw material stocking requests for long-cycle items according to our internal raw material management processes to ensure an uninterrupted supply of these raw materials. Meanwhile, the production plants will appropriately allocate production resources based on the products' manufacturing cycle to ensure customers' seasonal production demands are satisfied. We generally arrange more shifts for our production in the third and fourth quarter to ensure we have sufficient manpower. We will also make appropriate equipment investments in advance in accordance with our analysis for our production capacities, forecasts for volume of orders and customers' demands. In addition, we expect to further expand our production capability, which would enable us to ensure product availability, achieve economies of scale, enhance production efficiency and reduce average production cost to alleviate the effects of seasonality.

The following tables set forth the quarterly estimated production capacity, actual quarterly production volume and the utilization rate of our fuel cell stacks, MEAs and bipolar plates:

(1) Fuel Cell Stacks

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2021				
Estimated production capacity (units)	1,296	1,296	1,296	1,296
Actual production volume (units)	137	226	371	799
Utilization rate (%)	10.6	17.4	28.6	61.7
2022				
Estimated production capacity (units)	1,296	1,296	1,296	1,296
Actual production volume (units)	42	202	363	750
Utilization rate (%)	3.2	15.6	28.0	57.9

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2023				
Estimated production capacity (units)	1,296	1,296	1,296	1,296
Actual production volume (units)	263	353	625	1,031
Utilization rate (%)	20.3	27.2	48.2	79.6
2024				
Estimated production capacity (units)	416*	N/A	N/A	N/A
Actual production volume (units)	–	N/A	N/A	N/A
Utilization rate (%)	–	N/A	N/A	N/A

Note:

* Between January 2024 and February 2024, we were relocating the production line of fuel cell stacks from Shanghai Plant to Changshu Plant, and therefore recorded nil of the estimated production capacity during such relocation period.

(2) MEAs

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2021				
Estimated production capacity (units)	–	–	–	86,400
Actual production volume (units)	–	–	–	77,470
Utilization rate (%)	–	–	–	89.7
2022				
Estimated production capacity (units)	86,400	86,400	129,600	129,600
Actual production volume (units)	17,282	33,783	74,901	87,234
Utilization rate (%)	20.0	39.1	57.8	67.3
2023				
Estimated production capacity (units)	129,600	129,600	280,800	280,800
Actual production volume (units)	54,014	91,303	159,864	179,687
Utilization rate (%)	41.7	70.5	56.9	64.0
2024				
Estimated production capacity (units)	295,200	N/A	N/A	N/A
Actual production volume (units)	–	N/A	N/A	N/A
Utilization rate (%)	–	N/A	N/A	N/A

(3) Bipolar Plates

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2023				
Estimated production capacity (units)	–	–	80,040	130,162
Actual production volume (units)	–	–	68,295	134,400
Utilization rate (%)	–	–	85.3	96.9
2024				
Estimated production capacity (units)	104,400	N/A	N/A	N/A
Actual production volume (units)	27,508	N/A	N/A	N/A
Utilization rate (%)	26.4	N/A	N/A	N/A

Our self-manufactured hydrogen fuel cell stacks, MEAs and bipolar plates are mostly incorporated into our hydrogen fuel cell systems sold to customers, rather than direct sales to customers. Thus, the seasonality of such core components is in line with the seasonality of our hydrogen fuel cell system demand, where the majority of our production activities generally take place during the second half of each year after our customers' assessment and determination of their product and sales plans and purchase needs. Therefore, we generally reach peak utilization rate of the production capacity in the fourth quarter of the year for such core components. However, in 2023, we reached peak utilization of our production capacity of MEAs in the second quarter of the year because we launched the second production line of MEAs in Shanghai Plant in July 2023, which expansion doubled our production capacity for the third and fourth quarters, and in turn lowered the utilization rates such periods, notwithstanding that the production volumes in the third and fourth quarters were actually higher than the production volume in the second quarter.

We determine whether to out-source core components based on models we produce. For our S Series, we use self-developed and produced fuel cell stacks, MEAs and bipolar plates; for our E Series, we use self-developed and produced fuel cell stacks and MEAs; for our P Series, we use self-developed and produced fuel cell stacks. While for customized models, including T series, H series and N series, we use out-sourced fuel cell stacks, MEAs and bipolar plates as specifically requested by the customers based on their various needs.

COMPETITION

According to Frost & Sullivan, the hydrogen fuel cell industry has been experiencing high growth in recent years. From 2018 to 2023, sales power output of hydrogen fuel cell systems in China jumped from 58.6MW to 1,016.5MW, with a CAGR of 76.9%, benefiting from the rapid growth of sales of fuel cell vehicles in China.

Since 2021, the PRC government has pushed vigorously to establish Fuel cell vehicle demonstration city clusters and provided awards based on the performance of different projects. In addition, many cities and local governments nationwide proposed initiatives and set targets for fuel cell vehicles and related core technologies. For instance, Beijing has set its targets of having a total ownership of 10,370 fuel cell vehicles and build 74 hydrogen refueling stations in Beijing by 2025. Therefore, we expect more players to enter this market and the competition to become more intense. We believe that the key competitive factors in this market are technological development, product quality and safety, stable customer and supplier relationships, and brand reputation.

See "Industry Overview" for more details of the competitive landscape of the industry in which we operate. For risks relating to our competitiveness in the industry, see "Risk Factors — Risks Relating to Our Industry — We face intense market competition and the industry may undergo unforeseen changes under a rapid development. If we fail to compete successfully, our business and results of operations may be materially and adversely affected" in this prospectus.

INSURANCE

We obtained property insurance for our equipment, machinery and inventories, as well as marine, air and highway cargo insurance. These insurance policies cover the risk of damage arising from natural disasters and certain accidents. Most of our insurance policies are subject to standard deductions, exclusions and limitations. For our employees, we are required by PRC social insurance laws and regulations to make contributions for social insurance funds for our employees. We have also purchased employees' supplementary medical insurance to cover the employee's medical expenses in the event of accidental death, accidental disability and sickness.

In addition, to minimize our business risks during the operations, we have purchased (i) the employer's liability insurance to cover our liability for medical expenses and financial compensation in the event of disability or death caused by an accident arising out of and in the course of the employee's employment and in connection with his/her occupation, or disability or death caused by an occupational disease arising out of and in the course of the employee's employment and in connection with his/her occupation; (ii) the public liability insurance to cover our liability for personal injury or property damage to third parties caused by accidents arising out of and in the course of our business operation; and (iii) the patent and trademark insurance cover any investigation fees and legal costs incurred by us arising out of the infringement or being infringed on trademarks and patents.

We believe that our insurance coverage is in line with industry practice in China, including with respect to the terms and coverage of the insurance policies. However, there is no assurance that the insurance policies we maintain are sufficient to cover all of our operational risks. For more information, see "Risk Factors — Risks Relating to Our Business — We have limited insurance coverage, and any claims beyond our insurance coverage may result in us incurring substantial costs" in this prospectus. As advised by our PRC Legal Adviser, the procurement and maintenance of the insurance is not mandatory under the PRC law for our business. The Group has not made or been subject to any material insurance claims during the Track Record Period and up to the Latest Practicable Date.

INTERNAL CONTROL AND RISK MANAGEMENT

We are dedicated to the establishment and maintenance of a robust risk management and internal control system. We have adopted and have been continually improving our internal control mechanisms to ensure the compliance of our business operations. Furthermore, we conduct periodic review of the implementation of our risk management policies and internal control measures to ensure their effectiveness and sufficiency. We have been committed to promoting a compliance culture and will adopt policies and procedures on various compliance matters, including the Stock Exchange's requirements on corporate governance and environmental, social and governance matters.

We are exposed to various risks during our operations. For details, see "Risk Factors" in this prospectus. In order to address these risks, we have in place a set of internal control and risk management procedures to address various potential operational, financial, legal and market risks identified in relation to our operations, including revenue and receivables, inventory management, procurement and payment, fixed assets management, treasury management, human resources, financial reporting, tax management and information technology and other various financial and operational controls and monitoring procedures. These risk management policies set forth procedures for reporting risks identified in our operations.

To monitor the continuous implementation of risk management policies and corporate governance measures after the Global Offering, we have adopted or will continue to adopt, among other things, the following risk management measures:

- ***Compliance with the Listing Rules***: we adopt various policies to ensure compliance with the Listing Rules, including aspects related to corporate governance, connected transactions and information disclosure, such as:

  (i) ***Anti-corruption risk and anti-fraud management***: our Office of the Board is directly responsible for the anti-corruption and anti-fraud risk management. We have established a whistle-blower inbox encouraging the internal report of suspicious activities. We have zero-tolerance of corruption and do not accept employment or promotion of persons responsible for corruption incidents. We require all suppliers to execute anti-corruption commitments before engagement;

  (ii) ***Connected transactions management***: we have put in place connected transactions management policies for all of our Directors and employees to comply with. Trainings will be arranged for all of our Directors, Supervisors and senior management members so as to discuss and study the relevant regulatory requirements in relation to our responsibilities and duties under these policies.

- ***Business operations risk management***: we have adopted various measures and procedures regarding each aspect of our business operations, including the protection of intellectual property, see "— Intellectual Properties" in this section of the document, information system risk management, and human resources risk management. We provide periodic training on these measures and procedures to our employees as part of our employee training program. We also regularly monitor the implementation of those measures and procedures through our on-site internal control team for each stage of the produce development process;

- ***Financial reporting risk management***: we have in place a set of accounting policies in connection with our financial reporting risk management. We have various procedures in place to implement accounting policies, and our financial department reviews our management accounts based on such procedures;

- ***Audit Committee and Board Oversight***: to monitor the ongoing implementation of our risk management policies, we have established an Audit Committee to review and supervise our financial reporting process and internal control system on an ongoing basis to ensure that our internal control system is effective in identifying, managing and mitigating risks involved in our business operations. The Audit Committee consists of Mr. CHEN Fei (陳飛), Dr. QIAN Meifen (錢美芬) and Mr. LI Wei (李偉), with Mr. CHEN Fei (陳飛) being the chairperson of the committee. See "Directors, Supervisors and Senior Management — Board of Directors" in this prospectus.

Our internal control department is responsible for reviewing the effectiveness of internal controls and improving our internal control system by identifying its weaknesses on an ongoing basis. The internal audit department reports any major issues identified to the Audit Committee and Board of Directors on a timely basis.

We have engaged an Independent Third Party consultant (the "Internal Control Consultant") to perform a review over selected areas of the internal controls over financial reporting (the "Internal Control Review"). The selected areas of our Group's internal controls that were reviewed by the Internal Control Consultant included entity level controls and business process level controls, to identify deficiencies and improvement opportunities, provide recommendations on remedial actions, and review the implementation status of these remedial actions.

Our Internal Control Consultant mainly provided the following recommendations:

(i) improving the construction of corporate governance structure so that it meets the requirements of the Listing Rules and to employ qualified personnel as the company secretary;

(ii) establishing systematic risk assessment procedures, risk prevention and control mechanisms to identify risks that lead to misstatement of financial reports, property losses and fraud occurrence, and analyze their related impacts;

(iii) establishing a comprehensive legal management system to standardize the daily legal work and management procedures to ensure the compliance with laws and regulations;

(iv) developing policies or procedures related to compliance with U.S. OFAC sanctions including identification of behaviors, prevention and reporting processes, and recordkeeping;

(v) formulating comprehensive mechanism and policies for the identification and management of anti-money laundering and other misconduct, regulating the definition of anti-money laundering and other misconduct, identification and monitoring, responsibility, investigation procedures, recordkeeping and reporting, and whistleblower protection measures;

(vi) formalizing conflict of interest system, with clear definitions of conflict of interest, declaration procedures, and handling methods, and stipulating that employees in sensitive or important positions are required to periodically confirm that they are aware of the requirements of the conflict of interest policy and declare that they have not violated it; and

(vii) strengthening the security control of information technology systems, developing a mechanism for data backup, server room management and regular review of information access authority.

In response to the recommendations provided by the Internal Control Consultant, we enhanced the following internal control measures:

(i) we have formulated the policies and working procedures in respect of corporate governance, and has engaged a professional institution to provide company secretarial services;

(ii) we have formulated and issued the Risk Management Policy (《風險管理制度》), established risk assessment procedures and management standards for risk prevention and control mechanisms, and required the systematic identification, assessment and timely supervision and management of all types of risks that we may be involved in;

(iii) we have formulated and issued the Legal Affairs Management System (《法律事務管理制度》), which specifies the management mechanism on case litigation, review of legal documents, issuance of legal opinions, training and publicity of legal knowledge, management of legal information, management of legal risks, periodic reports on legal affairs and rewards and punishments;

(iv) we have formulated and issued the Management Measures for Compliance with the U.S. OFAC Sanctions Program (《遵守美國OFAC制裁計劃管理辦法》), which regulates the responsibilities and management requirements, including identification of behaviors, prevention and reporting processes, and recordkeeping, for compliance with the U.S. OFAC Sanctions Program;

(v) we have formulated and issued the Anti-Bribery Management System (《反賄賂管理制度》), the Anti-Fraud Management System (《反舞弊管理制度》) and the Anti-Money Laundering Management System (《反洗錢管理制度》), and established the mechanism for identifying and dealing with misconduct in anti-bribery, anti-fraud and anti-money laundering;

(vi) we have formulated and issued the Conflict of Interest Declaration System (《利益衝突申報制度》), which specifies the definition of conflict of interest, the declaration procedures and the handling methods; and

(vii) we have formulated and issued the IT Operation and Maintenance Management System (《IT運維管理制度》), which regulates the procedures for server room management, server management, data backup and inspection, IT software management, password management, enterprise ERP application account and authority management, and information system modification management.

During the Internal Control Review, certain internal control matters were identified and we have adopted corresponding internal control measures to improve on these matters. We have adopted the recommendations made by the Internal Control Consultant, and the Internal Control Consultant has completed a follow-up review on our internal control system with regard to those actions taken by us and did not have any further recommendation.

CYBERSECURITY AND DATA SECURITY

During the Track Record Period, we primarily focused on the design, development, manufacture, and sales of hydrogen fuel cell systems, hydrogen production systems, and related components, as well as providing fuel cell engineering and technical services. To accommodate our various business scenarios, we utilize different software and systems to collect and store data. These software programs or systems, though developed by third parties, are deployed and store data locally.

We have formulated an Information Security Management System and established relevant internal organizational structures, such as the Information Security Management Committee and the Information System Department. We regularly carry out vulnerability scanning and penetration testing to repair any network security vulnerabilities in a timely manner. We ensure data security through the use of network security devices and technical means, such as firewalls, VPNs, and bastion hosts. We retain cybersecurity logs for six months. We adopt asymmetric transparent encryption and decryption technologies and also classify and categorize data according to different levels of sensitivity. Our business data is backed up incrementally on a daily basis, and a full backup is performed weekly. We logically isolate data in storage according to different business scenarios. To ensure data security during transmission, we employ secure transmission measures such as VPNs and HTTPS.

Through the installation of a remote communication terminal, known as Telematics Box (T-Box), in the hydrogen fuel cell system, we collect various parameters related to the operation of the hydrogen fuel cell during the use of the hydrogen fuel cell-powered vehicle. These parameters include the voltage and current of the fuel cell, the flow and temperature of hydrogen/air/coolant, the working status of auxiliary equipment, and etc. This data collection enables the analysis of the hydrogen fuel cell's working status, providing support for product upgrades and optimization. In addition, with the authorization of our end users (vehicle operators), we collect data such as vehicle mileage, location, and fault information for after-sale maintenance purposes. Furthermore, only in maintenance scenarios do we collect the drivers' mobile phone numbers and the operational vehicles' license plate numbers through our customers. The collection of the aforementioned personal information is necessary for us to provide maintenance services to our customers. Our data processing activities adhere to the principles of legality and necessity. The purpose of data collection and use, is to analyze product operation to support product development, upgrading and maintenance services. The data is not used to identify the owners, drivers, or passengers of the vehicles. The data collected and used are directly related to our business and do not exceed the scope of necessity.

As of the Latest Practicable Date, none of the data processed by us has been notified or publicly announced as important data or core data by any relevant departments or regions. As of the Latest Practicable Date, the responsible authorities had not promulgated any implementation provisions or identification rules of critical information infrastructure in our industry and sector, and we had not received any notification from relevant regulatory authorities regarding our identification as critical information infrastructure operator ("CIIO"). Therefore, as advised by our PRC Data Compliance Adviser, our Directors are of the view that the provisions pertaining to CIIO and important data and core data in both the PRC Cybersecurity Law and PRC Data Security Law are not applicable to the Group.

Based on the foregoing facts and analysis, and as advised by our PRC Data Compliance Adviser, our Directors are of the view that they do not foresee any material impediments to our Group's compliance with the PRC Cybersecurity Law and PRC Data Security Law in all material aspects, and that the PRC Cybersecurity Law and PRC Data Security Law would not have any material adverse impact on our Group's business operations or the proposed Listing.

PROPERTIES

We are headquartered in Shanghai, China. As of the Latest Practicable Date, most of our owned or leased properties are located in China. We also leased one property in Vancouver, Canada as our R&D base, one property in Stuttgart, Germany as our local office, and one leased property in Hong Kong as our local office.

As of May 31, 2024, none of our property interests had a carrying amount of 15% or more of our consolidated total assets. According to section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), this prospectus is exempt from the requirements of section 342(1)(b) of the Companies (Winding up and Miscellaneous Provisions) Ordinance to include all interests in land or buildings in a valuation report as described under paragraph 34(2) of the Third Schedule to the Companies (Winding up and Miscellaneous Provisions) Ordinance.

The table below sets forth a summary of our properties related to production and operation in China as of the Latest Practicable Date:

Property right	Property number	Function	Approximate Gross Floor area
			(sq.m.)
Owned property	2	For offices, storage, production, research and development purposes	14,094.9
Land use rights	3	For offices, storage, production, research and development purposes	95,563.6
Leased property	27	For offices, storage, production, research and development, parking and staff dormitory purposes	51,008.8

Owned Land and Properties

As of the Latest Practicable Date, we had the right to use three properties with a total gross land area of approximately 95,563.6 sq.m. located in China. As of the Latest Practicable Date, our PRC Legal Adviser confirmed that we had obtained all relevant land use rights certificates of such three properties in China.

As of the Latest Practicable Date, we owned two properties in Changshu, Jiangsu, with an aggregate area of approximately 14,094.9 sq.m. primarily used for offices, storage, production, research and development purposes. As of the Latest Practicable Date, our PRC Legal Adviser confirmed that, we are legally entitled to have ownership of such properties.

Leased Properties

As of the Latest Practicable Date, we had 27 leased properties in China that are related to our production and operation with a total area of 51,008.8 sq.m, which were used for offices, storage, production, research and development, parking and staff dormitory purposes.

As of the Latest Practicable Date, 23 of the above-mentioned leases have not been registered and filed with the relevant PRC authorities due to the respective landlords' non-cooperation with respect to related registration procedures. We sought cooperation from the landlords of the leased properties to register such executed lease agreements. Registration of lease agreements requires the submission of certain documents of landlords, including their identity documentation and property ownership certificates, to the relevant authorities and therefore the registration is subject to cooperation of landlords of which we have limited control. Our PRC Legal Adviser is of the view that the non-registration and filing of the relevant property lease will not affect the validity of the lease contracts and the legal use of the leased properties, but relevant local housing authorities may require us to complete the filing within the prescribed period and we may be subject to penalties of RMB1,000 to RMB10,000 for each of such properties if we fail to file within the prescribed period. In the event that we are required by the competent authorities to register the property lease agreements, we may be subject to a maximum penalty of around RMB0.2 million for the failure to register the property lease agreements, which could adversely affect our financial condition and results of operations. For details, see "Risk Factors — Risks Relating to Our Business — We are subject to potential adverse consequences due to our lack of valid certificates and permits in respect of certain properties we leased in China" in this prospectus. In accordance with the relevant provisions of the Civil Code of PRC, the lack of registration and recording of the property leases did not affect the validity of such leases, therefore, we did not receive any rectification order or been subject to any fines in respect of non-registration of any of our lease as of the Latest Practicable Date. Accordingly, our PRC Legal Adviser and we believe that the failure to register these lease agreements will not have any material adverse effect on our operations and financial position. In order to ensure on-going compliance with the PRC law and regulations relating to the registration of executed lease agreements, we will continue to seek cooperation from the landlords of the leased properties to register executed lease agreements with the relevant PRC government authorities as soon as possible. Moving forward, and as a remedial measure, we will proactively promote the registration of landlords, including through timely and continuous communication with and supervision over the landlords by our handling personnel, and strive to require the landlords to complete the registration. In addition, whether the landlords cooperated in registration will be one of the criteria for future selection of properties.

As of the Latest Practicable Date, with respect to one of our leased properties, the landlord was not willing to cooperate and provide us with the title certificate. The reasons that the landlord failed to provide us with the relevant title certificate are beyond our control. We have maintained regular and active communications with such landlord regarding the progress of their rectification of the title defect and we have obtained confirmation from all the relevant lessor in which they promised to guarantee our use under the lease agreements. In addition, we have enhanced our internal control procedures to improve our evaluation of the newly leased buildings from a compliance perspective, and we will make careful inspections of the title of leased buildings before signing the lease in the future. We will also consult our external legal adviser with regard to reviewing the title certificates and other documents of our new leased buildings in order to ensure ongoing compliance with applicable Chinese laws and regulation. The leased property that has not provided title certificate of leased premise has not been put into operation and is not main production and operation premises. As such, our PRC Legal Adviser and our Directors are of the view that such title defect will not result in any material adverse impact on our production and operation.

As of the Latest Practicable Date, we had not received any notice from any regulatory authority with respect to potential administrative penalties, nor have we experienced any termination or interruption of business operations or major property loss because of the failure to file the lease agreements described above.

EMPLOYEES

As of the Latest Practicable Date, the majority of our employees were based in China. The following table sets forth the total number of employees by function as of the Latest Practicable Date:

Function	Number of employees	% of total
Management and operation	121	29.2
Finance	15	3.6
Sales and marketing	90	21.7
Research and development	108	26.1
Production	80	19.3
Total	**414**	**100.0**

We have entered into contracts with our employees in accordance with the PRC labor laws. We believe that we have maintained good working relationships with our employees. During the Track Record Period and up to the Latest Practicable Date, we did not experience any major labor disputes, work stoppages or labor strikes or any work safety related incidents that led to disruptions in our Group's operations.

We recruit our employees based on the relevant requirements of the position, the employee's experience and qualification and the prevailing market conditions. During the Track Record Period, we did not encounter any strikes, protests or other material labor conflicts that may materially impair our business and image, and we did not encounter any major difficulties in recruiting and retaining senior employees.

We believe that our success depends on our employees' ability to provide continuous, high-quality and reliable services. We value employee trainings and expect to provide our employees with industrial knowledge and technical skills through our training programs. For example, our new employees must attend introductory training courses, and may attend internal training and seminars from time to time to improve their professional knowledge, skills, and safety awareness.

We provide employees with basic salary and bonus. We also contribute to mandatory social security funds (including endowment insurance, work-related injury insurance, maternity insurance, medical insurance and unemployment insurance) for employees as required by the PRC laws and regulations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG")

We seek to be a responsible corporate in fulfilling environmental, social and governance responsibilities by advancing the use of clean energy, supporting social causes and exploring ways to protect the environment.

Identification, Assessment and Management

We are currently in the process of developing and implementing ESG policies under the oversight of our Board. Our Board is placing an emphasis on and giving significant attention to the areas of environmental impact management, social responsibilities, and corporate governance that are significant to our operations. We are dedicated to taking proactive measures to address associated risks and implement mitigating strategies in the future. Leading by our Board, we also closely follow the latest legal developments on ESG matters and will correspondingly update our ESG measures to ensure that we comply with the latest regulatory requirements. For example, we are aware of the Hong Kong Stock Exchange's ESG disclosure requirements, and our Board and our general manager will oversee the compilation of our ESG report and the Board shall review the content and quality of the ESG reports after we are listed on the Hong Kong Stock Exchange.

We have identified several KPIs during the business operation to assess and manage our short, medium and long term ESG-related risks, including:

- Resource consumption, including energy consumption, water consumption, hydrogen consumption and nitrogen consumption
- Waste management
- Employee health and safety
- Diversity and inclusion
- Corporate governance
- Supply chain related risks
- Human resource risks
- Climate-related risks

We intend to adopt various strategies and measures to assess and manage the above-mentioned risks, including but not limited to:

- regularly reviewing and assessing the ESG issues under the oversight of our Board to ensure that all relevant ESG-related risks are identified on a timely basis;

- discussing with key stakeholders on an ongoing basis on key ESG principles and practices as well as their concerns and expectations to ensure that the significant aspects are covered;

- setting targets for each major ESG risks with reference to guidance on ESG released by the Stock Exchange evaluating the ESG results regularly; and

- reviewing the ESG-related studies in the industry periodically and optimize ESG measures continuously.

Our Directors believe that under our current business operations, our long term risks include resource consumption and climate-related risks, our medium term risks include waste management, diversity and inclusion and supply chain related risks and our short term risks are mainly employee health and safety, corporate governance and human resources related risks.

Where appropriate, our management are responsible to set targets for those KPIs that are material to the Group in accordance with the requirements of Appendix C2 to the Listing Rules. On a regular basis, the relevant targets on material KPIs will be reviewed and monitored to ensure the appropriateness to the needs of our operation.

As such, we intend to establish and implement the following principal ESG policies and implement mitigating measures accordingly.

Environmental Protection

With a focus on environmental consciousness, we strive to conserve our environment by using resources responsibly, reducing waste, and maintaining a neutral carbon footprint. We commercialize and produce hydrogen fuel cell products which are currently an important way to reduce carbon emissions in the decarbonizing transportation sector, featuring environmentally friendly, high energy conversion efficiency and zero emissions. Fuel cell stacks and hydrogen fuel cell systems reduce the use of petroleum and carbon dioxide emissions, making an important contribution to the overall green transformation of domestic economic and social development. As of May 31, 2024, our products helped to reduce carbon emissions by about 116,851 tons. We aim to continue to bring positive impact on the global climate by contributing to the development of hydrogen applications.

We are committed to exploring ways to protect the environment as we continue to grow our revenue and expand our production facilities. We strive to minimize our environmental impact through developing and integrating environmentally sustainable practices into our operations.

Resource Consumption and Waste Management

We strictly monitor our consumption to ensure the efficient use of natural resources such as energy and water consumption. The following is the metric of our environmental and climate related indicators in our production process during the Track Record Period.

		Year ended December 31,			Five months ended May 31,
		2021	2022	2023	2024
Resource consumption					
Energy consumption	kWh	7,130,064	7,130,696	9,996,501	3,426,009
Energy consumption intensity	kWh/number of employee	11,923	11,355	17,979	6,771
Water consumption	m^3	14,374	15,522	29,753	9,784
Water consumption intensity	m^3/number of employee	24	25	54	19
Hydrogen consumption	kg	147,606	149,331	192,768	32,464
Hydrogen consumption density	kg/number of employee	247	238	347	64
Nitrogen consumption	kg	56,040	87,420	137,464	27,570
Nitrogen consumption density	kg/number of employee	94	139	247	54
Pollutant management					
Greenhouse gas emission					
– scope 1	tCO_{2e}	31.2	17.4	26.2	7.6
– scope 2	tCO_{2e}	5,016.0	5,016.4	7,032.5	2,409.6
– scope 3	tCO_{2e}	79.8	149.8	391.6	157.7
Hazardous waste	tonne	7.5	41.2	37.8	15.4
Waste water	tonne	–	–	2.6	0.9

During the Track Record Period, the Group's resource consumption primarily consisted of electricity, water, hydrogen and nitrogen which were in correlation with the Group's production and R&D activities. We have closely monitored our consumption of resources. We assess the power and thermal efficiency, water consumption and gas consumption during the production process on a monthly basis and review the information against historical data and design intent to identify deviations and assess potential risks. In addition, we are committed to environment protection by optimizing our production technology to reduce electric heating and energy consumption and configuring efficient environmental protection treatment systems to reduce environmental emissions. When we install new machines or software, we have a team of technicians and engineers to perform inspection tests and monitor the results. We closely follow the energy and water control measures implemented by the local governments including any potential restrictions. As of the Latest Practicable Date, we have not experienced any significant interruptions due to resource shortage.

To continuously improve the energy performance and lower carbon footprint, we always look for possible energy-saving opportunities, especially on choosing environmental friendly equipment and facilities of the Group. We intend to encourage our staff members to use electronic records to gradually replace paper-based records. We also plan to transit to green plants by installing energy-saving lighting systems and appliances in our office building and production facilities. In the operation of our business, we always recycle product packaging and reuse the crates to reduce the production of paper shells. Employees are also regularly reminded to adopt energy efficient measures in the workspace. To enhance the environment protection and save energy consumption, we have established the energy saving measures, including (i) lighting should be switched off while employees are off duty; and (ii) employees are encouraged to switch off all non-essential items during non-office hours, such as computers and photocopiers.

During the Track Record Period, the pollutants that we discharged primarily consist of exhaust fumes, solid waste and waste water. The environment, health and safety ("**EHS**") personnel monitor the emission of exhaust fumes and waste water on a regular basis in accordance with local government regulations and internal management requirements, to ensure that all emissions comply with the required standards. The equipment management personnel formulate the maintenance plan and conduct regular maintenance and overhaul for the environmental protection equipment to ensure its efficient operation to reduce exhaust fumes, solid waste and waste water. While waste water is processed by our own wastewater treatment stations to reach national safety standards for disposal, hazardous waste is collected and disposed of by qualified waste disposal entities on a regular basis.

With the expansion of our business, we expect our overall resource consumption and emissions to increase. However, we are committed to improving the environmental performance of our entire value chain, including office operations, supplier selection, raw material inflow, manufacturing process and waste management, so as to control the intensity of resource consumption and waste levels. Based on our historical energy consumption levels and average of industry peers, we have set the following specific ESG-related targets:

Types		**Targets**
Energy consumption	kWh/number of employee	By 2025, plan to reach 18,856
Water consumption	m^3/number of employee	By 2025, plan to reach 56
Hydrogen consumption	Kg/number of employee	By 2025, plan to reach 365
Nitrogen consumption	Kg/number of employee	By 2025, plan to reach 260
Hazardous waste	tonne/number of employee	By 2025, plan to reach 0.07
Waste water	tonne/number of employee	By 2025, plan to reach 0.005
Greenhouse gas emissions		
– Scope 1	tCO_{2e}/number of employee	By 2025, plan to reach 0.05
– Scope 2	tCO_{2e}/number of employee	By 2025, plan to reach 13.3
– Scope 3	tCO_{2e}/number of employee	By 2025, plan to reach 0.74

We have established internal policies and measures for the targets above, including but not limited to: (i) posting water-saving and power-saving signs at eye-catching areas in our offices to enhance our employees' awareness of environmental protection; (ii) encouraging double-side printing and electronic reports to promote a paperless office environment; (iii) using energy-saving air-conditioners and setting lowest indoor temperature in offices in summer to reduce electricity consumption; (iv) encouraging teleconferences or online meetings to reduce unnecessary travel for face-to-face meetings; and (v) requiring employees to shut down the power supply after work and assigning personnel to check manually. We have also established an EHS committee, responsible for the implementation of ESG policies. The EHS committee is led by the president of the Group, with heads in each department being members of EHS committee. The EHS committee shall report to the Board with risk respect to the implementation periodically. Our Board will review the Group's performance against the ESG targets on a regular basis and revise the ESG-related measures as appropriate if significant deviations from the targets are identified. Our directors are of the view that such measures will not affect the our operation, either financially or non-financially.

In 2021, 2022, 2023 and the five months ended May 31, 2024, our cost of compliance with the applicable environmental rules and regulations was approximately RMB0.2 million, RMB0.5 million, RMB0.9 million and RMB0.6 million, respectively. During the Track Record Period, as confirmed by our PRC Legal Adviser, we have complied with applicable national and local environmental protection laws and regulations in all material aspects, and we have not received any warning or sanctions or fines imposed by the PRC environmental authorities for incidents of material non-compliance with respect to our production facilities. We expect that the annual cost of compliance with such rules and regulations will be consistent with our production expansion and business operations.

Supplier Qualification Requirements

In order to strengthen the environmental management of raw materials, we have taken certain measures in raw material procurement. We procure raw materials in compliance with the relevant environmental protection requirements and implement a qualified supplier assessment and entry mechanism and regularly evaluate our suppliers in terms of compliance with the relevant safety and environmental control requirements. We conduct due diligence on our suppliers, including their financial credibility, ISO14001 certification, OHSAS18001 certification, to ensure their supplies quality, timeliness of delivery, responsiveness to our service requests.

Social Responsibility

We are subject to the PRC laws and regulations in respect of occupational health and safety. We are committed to complying with the PRC's regulatory requirements to prevent and reduce the hazards and risks associated with our operations, and ensuring the health and safety of our employees and the surrounding communities. We have adopted and maintained policies and measures to maintain a safe environment for our employees, including safety incident management policies, occupational hazard monitoring and management policies.

To ensure the compliance with applicable laws and regulations, we expect to seek compliance advice and adjust our human resources policies to accommodate significant changes in the relevant labor and safety laws and regulations from time to time.

We also encourage our employees to be vigilant and responsible for their safety and health whilst performing their work obligations. We have formulated internal management policies to identify, assess, classify and control the dangers and risks, including hazardous materials management policies, fire safety management policies, and electrical safety management policies. We organize various types of EHS inspections periodically to discover unsafe behaviors conditions and eliminate relevant risks in a timely manner. We also provide regular trainings and organize drills to help employees to identify abnormal conditions, increase their safety awareness and improve their capabilities to handle emergencies. Our operations have not experienced any material incidents and we maintain insurance plans and proper records for incidents of work injuries that happened.

Diversity and Inclusion

We are fully aware of the value of a diverse and skilled work team. We are therefore committed to building and maintaining an inclusive workplace culture so that all employees can thrive. We are also dedicated to providing equal opportunities in all aspects of employment, maintaining workplace that is free from discrimination, physical or verbal harassment against any employee on the basis of external factors including race, religion, color, gender, physical or mental disability, age, place of origin, marital status and sexual orientation. In addition, we strictly prohibit any form of sexual harassment or abuse in the workplace.

The following tables set forth our total full-time workforce by gender, age group and expertise as of December 31, 2021, 2022 and 2023 and May 31, 2024.

		As of December 31,			As of May 31,
Type	**Breakdown**	**2021**	**2022**	**2023**	**2024**
Gender	Male	436	462	416	379
	Female	162	166	140	127
Age group . .	35 or below	376	382	323	278
	Above 35	222	246	233	228
Expertise . . .	With background in hydrogen industry	334	385	383	352
	Without background in hydrogen industry	264	243	173	154

Governance

Our Board oversees our ESG practice. The primary responsibility of our Directors is to collectively identify and assess our ESG related risks and opportunities, review and approve the ESG policies, set up our annual ESG targets, and evaluate our annual performance against the targets and revise the ESG strategies as appropriate if significant variance from the target is identified.

Our Board helps promote a safe and healthy workplace and tackles environmental challenges. The Board incorporates the requirements of the PRC laws and regulations, such as incorporating the Production Safety Law and Environmental Protection Law in making annual action plans for safety, workplace health and environmental protection measures. The Board also incorporates requirements of the Hong Kong Stock Exchange by assessing current ESG policies and improving measures taken. For example, the Board assesses and manages climate-related risks and opportunities and advises us based on relevant results. The Board also makes and updates employee protocols and regularly organizes internal discussions of issues found across our Company based on the ESG policies. For example, the Board has established precautionary measures to classify and manage safety risks identified. Pursuant to the internal protocols, we would also investigate any violations and take mitigation measures accordingly. As confirmed by our PRC Legal Adviser, we complied in all material respects with the applicable environmental laws and regulations during the Track Record Period.

CERTIFICATE, PERMIT AND LICENSE

As advised by our PRC Legal Adviser, during the Track Record Period and up to the Latest Practicable Date, we had obtained all licenses, permits, approvals and certificates necessary to conduct our operations in all material respects from the relevant government authorities in China, and such licenses, permits, approvals and certificates remained in full effect. We are required to renew such licenses, permits, approvals and certificates from time to time. As advised by our PRC Legal Adviser, we do not expect any legal obstacles in such renewals so long as we meet the applicable requirements and conditions set by the relevant government agencies and adhere to procedures set forth in the relevant laws and regulations.

LEGAL PROCEEDINGS AND COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, our Directors are not aware of any litigation, arbitration or administrative proceedings pending or threatened against the Company or any of our Directors which could have a material adverse effect on our financial condition or results of operations and we did not experience any material insufficient contributions to social security insurance or housing provident fund. Potential future litigation or any other legal or administrative proceeding, regardless of the merit or outcome, is likely to result in substantial costs, diversion of our resources, and have a negative impact on our reputation and brand image, which in turn, would have a negative impact on our business, financial condition, and results of operations. For potential impact of legal or administrative proceedings on us, see "Risk Factors — Risks Relating to Government Regulations — We may be subject to claims, especially of product liability, disputes, lawsuits and other legal and administrative proceedings, which may result in significant direct or indirect costs and adversely affect our results of operations, financial condition and development prospects" in this prospectus.

Social Insurance and Housing Provident Funds

During the Track Record Period, we failed to make full contributions to social insurance and housing provident fund for certain of our employees in accordance with the relevant PRC laws and regulations. In 2021, 2022, 2023 and the five months ended May 31, 2024, the shortfall amounts were approximately RMB0.1 million, RMB0.1 million, RMB17,000 and RMB56,610, respectively.

Our failure to make full contributions to social insurance and housing provident fund was primarily due to some of our employees requesting us not to make contributions to social insurance and housing provident funds for them, as they did not want to bear the amount of their portion of the relevant contribution. Some employees did not want to participate in the social welfare schemes for personal reasons, and some have worked at or plan to work abroad, and therefore did not want to participate in the social welfare schemes of cities where they may reside only temporarily. We generally respected these requests.

In respect of the legal consequences and potential maximum penalties for our failure to make full contributions to social insurance and housing provident fund, according to the relevant PRC laws and regulations, the relevant PRC authorities may (i) demand us to pay the outstanding social insurance contributions within a prescribed period and we may be liable to a late payment fee equal to 0.05% of the outstanding amount for each day of delay. If we fail to make such payments, we may be liable to a penalty of one to three times the amount of the outstanding contributions; and (ii) order us to pay the outstanding housing provident fund contributions within a prescribed time period, failing which the relevant PRC authorities may apply to the People's Court for compulsory enforcement. For details, see "Risk Factors — Risks Relating to Government Regulations — Failure to make adequate contributions to employee benefit plans as required by PRC regulations may subject us to penalties" in this prospectus. If we were ordered to make such a payment, we would do so within the prescribed time period.

For social insurance, pursuant to the Urgent Notice on Implementing the Spirit of the Executive Meeting of the State Council in Stabilizing the Collection of Social Security Contributions (《關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知》) promulgated on 21 September 2018, it is prohibited for administrative enforcement authorities to organize a centralized collection of enterprises' historical social insurance arrears.

During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material administrative penalties. In addition, as of the Latest Practicable Date,(i) we had not received any notification from the relevant PRC authorities requiring us to pay shortfalls or the penalties with respect to social insurance and housing provident funds, and (ii) we were neither aware of any material pending employee complaints nor were involved in any material pending labor disputes with our employees with respect to social insurance and housing provident funds.

As advised by our PRC Legal Adviser, based on the relevant regulatory policies, the confirmation and the facts as stated above, and the written confirmations dated from October 24, 2023 to July 16, 2024 that we obtained from competent social insurance and housing provident fund authorities including Shanghai Public Credit Information Service Center, Hangzhou Public Credit Information, Credit China (Guangdong), Human Resources and Social Security Bureau of Changde, Human Resources Bureau of Zhengzhou High-tech Industrial Development Zone, Organization and Human Resources Department of Datong Economic Development Zone, Human Resources and Social Security Bureau of Haidian District of Beijing, Human Resources and Social Security Bureau of Changshu, Pinghu Branch Center of Housing Provident Fund Management Service Center of Jiaxing, Suzhou Housing Provident Fund Management Center, Changde Housing Provident Fund Management Center, Beijing Housing Provident Fund Management Center, Datong Housing Provident Fund Management Center and Zhengzhou Housing Provident Fund Management Center, in respect of the relevant periods stated therein, no administrative penalties had been imposed and/or the relevant subsidiary was in compliance with relevant laws and regulations. The aforementioned authorities are either competent authorities or authorities that are empowered by competent authorities for issuing the confirmation with respect to overseeing compliance with social insurance and housing provident fund requirements as confirmed by our PRC Legal Adviser. In addition, as confirmed by our PRC Legal Adviser, the likelihood that we would be subject to material administrative penalties is relatively low and our Directors are of the opinion that our failure to make full contribution to social insurance and housing provident funds for certain of our employees will not have a material adverse impact on our business operations or financial condition as a whole.

During the Track Record Period and save as disclosed above in this subsection, as advised by our PRC Legal Adviser, our company and PRC subsidiaries had complied with the applicable PRC laws and regulations in relation to our business operations in the PRC in all material respects and we were not involved in any non-compliance incident which our Directors believe would, individually, or in aggregate, have a material adverse effect on our business as a whole.

BOARD OF DIRECTORS

Our Board currently consists of nine Directors, comprising five executive Directors, one non-executive Director and three independent non-executive Directors. Our Board serves a term of three years and is responsible for, and has general powers for, the management and conduct of our business.

The following table sets forth general information regarding our Directors:

Name	Age	Position(s)	Date of appointment as Director	Date of founding/ joining our Group	Role and responsibilities	Relationship with other Directors, Supervisors and senior management
Mr. LIN Qi (林琦)	43	Chairperson of our Board, executive Director and chief executive officer	September 18, 2015	September 18, 2015	Primarily responsible for overseeing overall strategic management, organizational development and strategic project development of our Group	None
Dr. HU Zhe (胡哲)	39	Executive Director, chief operating officer and president	July 15, 2017	November 7, 2015	Primarily responsible for overseeing overall business operation and management of our Group	None
Ms. MA Audrey Jing Nan (馬晶楠) (whose former Chinese name is 馬晶嵐) . . .	39	Executive Director and vice president	December 27, 2023	September 1, 2017	Primarily responsible for overseeing development and management of our overseas business	None
Dr. ZHAI Shuang (翟雙)	41	Executive Director and deputy executive director of the R&D center	September 8, 2020	March 30, 2016	Primarily responsible for devising technology strategies, leading R&D of new products and overseeing talent development of project teams	None

Name	Age	Position(s)	Date of appointment as Director	Date of founding/ joining our Group	Role and responsibilities	Relationship with other Directors, Supervisors and senior management
Mr. ZHAO Yongsheng (趙泳生)	39	Executive Director and director of the supply chain center	April 13, 2023	April 1, 2017	Primarily responsible for overseeing daily operation and management of the supply chain center	None
Mr. LIU Huiyou (劉會友)	60	Non-executive Director	December 27, 2023	December 27, 2023	Primarily responsible for providing professional opinion and judgment to our Board	None
Mr. LI Wei (李偉)	54	Independent non-executive Director	September 8, 2020	September 8, 2020	Primarily responsible for providing independent advice and judgement to our Board	None
Dr. QIAN Meifen (錢美芬)	42	Independent non-executive Director	September 8, 2020	September 8, 2020	Primarily responsible for providing independent advice and judgement to our Board	None
Mr. CHEN Fei (陳飛)	41	Independent non-executive Director	December 27, 2023	December 27, 2023	Primarily responsible for providing independent advice and judgement to our Board	None

The following sets forth the biographies of our Directors:

Executive Directors

Mr. LIN Qi (林琦), aged 43, founded our Group in September 2015, and has served as an executive Director and our chief executive officer since then. He has also been the chairperson of our Board since July 2017. Mr. Lin currently also holds directorships and/or senior management positions at our various subsidiaries, including REFIRE Technology, Zhejiang Unilia Hydrogen Technology Ltd. (浙江韻量氫能科技有限公司) and Shanghai Unilia. He is primarily responsible for overseeing overall strategic management, organizational development and strategic project development of our Group.

Mr. Lin has over 19 years of experience in the fuel cell industry. Prior to founding our Group, from December 2004 to January 2010, he was an engineer at Shanghai Shenli Technology Co., Ltd. (上海神力科技有限公司), a company principally engaged in development and industrialization of fuel cell technology, where he was primarily responsible for developing fuel cell control systems. From March 2010 to September 2015, he was a system engineer at SAIC Motor Corporation Limited (上海汽車集團股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600104) and principally engaged in automotive manufacturing, where he was primarily responsible for developing fuel cell control systems.

Besides, Mr. Lin is currently a director of four companies in which our Company has a minority equity stake, namely, Shanghai Taiqingchen Energy Technology Co., Ltd. (上海泰氫晨能源科技有限公司) (a company principally engaged in manufacturing and sales of hydrogen energy equipment (other than full cells) and provision of related technology), with a non-executive role as nominated by our Company, Shanghai Hydrogen Energy Technology Co., Ltd. (上海氫意氫能科技有限公司) (the operating entity of Shanghai Fuel Cell Manufacturing Industry Innovation Center (上海市燃料電池製造業創新中心) which is a research platform for technologies pertaining to fuel cells established under the guidance of Shanghai Municipal Commission of Economy and Informatization (上海市經濟和信息化委員會)), Yulin Xuri Hydrogen Wind Energy Technology Co., Ltd. (榆林旭日氫風能源科技有限公司) (an investment platform with investments in a company principally engaged in provision of solutions relating to hydrogen power generation applications and a digital marketing solution provider), and Shaanxi HydroTransformer Energy Technology Co., Ltd. (陝西氫易能源科技有限公司) (a company principally engaged in provision of integrated solutions for organic liquid hydrogen storage and supply), with a non-executive role as nominated by our Company.

Mr. Lin obtained his bachelor's degree in software engineering from Nanchang University (南昌大學) in Jiangxi in November 2004. He further obtained his executive master of business administration from the Guanghua School of Management of Peking University (北京大學光華管理學院) in Beijing in July 2023. Mr. Lin has been certified as a senior engineer of product engineering by the China Society of Automotive Engineers (中國汽車工程學會) since December 2022.

Dr. HU Zhe (胡哲), aged 39, joined our Group in November 2015 as our manager and has been our chief operating officer and president since January 2024. He was appointed as a Director on July 15, 2017, and was re-designated as an executive Director on January 21, 2024. Dr. Hu currently also holds directorships, supervisorships and/or senior management positions at our various subsidiaries, including Jiangsu REFIRE Technology Co., Ltd. (江蘇重塑能源科技有限公司). He is primarily responsible for overseeing overall business operation and management of our Group.

Dr. Hu has over 14 years of experience in the automotive industry. Prior to joining our Group, from April 2010 to November 2015, he was an engineer at SAIC Motor Corporation Limited (上海汽車集團股份有限公司), where he was primarily responsible for R&D of fuel cell systems and R&D and application of the durability of automotive fuel cells.

Besides, Dr. Hu is currently a director of three companies in which our Company has a minority equity stake, namely, Shanghai Pegasus Hydrogen Technology Co., Ltd. (上海驥翀氫能科技有限公司) (a company principally engaged in R&D, manufacturing and sales of metal plate stacks), Aerospace Hydrogen Energy (Shanghai) Technology Co., Ltd. (航天氫能(上海)科技有限公司) (a company principally engaged in R&D, manufacturing and sales of metal plate stacks), and Beijing Yuzhou Tongda Hydrogen Energy Technology Co., Ltd. (北京豫舟同達氫能科技有限公司) (a company principally engaged in R&D of metal bipolar plates), all with a non-executive role as nominated by our Company.

Dr. Hu obtained his bachelor's degree in automotive engineering in July 2009 and his master's degree in automotive engineering in March 2010, both from Tongji University (同濟大學) in Shanghai. He further obtained his doctor's degree in automotive engineering from Tongji University in December 2019. Dr. Hu has been certified as a senior engineer of product engineering by the China Society of Automotive Engineers (中國汽車工程學會) since December 2022.

Ms. MA Audrey Jing Nan (馬晶楠), aged 39, joined our Group in September 2017 as the director of the business development department at our subsidiary, REFIRE Technology, and has been our vice president since January 2020. She was appointed as a Director on December 27, 2023, and was re-designated as an executive Director on January 21, 2024. Besides, Ms. Ma is currently a managing director of our subsidiary, REFIRE Europe GmbH, and a director of our subsidiaries, Unilia (Guangdong) Fuel Cells Inc. (韻量燃料電池(廣東)有限公司) and REFIRE Hong Kong Limited (重塑能源香港有限公司). She is primarily responsible for overseeing development and management of our overseas business.

Ms. Ma has over 11 years of experience in architectural designs, urban planning and business development. Prior to joining our Group, from October 2009 to August 2010, she was an architecture intern at B+H Architects, a company principally engaged in architectural designs and urban planning. From March 2011 to August 2011, she was an architectural assistant at 10 Design Limited, a company principally engaged in architectural designs and master planning. From January 2013 to April 2014, Ms. Ma was an assistant architect at Head Architecture Limited, a company principally engaged in architectural and interior designs, where she was primarily responsible for architectural designs. From June 2014 to July 2016, she worked at SOM Asia Limited, a company principally engaged in architectural designs, construction and urban planning, where she was primarily responsible for market research and business development. From August 2016 to January 2017, she served as the deputy general manager of Hong Kong Nation-Synergy Hydrogen Power Technology Co., Limited (香港國鴻氫能科技有限公司), a company principally engaged in provision of technologies relating to fuel cell systems and a subsidiary of Sino-Synergy Hydrogen Energy Technology (Jiaxing) Co., Ltd. (國鴻氫能科技(嘉興)股份有限公司) (a company listed on the Stock Exchange (stock code: 9663)).

Ms. Ma obtained her bachelor's degree in architectural studies from Carleton University in Canada in June 2009. She obtained her master's degree in urban design from the University of Hong Kong in Hong Kong in November 2012.

Dr. ZHAI Shuang (翟雙), aged 41, joined our Group in March 2016 as a senior manager of the preliminary design department at our subsidiary, REFIRE Technology. He has been the chief engineer of the product engineering department at REFIRE Technology since March 2019, and has been a deputy executive director of the R&D center at our Company since March 2022. He was appointed as a Director on September 8, 2020, and was re-designated as an executive Director on January 21, 2024. He is primarily responsible for devising technology strategies, leading R&D of new products and overseeing talent development of project teams.

Dr. Zhai has over 13 years of experience of R&D and working in the automotive industry. Prior to joining our Group, from December 2012 to March 2016, he was an engineer at SAIC Motor Corporation Limited (上海汽車集團股份有限公司), where he was primarily responsible for constructing simulation platforms for fuel cell systems.

Dr. Zhai obtained his bachelor's degree in mathematics and applied mathematics from Xinyang Normal University (信陽師範大學 (formerly known as Xinyang Normal Institute (信陽師範學院)) in Henan in July 2007. He further obtained his doctor's degree in automotive engineering from Tongji University (同濟大學) in Shanghai in November 2012. Dr. Zhai has been certified as a senior engineer by the Shanghai Municipal Human Resources and Social Security Bureau (上海市人力資源和社會保障局) since December 2021.

Mr. ZHAO Yongsheng (趙泳生), aged 39, joined our Group in April 2017 as a senior manager of the procurement department at our subsidiary, REFIRE Technology, and has been the director of the supply chain center since December 2022. He was appointed as a Director on April 13, 2023, and was re-designated as an executive Director on January 21, 2024. He is primarily responsible for overseeing daily operation and management of the supply chain center.

Mr. Zhao has over 14 years of experience in the automotive industry. Prior to joining our Group, from April 2010 to March 2017, he worked at SAIC Motor Corporation Limited (上海汽車集團股份有限公司).

Mr. Zhao obtained his bachelor's degree in automotive engineering (vehicle) in July 2009 and his master's degree in power machinery and engineering in March 2010, both from Tongji University (同濟大學) in Shanghai.

Non-executive Director

Mr. LIU Huiyou (劉會友), aged 60, joined our Group in December 2023 and has served as a Director since then. He was re-designated as a non-executive Director on January 21, 2024. He is primarily responsible for providing professional opinion and judgment to our Board.

Mr. Liu has over 39 years of experience in the energy industry. From July 1985 to October 1997, he was successively a deputy section chief, a section chief and deputy chief economist at the Gudong Oil Production Factory (孤東採油廠) of Sinopec Shengli Petroleum Administrative Bureau Co., Ltd. (中國石化集團勝利石油管理局有限公司) ("**Sinopec Shengli Petroleum**"). From October 1997 to March 2003, he was successively a deputy director of the planning management division at Sinopec Shengli Petroleum, a deputy director of the planning department of Sinopec Shengli Petroleum and a deputy director of the planning division at Sinopec Shengli Oilfield Company (中國石化勝利油田有限公司). From March 2001 to May 2003, he was a manager at Sinopec Shengli Oilfield Construction Project Economic and Technical Evaluation Consulting Co., Ltd. (勝利油田建設項目經濟技術評估諮詢公司), where he was primarily responsible for overseeing daily operation and management of construction projects. From May 2003 to August 2009, he was the director of the planning division of Sinopec Shengli Oilfield Company, where he was primarily responsible for strategic planning. From August 2009 to July 2013, he was a deputy chief economist at Sinopec Shengli Petroleum, where he was primarily responsible for economic and financial analyses. From July 2013 to June 2016, he was the chief of the Petroleum Engineering Cost Management Center (石油工程造價管理中心) of China Petroleum & Chemical Corporation (中國石油化工股份有限公司), a company listed on the Stock Exchange (stock code: 386) and the Shanghai Stock Exchange (stock code: 600028) and principally engaged in oil and gas exploration, refining and marketing, where he was primarily responsible for overseeing daily management and operation of the cost management center. Besides, Mr. Liu has successively been a deputy chief and a deputy general manager of the development planning department of China Petroleum & Chemical Corporation since June 2016, and has been the chief of the new energy office of China Petroleum & Chemical Corporation since October 2018, where he has been primarily responsible for overseeing daily operation and management of the development planning department and the new energy office, respectively. Since January 2022, he has also been the chief expert in energy conservation and environmental protection (new energy) at China Petroleum & Chemical Corporation, where he has been primarily responsible for providing professional advice relating to the new energy sector.

Mr. Liu obtained his bachelor's degree in oil production engineering from China University of Petroleum (中國石油大學(華東)) (formerly known as Huadong Petroleum College (華東石油學院)) in Shandong in July 1985.

Independent Non-executive Directors

Mr. LI Wei (李偉), aged 54, joined our Group in September 2020 and has served as our independent non-executive Director since then. He is primarily responsible for providing independent advice and judgment to our Board.

Mr. Li has over 18 years of experience in finance. From June 2006 to November 2008, he was the head of the investment banking division at Shenyin & Wanguo Securities Co., Ltd. (申銀萬國證券股份有限公司), a company principally engaged in investment banking and securities brokerage, where he was primarily responsible for overseeing the operation and management of the securities brokerage business. From December 2008 to 2020, he was the managing director of the investment banking division at China Galaxy Securities Co., Ltd. (中國銀河證券股份有限公司), a company listed on the Stock Exchange (stock code: 6881) and the Shanghai Stock Exchange (stock code: 601881) and principally engaged in investment banking and securities brokerage, where he was primarily responsible for overseeing the operation and management of the securities brokerage business. Since October 2022, he has also served as an independent non-executive director of Hanhua Financial Holding Co., Ltd. (瀚華金控股份有限公司), a company listed on the Stock Exchange (stock code: 3903) and principally engaged in provision of diversified and comprehensive financial services for domestic small, medium and micro enterprises and individuals.

Mr. Li obtained his bachelor's degree in economics in June 1992 and his master's degree in economics in July 1995, both from Renmin University of China (中國人民大學) in Beijing.

Dr. QIAN Meifen (錢美芬), aged 42, joined our Group in September 2020 and has served as our independent non-executive Director since then. She is primarily responsible for providing independent advice and judgement to our Board.

Dr. Qian has over 12 years of experience in higher education. From June 2012 to June 2015, she was a lecturer at Jiangxi University of Finance and Economics (江西財經大學). Dr. Qian has successively been a lecturer and an associate professor at the school of management of Zhejiang University (浙江大學) since September 2015, and has been a deputy director of the finance and accounting department of the school of management of Zhejiang University since March 2019.

Besides, Dr. Qian has served as an independent director of Hangzhou Flariant Co., Ltd. (杭州福萊蒽特股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 605566) and principally engaged in manufacturing of dyeing products) since December 2022, and Zhejiang Rongpeng Air Tools Co., Ltd. (浙江榮鵬氣動工具股份有限公司) (a company listed on the National Equities Exchange and Quotations (stock code: 874187) and principally engaged in manufacturing of air tools) since March 2023.

Dr. Qian obtained her bachelor's degree in public finance in June 2005 and her master's degree in finance in June 2007, both from Zhejiang University (浙江大學) in Zhejiang. She further obtained her doctor's degree in finance from Australian National University in Australia in November 2012.

Mr. CHEN Fei (陳飛), aged 41, joined our Group in December 2023 and has served as our independent non-executive Director since then. He is primarily responsible for providing independent advice and judgment to our Board.

Mr. Chen has over 16 years of experience in investment banking and financial management. From July 2008 to May 2010, he was an investment banker at The Hongkong and Shanghai Banking Corporation, where he was primarily responsible for advising on financings, mergers and acquisitions for domestic and foreign clients. From May 2010 to May 2018, Mr. Chen was an investment banker at UBS AG Hong Kong Branch, where he was primarily responsible for advising on financings, mergers and acquisitions for domestic and foreign clients. From May 2018 to April 2022, Mr. Chen was the chief financial officer and board secretary at Tubatu Group Co., Ltd. (土巴兔集團股份有限公司), a company principally engaged in online home furnishing platform operation in China, where he was primarily responsible for overseeing financial investment activities of the company, including accounting, capital management, handling tax-related matters, preparing and reviewing financial statements, and financial data analyses. Besides, Mr. Chen has served as an executive director since April 2022 and the chief financial officer since May 2022, of YSB Inc., a digital pharmaceutical platform listed on the Stock Exchange (stock code: 9885), where he has been primarily responsible for overseeing overall financial management (including accounting, capital management, handling tax-related matters, preparing and reviewing financial statements, and financial data analyses), internal audits and control, corporate finance, investment activities and legal matters of the company.

Mr. Chen obtained his bachelor's degree in finance in July 2006 and his master's degree in finance in July 2008, both from Peking University (北京大學) in Beijing. Mr. Chen has been certified as a chartered financial analyst by the CFA Institute since September 2012, and obtained a certificate of board secretaries from the Shenzhen Stock Exchange in November 2020.

General

Save as disclosed in this section and the paragraph headed "Further Information about Our Directors, Supervisors and Substantial Shareholders" in Appendix VI to this prospectus, each of our Directors has confirmed that:

(1) he/she obtained the legal advice referred to under Rule 3.09D of the Listing Rules on January 8, 2024, and understood his/her obligations as a director of a listed issuer;

(2) he/she does not have any existing or proposed service contract with our Group other than contracts expiring or determinable by the relevant member of our Group within one year without payment of compensation (other than statutory compensation);

(3) he/she has no interest in the Shares within the meaning of Part XV of the SFO;

(4) he/she has not been a director of any other publicly listed company during the three years prior to the Latest Practicable Date and as of the Latest Practicable Date;

(5) other than being a Director of our Group, he/she does not have any relationship with any other Directors, Supervisors, senior management or substantial shareholders of our Company; and

(6) he/she has not completed his/her respective education programs as disclosed in this section by way of attendance of long distance learning or online courses.

Each of our independent non-executive Directors has confirmed:

(1) his/her independence after taking into consideration each of the factors referred to under Rules 3.13(1) to 3.13(8) of the Listing Rules;

(2) that he/she does not have any past or present financial or other interest in the business of our Company or our subsidiaries, or any connection with any core connected person of our Company; and

(3) that there are no other factors which may affect his/her independence at the time of his/her appointment as our independent non-executive Director.

SUPERVISORS

Our Supervisory Committee currently consists of five members. Pursuant to the Articles of Association, at least one-third of our Supervisors must be employees' representatives elected by our employees. Except for the employees' representative Supervisors, the other Supervisors are elected and appointed by our Shareholders at a Shareholders' meeting for a term of three years, which is renewable upon re-election and re-appointment.

The following table sets forth general information regarding our Supervisors:

Name	Age	Position(s)	Date of appointment as Supervisor	Date of joining our Group	Role and responsibilities	Relationship with Directors, other Supervisors and senior management
Mr. WU Yang (武洋)	36	Chairperson of our Supervisory Committee	January 20, 2023	January 20, 2023	Primarily responsible for supervising our Board and management	None
Mr. ZHANG Cheng (張程) .	43	Supervisor	August 21, 2024	August 21, 2024	Primarily responsible for supervising our Board and management	None
Mr. JI Yizhi (季一志)	54	Supervisor	January 20, 2023	January 20, 2023	Primarily responsible for supervising our Board and management	None
Mr. WANG Chuqi (汪楚棋, whose former name was WANG Qi (汪奇))	41	Supervisor	September 8, 2020	October 22, 2015	Primarily responsible for supervising our Board and management	None
Mr. SUN Bei (孫北)	38	Supervisor	May 18, 2022	April 26, 2016	Primarily responsible for supervising our Board and management	None

The following sets forth the biographies of our Supervisors:

Mr. WU Yang (武洋), aged 36, joined our Group in January 2023 and has been our shareholders' representative Supervisor and the chairperson of our Supervisory Committee since then.

Mr. Wu has over eight years of experience in market research and equity investment management. Since May 2016, he has been the investment director at Shenzhen Qianhai Chun Yang Asset Management Co., Ltd. (深圳前海春陽資產管理有限公司), a company principally engaged in private equity investment, where he has been primarily responsible for investment decisions and post-investment management.

Mr. Wu obtained his bachelor's degree in logistics management from Nanjing University of Finance and Economics (南京財經大學) in Jiangsu in June 2010.

Mr. ZHANG Cheng (張程), aged 43, joined our Group in August 2024 and has been our shareholders' representative Supervisor since then.

Mr. Zhang has over 12 years of experience in economics and equity investments. From July 2012 to May 2020, he worked at the Economic Construction Department under the MOF (中華人民共和國財政部經濟建設司). Since June 2020, he has been a deputy general manager of the secondary investment department at National Manufacturing Transformation and Upgrade Fund Co., Ltd. (國家製造業轉型升級基金股份有限公司), a company principally engaged in investment management and consulting and our Shareholder, where he has primarily been responsible for equity investments. Further, from May 2023 to November 2023, Mr. Zhang was a supervisor of Zhejiang RIFA Precision Machinery Co., Ltd. (浙江日發精密機械股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002520) and principally engaged in manufacturing of machine tools.

Mr. Zhang obtained his bachelor's degree in economics in June 2006 and his master's degree in economics in June 2009, both from Central University of Finance and Economics (中央財經大學) in Beijing.

Mr. JI Yizhi (季一志), aged 54, joined our Group in January 2023 and has been our shareholders' representative Supervisor since then. Besides, he is currently a director of our subsidiary, Foshan Diyi Element New Energy Technology Co., Ltd. (佛山迪一元素新能源科技有限公司).

Mr. Ji has over 32 years of experience in the automotive industry. From July 1992 to July 2017, he was successively a technician, a device administrator, an assistant to the manager of the technology division, a deputy manager of the technology division, a deputy manager of the cooperation division and the procurement head of the manufacturing division, a deputy manager of the planning and finance division, the manager of the planning and finance department, a deputy chief economist, an assistant to the manager of the factory and a deputy manager at the Wuxi Diesel Engine Works (無錫柴油機廠) of FAW Jiefang Automotive Co., Ltd. (一汽解放汽車有限公司), a company principally engaged in manufacturing and sales of trucks and buses and our Shareholder, where he was primarily responsible for technical designs, product developments, procurement of materials, costs management, sales and marketing of products and daily operation and management of the factory. From October 2017 to October 2022, Mr. Ji was successively an executive deputy general manager of the engine department, the general manager of the bus business department, the deputy general manager of the marketing department and the general manager of the new energy department at FAW Jiefang Automotive Co., Ltd., where he was primarily responsible for overseeing the operation and management of the relevant departments. From September 2018 to July 2019, he was successively the general manager and the head of finance at the Dalian Diesel Engine branch of FAW Jiefang Automotive Co., Ltd., where he was primarily responsible for overseeing the operation and management of the company. Since October 2022, he has been a deputy general manager of FAW Jiefang Group Co., Ltd. (一汽解放集團股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000800) and principally engaged in manufacturing and sales of automobiles, where he has been primarily responsible for financial matters, audits and the development and sales of new energy vehicles. Further, Mr. Ji served or has served as a director of Changchun FAW Baoyou Steel Processing and Distribution Co., Ltd. (長春寶友解放鋼材加工配送有限公司) from November 2022 to June 2024, a director of FAW Finance Co., Ltd. (一汽財務有限公司) since October 2022, a director of Xin'n Automobile Insurance Co., Ltd. (鑫安汽車保險股份有限公司) since March 2023, and a director of Changchun Angang Jiefang Steel Processing and Distribution Co., Ltd. (長春鞍鋼解放鋼材加工配送有限公司) (formerly knowns as Changchun FAW Angang Steel Processing and Distribution Co., Ltd. (長春一汽鞍鋼鋼材加工配送有限公司)) from June 2023 to June 2024, where he was or has been primarily responsible for overseeing the management of the aforementioned companies.

Mr. Ji obtained his bachelor's degree in mechanical design and manufacturing from Nanjing University of Science and Technology (南京理工大學) (formerly known as East China Institute of Engineering (華東工程學院)) in Jiangsu in July 1992. He obtained his master's degree in business administration from Shanghai University of Finance and Economics (上海財經大學) in Shanghai in October 2011. Mr. Ji has been certified as a senior engineer by China First Automobile Group Co., Ltd. (中國第一汽車集團有限公司) since January 2022.

Mr. WANG Chuqi (汪楚棋), aged 41, joined our Group in October 2015 and has been a director of the data optimization, digitalization and intellectualization department at our Company since then. In this capacity, he is primarily responsible for overseeing intellectualization of the optimization management, data management and information system of our Group. He has been our employees' representative Supervisor since September 2020. Besides, Mr. Wang is currently a supervisor of our subsidiary, REFIRE Technology.

Mr. Wang has over 19 years of experience in information technology. Prior to joining our Group, from January 2005 to July 2014, he worked at Zhejiang SIF Technology Co., Ltd. (浙江網新富士科技有限公司), a company principally engaged in software development. From August 2014 to October 2015, he worked at Brother System Technology Development (Hangzhou) Ltd. (濱江兄弟信息技術(杭州)有限公司), a company principally engaged in software development.

Mr. Wang obtained his bachelor's degree in software programming from Nanchang University (南昌大學) in Jiangxi in November 2004.

Mr. SUN Bei (孫北), aged 38, joined our Group in April 2016 as the executive president of the applied engineering department at our subsidiary, REFIRE Technology. Between April 2016 and January 2022, he was a deputy director of the R&D center at REFIRE Technology. Since February 2022, he has been the general manager of the sales center of the system business department at our Company. In this capacity, he is primarily responsible for overseeing overall operation and management of the sales center of our Group. He has been our employees' representative Supervisor since May 2022.

Mr. Sun has over 13 years of experience in the automotive industry. Prior to joining our Group, from July 2011 to April 2016, he worked at United Automotive Electronic Systems Co., Ltd. (聯合汽車電子有限公司), a company principally engaged in R&D, manufacturing and sales of gasoline engine management systems, transmission control systems and automotive drive control systems.

Mr. Sun obtained his bachelor's in automotive engineering (vehicle) in July 2008 and his master's degree in automotive engineering in March 2011, both from Tongji University (同濟大學) in Shanghai.

General

Save as disclosed in this section and the paragraph headed "Further Information about Our Directors, Supervisors and Substantial Shareholders" in Appendix VI to this prospectus, each of our Supervisors has confirmed that:

(1) he does not hold and has not held any other positions in our Group and any other members of our Group as of the Latest Practicable Date;

(2) other than being a Supervisor of our Group, none of our Supervisors has any relationship with any Directors, any other Supervisors, any senior management or substantial shareholders of our Company;

(3) he does not hold and has not held any other directorships in public companies the securities of which are listed on any securities market in Hong Kong or overseas in the three years prior to the Latest Practicable Date and as of the Latest Practicable Date; and

(4) he has not completed their respective education programs as disclosed in this section by way of attendance of long distance learning or online courses.

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management and operation of our business. The table below sets out certain information in respect of the senior management of our Group:

Name	Age	Position(s)	Date of appointment as senior management	Date of founding/ joining our Group	Role and responsibilities	Relationship with Directors, Supervisors and other senior management
Mr. LIN Qi (林琦)	43	Chairperson of our Board, executive Director and chief executive officer	September 18, 2015	September 18, 2015	Primarily responsible for overseeing overall strategic management, organizational development and strategic project development of our Group	None
Dr. HU Zhe (胡哲)	39	Executive Director, chief operating officer and president	November 7, 2015	November 7, 2015	Primarily responsible for overseeing overall business operation and management of our Group	None
Ms. MA Audrey Jing Nan (馬晶楠) (whose former Chinese name is 馬晶嵐) . . .	39	Executive Director and vice president	September 1, 2017	September 1, 2017	Primarily responsible for overseeing development and management of our overseas business	None
Mr. ZHENG Zhong (鄭重) .	36	Vice president and Board secretary	September 8, 2020	May 7, 2018	Primarily responsible for overseeing equity financing and handling matters relating to investor relations, legal affairs and intellectual properties of our Group	None

Name	Age	Position(s)	Date of appointment as senior management	Date of founding/ joining our Group	Role and responsibilities	Relationship with Directors, Supervisors and other senior management
Mr. XIE Hongyu (謝紅雨)	46	Vice president	December 9, 2020	December 17, 2018	Primarily responsible for overseeing daily operation and management of our hydrogen equipment component business	None
Dr. Christopher John GUZY . .	69	Chief technology officer	March 23, 2020	March 23, 2020	Primarily responsible for overseeing advanced technology development and devising technology strategies	None
Mr. SHAO Liangming (邵良明)	43	Financial controller	January 7, 2024	June 25, 2018	Primarily responsible for overseeing financial management of our Group	None

The following sets forth the biographies of our senior management:

Mr. LIN Qi (林琦) is the chairperson of our Board, our executive Director and chief executive officer. For further details, see "— Board of Directors — Executive Directors" in this section.

Dr. HU Zhe (胡哲) is our executive Director, chief operating officer and president. For further details, see "— Board of Directors — Executive Directors" in this section.

Ms. MA Audrey Jing Nan (馬晶楠) is our executive Director and vice president. For further details, see "— Board of Directors — Executive Directors" in this section.

Mr. ZHENG Zhong (鄭重), aged 36, joined our Group in May 2018 as an assistant to the chairperson of the board of directors of our subsidiary, REFIRE Technology. He was an assistant to the chairperson of our Board between January 2020 and September 2020, and has been our Board secretary since September 2020 and our vice president since January 2024. Mr.

Zheng currently also holds supervisorships at our various subsidiaries, including Jiangsu REFIRE Technology Co., Ltd. (江蘇重塑能源科技有限公司) and Shanghai REFIRE Prismatic Hydrogen Technology Co., Ltd. (上海重塑斑斕氫能科技有限公司). He is primarily responsible for overseeing equity financing and handling matters relating to investor relations, legal affairs and intellectual properties of our Group.

Mr. Zheng has over 14 years of experience in legal profession. Prior to joining our Group, from July 2010 to March 2017, he was a lawyer at the Shanghai office of Tian Yuan Law Firm (北京市天元律師事務所上海分所), where he was primarily responsible for providing legal services in respect of investments, financings, mergers and acquisitions. From April 2017 to May 2017, he was a lawyer at the Shanghai office of Hai Run Law Firm (北京市海潤律師事務所上海分所), where he was primarily responsible for providing legal services in respect of investments, financings, mergers and acquisitions. From June 2017 to April 2018, he served as the legal director of Hongling Siqi (Zhuhai) Equity Investment Management Enterprise (Limited Partnership) (宏瓴思齊(珠海)股權投資管理企業(有限合夥)), where he was primarily responsible for overseeing risk management and compliance matters. Besides, Mr. Zheng is currently a director of Jiangsu Jiahua Hydrogen Technology Co., Ltd. (江蘇嘉化氫能科技有限公司), a company in which our Group has equity interest.

Mr. Zheng obtained his bachelor's degree in law from Fudan University (復旦大學) in Shanghai in June 2010. He obtained his qualification of legal profession from the Ministry of Justice of the PRC (中華人民共和國司法部) in August 2010, his fund practice qualification from the Asset Management Association of China (中國證券投資基金業協會) in July 2017, and a certificate of board secretaries from the Shanghai Stock Exchange in December 2020.

Mr. XIE Hongyu (謝紅雨), aged 46, joined our Group in December 2018 as a deputy general manager of our subsidiary, REFIRE Technology, and has been our vice president since December 2020. Further, Mr. Xie is currently a director of our subsidiaries, Shanghai PANDO Electric Technology Co., Ltd. (上海磐動電氣科技有限公司), PANDO (Zhejiang) Electric Technology Co., Ltd. (磐動(浙江)電氣科技有限公司) and Changde REFIRE Surge New Materials Technology Co., Ltd. (常德重塑澎湃新材料科技有限公司). He is primarily responsible for overseeing daily operation and management of our hydrogen equipment component business.

Mr. Xie has over 21 years of experience in new energy and new materials industries. Prior to joining our Group, from January 2003 to October 2018, he worked at Hunan Corun New Energy Co., Ltd. (湖南科力遠新能源股份有限公司) (formerly known as Changsha Lyrun Materials Co., Ltd. (長沙力元新材料股份有限公司)), a company listed on the Shanghai Stock Exchange (stock code: 600478) and principally engaged in R&D, manufacturing and sales of foam metal materials, where he was successively a section chief of the production department, a manager of the R&D department, the director of the quality management department and an assistant to the general manager of Hunan Corun New Energy Co., Ltd., and was primarily responsible for overseeing daily operation and management of the aforementioned departments and assisting the general manager with daily operation of the company. During the same period, Mr. Xie also served as the general manager of certain subsidiaries of Hunan Corun New

Energy Co., Ltd., including Changde Liyuan New Materials Co., Ltd. (常德力元新材料有限責任公司) (a company principally engaged in R&D, manufacturing and sales of energy-saving and new energy automotive base materials, civil battery base materials and nickel-plated steel strips) and Hunan Copower EV Battery Co., Ltd. (湖南科霸汽車動力電池有限責任公司) (a company principally engaged in R&D, manufacturing and sales of batteries for hybrid electric vehicles), where he was primarily responsible for overseeing daily operation and corporate management of the aforementioned companies.

Mr. Xie obtained his college diploma in chemical technology from Hunan Chemical Vocational Technology College (湖南化學工業職業技術學院) (formerly known as Hunan Chemical Engineering School (湖南省化學工業學校)) in Hunan in June 1998.

Dr. Christopher John GUZY, aged 69, joined our Group in March 2020 and has been our chief technology officer since then. He is primarily responsible for overseeing advanced technology development and devising technology strategies.

Dr. Guzy has over 41 years of experience in engineering and higher education. Prior to joining our Group, from 1983 to 1986, he was an assistant professor at the David H. Koch School of Chemical Engineering Practice of Massachusetts Institute of Technology in the United States. From 2000 to 2001, he was the global general manager at GE Lighting, a company principally engaged in lighting production and service, where he was primarily responsible for the development of linear fluorescent technology. From 2001 to 2005, Dr. Guzy was the general manager of global products of GE HealthCare (formerly known as GE Medical Systems), a company principally engaged in R&D, manufacturing and sales of medical devices, where he was primarily responsible for oversight of technology operations. From January 2005 to March 2016, he was a vice president and the chief technology officer of BALLARD Power Systems, a company principally engaged in provision of clean energy fuel cell solutions and products, where he was primarily responsible for leading product development, applications, engineering and technology research. From May 2016 to March 2020, Dr. Guzy was a professor at Foshan University (佛山科學技術學院).

Dr. Guzy obtained his bachelor's degree in chemical engineering in May 1977 and his master's degree in chemical engineering in May 1979, both from Clarkson University in the United States. He further obtained his doctor's degree in engineering from University of New Mexico in the United States in July 1982. Dr. Guzy was accredited as an expert under the Chinese Government Friendship Award (中國政府友誼獎) in September 2019 by the Department of Foreign Expert Services of the Ministry of Science and Technology of the PRC in recognition of his significant contributions to China's hydrogen and fuel cell industries. Further, he was awarded Shanghai Magnolia Silver Award (白玉蘭紀念獎) in 2023 in recognition of his contribution to the development of Shanghai.

Mr. SHAO Liangming (邵良明), aged 43, joined our Group in June 2018 as a finance manager at our subsidiary, REFIRE Technology. He was a senior manager of the internal audits department at our Company from September 2020 to August 2023, and has been a senior manager of the operation and management department since September 2023 and our financial controller since January 2024. He is primarily responsible for overseeing financial management of our Group.

Mr. Shao has over 17 years of experience in audits and financial management. Prior to joining our Group, from September 2007 to June 2018, he was successively an audit manager and a senior manager at BDO China Shu Lun Pan Certified Public Accountants LLP (立信會計師事務所(特殊普通合夥)), where he was primarily responsible for audits.

Mr. Shao graduated from Shanghai Jiao Tong University (上海交通大學) in Shanghai through online courses in accounting in July 2008. Mr. Shao has been certified as a certified public accountant by the Chinese Institute of Certified Public Accountants (中國註冊會計師協會) since December 2007, and has been certified as a medium-level accountant (中級會計職稱) by Shanghai Municipal Bureau of Human Resources and Social Security (上海市人力資源和社會保障局) since May 2009.

General

Save as disclosed in this section and the paragraph headed "Further Information about Our Directors, Supervisors and Substantial Shareholders" in Appendix VI to this prospectus, each of our senior management members has confirmed that:

(1) he/she does not hold and has not held any other positions in our Group and any other members of our Group as of the Latest Practicable Date;

(2) other than being a Director and/or member of our Group's senior management, he/she does not have any relationship with any Directors, Supervisors, other members of senior management or substantial shareholders of our Company as of the Latest Practicable Date;

(3) he/she does not hold and has not held any other directorships in public companies the securities of which are listed on any securities market in Hong Kong or overseas in the three years prior to the Latest Practicable Date and as of the Latest Practicable Date; and

(4) he/she has not completed his/her respective education programs as disclosed in this section by way of attendance of long distance learning or online courses.

JOINT COMPANY SECRETARIES

Mr. ZHENG Zhong (鄭重) was appointed as one of our joint company secretaries on January 7, 2024. Mr. Zheng is our vice president and Board secretary. For further details, see "— Senior Management" in this section.

Mr. POON Ping Yeung (潘秉揚) was appointed as one of our joint company secretaries on January 7, 2024. Mr. Poon is the manager of the listed & fiduciary corporate services of Trident Corporate Services (Asia) Ltd., a global professional services firm. He has over 10 years of professional experience in company secretarial field. He is currently a joint company secretary of each of Boyaa Interactive International Limited (a company listed on the Stock Exchange (stock code: 434)) and Zhejiang Taimei Medical Technology Co., Ltd. (a company listed on the Stock Exchange (stock code: 2576)).

Mr. Poon obtained his bachelor's degree in arts (major in social policy and administration) from The Hong Kong Polytechnic University in Hong Kong in October 2012. He further obtained his master's degree in corporate governance from Hong Kong Metropolitan University (formerly known as The Open University of Hong Kong) in Hong Kong in October 2019.

Mr. Poon is an associate member (a holder of practitioner's endorsement) of The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) in the United Kingdom.

COMPLIANCE ADVISER

We have appointed Maxa Capital Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance adviser will advise us on the following circumstances:

- before the publication of any announcements, circulars or financial reports;
- where a transaction, which might be a notifiable or connected transaction under Chapters 14 and 14A of the Listing Rules is contemplated, including share issues, sales or transfers of treasury shares and share repurchases;
- 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
- where the Stock Exchange makes an inquiry of us regarding unusual price movement and trading volume or other issues under Rule 13.10 of the Listing Rules.

Pursuant to Rule 3A.24 of the Listing Rules, Maxa Capital Limited will, in a timely manner, inform us of any amendment or supplement to the Listing Rules and new or amended laws and regulations in Hong Kong applicable to us.

The terms of the appointment shall commence on the Listing Date and end on the date which we distribute our annual report of our financial results for the first full financial year commencing after the Listing Date.

BOARD COMMITTEES

We have established the following committees on our Board: an audit committee, a remuneration and appraisal committee, a nomination committee and a strategy committee. The committees operate in accordance with the terms of reference established by our Board.

Audit Committee

We have established an audit committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of part 2 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules (the "**Corporate Governance Code**"). The Audit Committee consists of Mr. CHEN Fei (陳飛), Dr. QIAN Meifen (錢美芬) and Mr. LI Wei (李偉), with Mr. CHEN Fei (陳飛) being the chairperson of the committee. Mr. Chen holds the appropriate accounting or related financial management expertise as required under Rules 3.10(2) and 3.21 of the Listing Rules.

The primary duties of the Audit Committee are to assist our Board in providing an independent view of the effectiveness of our financial reporting process, internal control and risk management systems, overseeing the audit process, and performing other duties and responsibilities as assigned by our Board, which includes amongst other things:

- proposing to our Board the appointment and replacement of external audit firms;
- supervising the implementation of our internal audit system;
- liaising between our internal audit department and external auditors;
- reviewing our financial information and related disclosures; and
- other duties conferred by our Board.

Remuneration and Appraisal Committee

We have established a remuneration and appraisal committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph E.1 of part 2 of the Corporate Governance Code. The Remuneration and Appraisal Committee consists of Mr. LI Wei (李偉), Mr. LIU Huiyou (劉會友) and Dr. QIAN Meifen (錢美芬), with Mr. LI Wei (李偉) being the chairperson of the committee.

The primary duties of the Remuneration and Appraisal Committee are to develop remuneration and appraisal policies of our Directors, evaluate the performance, make recommendations on the remuneration packages of our Directors and senior management and evaluate and make recommendations on employee benefits, which include amongst other things:

- establishing, reviewing and making recommendations to our Board on our policy and structure concerning remuneration and appraisal of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration and appraisal;

- determining the terms of the specific remuneration package of each Director and members of senior management;

- reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by our Directors from time to time;

- reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules; and

- other duties conferred by our Board.

Nomination Committee

We have established a nomination committee with written terms of reference in compliance with paragraph B.3 of part 2 of the Corporate Governance Code. The Nomination Committee consists of Dr. QIAN Meifen (錢美芬), Mr. LI Wei (李偉) and Mr. LIN Qi (林琦), with Dr. QIAN Meifen (錢美芬) being the chairperson of the committee.

The primary duties of the Nomination Committee are to make recommendations to our Board in relation to the appointment and removal of Directors which includes, amongst other things:

- reviewing the structure, size and composition of our Board on a regular basis and making recommendations to our Board regarding any proposed changes;

- identifying, selecting or making recommendations to our Board on the selection of individuals nominated for directorships;
- assessing the independence of independent non-executive Directors;
- making recommendations to our Board on relevant matters relating to the appointment, re-appointment and removal of our Directors; and
- other duties conferred by our Board.

Strategy Committee

We have established a strategy committee with written terms of reference. The Strategy Committee consists of Mr. LIN Qi (林琦), Dr. HU Zhe (胡哲), Mr. ZHAO Yongsheng (趙泳生), Mr. LIU Huiyou (劉會友) and Mr. CHEN Fei (陳飛), with Mr. LIN Qi (林琦) being the chairperson of the committee.

The primary duties of the Strategy Committee are to formulate, evaluate and facilitate long-term development strategies and major investment decisions of our Group, which includes, amongst other things:

- evaluating and advising on our long-term strategic plans and other significant matters that may affect our development strategies; and
- other duties conferred by our Board.

CORPORATE GOVERNANCE

Our Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of our Shareholders.

Code Provision A.2.1 of the Corporate Governance Code

Under paragraph C.2.1 of the Corporate Governance Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Lin is the chairperson of our Board and our chief executive officer. With considerable experience in the fuel cell industry and having served in our Group since its establishment, Mr. Lin is in charge of the overall corporate and business strategies of our Group. Despite the fact that the roles of the chairperson of our Board and our chief executive officer are both performed by Mr. Lin, which constitutes a deviation from paragraph C.2.1 of the Corporate Governance Code, our Board considers that vesting the roles of the chairperson of our Board and our chief executive officer both in Mr. Lin is beneficial to the management of our Group. The balance of power and authority is ensured by the operation of our Board and our senior management, which comprises experienced individuals. Upon Listing, our Board will comprise five executive Directors, one non-executive Director and three independent non-executive Directors, and therefore will have a strong independence element in its composition.

Save as disclosed above, our Company intends to comply with all applicable code provisions under the Corporate Governance Code after the Listing.

Board Diversity

We seek to achieve board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. We have adopted a board diversity policy (the "**Board Diversity Policy**") to enhance the effectiveness of our Board and to maintain a high standard of corporate governance. Pursuant to the Board Diversity Policy, in reviewing and assessing suitable candidates to serve as a Director, the Nomination Committee will consider a range of diversity perspectives with reference to our Company's business model and specific needs, including but not limited to gender, age, language, cultural and educational background, professional qualifications, skills, knowledge, industry, regional experience and length of service. Furthermore, our Nomination Committee is responsible for reviewing the diversity of our Board, reviewing the Board Diversity Policy from time to time, developing and reviewing measurable objectives for implementing the Board Diversity Policy, and monitoring the progress on achieving these measurable objectives in order to ensure that the Board Diversity Policy remains effective.

Our Directors have a balanced mixed of knowledge and skills, including but not limited to automotive manufacturing, R&D of fuel cell systems, business development, finance and investment. They obtained degrees in various majors including software engineering, automotive engineering, business administration, mathematics, economics and finance. Furthermore, our Board has a relatively wide range of ages, ranging from 39 years old to 60 years old, and consists of seven male members and two female members. Our Company has reviewed the membership, structure and composition of our Board, and is of the opinion that the structure of our Board is reasonable, and the experience and skills of the Directors in various aspects and fields can enable our Company to maintain a high standard of operation.

Our Company will (i) disclose the biographical details of each Director and (ii) report on the implementation of the Board Diversity Policy (including whether we have achieved board diversity) in its annual corporate governance report. In particular, our Company will take opportunities to increase the proportion of female members of our Board when selecting and recommending suitable candidates for Board appointments to help enhance gender diversity in accordance with stakeholder expectations and recommended best practices. Our Company also intends to promote gender diversity when recruiting staff at the mid to senior level so that our Company will have a pipeline of female senior management and potential successors to our Board. We believe that such merit-based selection process with reference to our Board Diversity Policy and the nature of our business will be in the best interests of our Group and our Shareholders as a whole.

COMPETITION

Each of our Directors confirms that as of the Latest Practicable Date, he/she did not have any interest in a business which competes or is likely to compete, directly or indirectly, with our business, which focuses on the design, development, manufacturing and sales of hydrogen fuel cell systems, hydrogen production systems and related components, as well as providing fuel cell engineering and technical services, and requires disclosure under Rule 8.10 of the Listing Rules.

COMPENSATION OF DIRECTORS, SUPERVISORS AND MANAGEMENT

We offer our executive Directors, employees' representative Supervisors and senior management members, who are also employees of our Group, emolument in the form of salaries, bonuses, allowances and benefits in kind, performance related bonuses, share-based payment expenses and pension scheme contributions. Our Directors' remuneration is determined with reference to the relevant Director's experience and qualifications, level of responsibility, performance and the time devoted to our business, and the prevailing market conditions. Our independent non-executive Directors receive emolument based on their responsibilities (including being members or the chairperson of Board committees).

The aggregate amounts of remuneration (including salaries, bonuses, allowances and benefits in kind, performance related bonuses, share-based payment expenses and pension scheme contributions) which were paid or payable to our Directors and Supervisors for the three financial years ended December 31, 2021, 2022 and 2023 and the five months ended May 31, 2024 were RMB25.1 million, RMB27.0 million, RMB52.0 million and RMB44.9 million, respectively.

It is estimated that the aggregate amount of remuneration (including salaries, bonuses, allowances and benefits in kind, performance related bonuses, share-based payment expenses and pension scheme contributions) payable to our Directors and Supervisors for the financial year ending December 31, 2024 would be approximately RMB193.8 million under arrangements in force as of the date of this prospectus.

For the three financial years ended December 31, 2021, 2022 and 2023 and the five months ended May 31, 2024, there were four, five, three and four Directors and Supervisors among the five highest paid individuals, respectively. The aggregate amounts of remuneration (including salaries, bonuses, allowances and benefits in kind, performance related bonuses, share-based payment expenses and pension scheme contributions) which were paid or payable by our Group to our five highest paid individuals (excluding Directors and Supervisors) for the three financial years ended December 31, 2021, 2022 and 2023 and the five months ended May 31, 2024 were RMB2.3 million, nil, RMB9.6 million and RMB8.6 million, respectively.

During the Track Record Period, (i) no remuneration was paid to our Directors, Supervisors or the five highest paid individuals as an inducement to join, or upon joining our Group, (ii) no compensation was paid to, or receivable by, our Directors, past Directors, Supervisors, past Supervisors or the five highest paid individuals for the loss of office as a director of any member of our Group or any other office in connection with the management of the affairs of any member of our Group, and (iii) none of our Directors and Supervisors waived or agreed to waive any emoluments.

Except as disclosed above, no other payment has been paid, or is payable, by our Group to our Directors, Supervisors or the five highest paid individuals of our Group during the Track Record Period.

For additional information on Directors' and Supervisors' remuneration during the Track Record Period as well as information on the five highest paid individuals, see notes 8 and 9 to the Accountants' Report.

OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

As of the Latest Practicable Date, Mr. Lin, an executive Director, the chairperson of our Board and the chief executive officer of our Company, was able to exercise approximately 21.96% voting rights in our Company, through (i) 11,834,272 Shares directly held by him, and (ii) 6,018,428 Shares held by certain ESOP Platforms (namely, Shanghai Weiqing, Shanghai Weilan and Shanghai Weijing), each of which is a limited partnership established under the laws of the PRC and is managed by Mr. Lin as its executive partner. Therefore, our Single Largest Group of Shareholders (namely, Mr. Lin, Shanghai Weiqing, Shanghai Weilan and Shanghai Weijing) comprise our single largest group of Shareholders before the completion of the Global Offering. For background and biographical details of Mr. Lin, see "Directors, Supervisors and Senior Management" in this prospectus. For details of Shanghai Weiqing, Shanghai Weilan and Shanghai Weijing, see "History, Development and Corporate Structure — Employee Incentive Platforms" in this prospectus.

Immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised and the options granted under the Pre-IPO Share Option Scheme are not exercised), our Single Largest Group of Shareholders will be entitled to exercise approximately 20.73% voting rights in our Company and will remain as our single largest group of Shareholders. There will be no controlling shareholder of our Company under the Listing Rules upon Listing.

INDEPENDENCE FROM OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

Our Directors consider that we are capable of carrying on our business independently of our Single Largest Group of Shareholders and their close associates after the Listing, taking into consideration the factors below.

Management Independence

Our Board comprises nine Directors, including five executive Directors, one non-executive Director and three independent non-executive Directors. We believe that our Board as a whole, together with our senior management, is able to perform the managerial role in our Group independently from our Single Largest Group of Shareholders for the following considerations:

(a) each of our Directors is aware of his/her fiduciary duties as a Director which require, among others, that he/she acts for the benefit of and in the best interests of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interests;

(b) our daily management and operation decisions are primarily made by all our executive Directors and senior management, all of whom have substantial experience in the industry in which we are engaged and will be able to make business decisions that are in the best interest of our Group. For details of the industry experience of our senior management, see "Directors, Supervisors and Senior Management" in this prospectus;

(c) we have appointed three independent non-executive Directors with a view to bringing independent judgment to the decision-making process of our Board;

(d) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and a Director and/or his/her associate, he/she shall abstain from voting and shall not be counted towards the quorum for the voting; and

(e) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Single Largest Group of Shareholders, which would support our independent management. For further details, see " — Corporate Governance Measures" in this section.

Operational Independence

We have full rights to make all decisions on, and to carry out, our own business operations independently. We have our own departments specializing in these respective areas which have been in operation and are expected to continue to operate independently from our Single Largest Group of Shareholders and their close associates. We hold the licenses, intellectual property rights and qualifications necessary to carry on our principal business. We also have independent access to suppliers and customers, and have sufficient capital, facilities and employees to operate our business independently from our Single Largest Group of Shareholders and their close associates.

Based on the above, our Directors believe that we will be able to operate independently from our Single Largest Group of Shareholders and their close associates.

Financial Independence

We have an independent financial system. We make financial decisions according to our own business needs, and neither our Single Largest Group of Shareholders nor their close associates intervene with our use of funds. We have established an independent finance department with a team of finance staff and an independent audit, accounting and financial management system.

In addition, we have been and are capable of obtaining financing from third parties without relying on any guarantee or security provided by our Single Largest Group of Shareholders or their close associates. As of the Latest Practicable Date, there was no loan, advance or guarantee provided by our Single Largest Group of Shareholders or their close associates.

Based on the above, our Directors believe that we are capable of carrying on our business independently of, and do not place undue reliance on, our Single Largest Group of Shareholders and their close associates after the Listing.

CORPORATE GOVERNANCE MEASURES

Our Directors recognize the importance of good corporate governance in protecting our Shareholders' interests. We have adopted the following measures to safeguard good corporate governance standards and to avoid potential conflicts of interests between our Group and our Single Largest Group of Shareholders:

(a) under the Articles of Association, where a Shareholders' meeting is to be held for considering proposed transactions in which our Single Largest Group of Shareholders or any of their respective associates is interested, our Single Largest Group of Shareholders and their associates will not vote on the relevant resolutions and shall not be counted in the quorum for the voting;

(b) our Company has established internal control mechanisms to identify connected transactions. Upon Listing, if our Company enters into connected transactions with our Single Largest Group of Shareholders or any of their associates, our Company will comply with the applicable Listing Rules;

(c) our Board consists of a balanced composition of our executive Directors, non-executive Director and independent non-executive Directors, with independent non-executive Directors representing not less than one-third of our Board to ensure that our Board is able to effectively exercise independent judgment in its decision-making process and provide independent advice to our Shareholders. Our independent non-executive Directors individually and collectively possess the requisite knowledge and experience to perform their duties. They will review whether there is any conflict of interests between our Group and our Single Largest Group of Shareholders and provide impartial and professional advice to protect the interests of our minority Shareholders;

(d) where our Directors reasonably request the advice of independent professionals, such as financial advisers, for our Company, the appointment of such independent professionals will be made at our Company's expenses; and

(e) we have appointed Maxa Capital Limited as our compliance adviser to provide advice and guidance to us in respect of compliance with the applicable laws in Hong Kong and the Listing Rules, including various requirements relating to corporate governance.

Based on the above, our Directors believe that sufficient corporate governance measures have been put in place to manage conflicts of interests that may arise between our Group and our Single Largest Group of Shareholders and to protect our Shareholders' interests as a whole after the Listing.

So far as our Directors are aware, immediately following the completion of the Global Offering and without taking into account any H Shares which may be issued pursuant to the exercise of the Over-allotment Option and any Domestic Shares which may be issued pursuant to the exercise of the options granted under the Pre-IPO Share Option Scheme, the following persons will have an interest or short position in the Shares or the underlying Shares which would fall to be disclosed to our Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name of Shareholder	Capacity/nature of interest	Number of Shares held	Approximate percentage of shareholding in the relevant proportion of Shares[1]	Approximate percentage of shareholding in the total issued share capital of our Company[1]
			(%)	(%)
Mr. Lin[2]	Beneficial owner; Interest in controlled corporations	18,852,700 Domestic Shares	41.45	21.89
Shanghai Weiqing[2][3]	Beneficial owner	3,652,700 Domestic Shares	8.03	4.24
Shanghai Weijun[3]	Interest in controlled corporations	3,652,700 Domestic Shares	8.03	4.24
Sinopec Capital Co., Ltd. (中國石化集團資本有限公司) ("**Sinopec Capital**")[4] . . .	Beneficial owner	2,912,975 H Shares	7.16	3.38
		8,738,925 Domestic Shares	19.21	10.15
China Petrochemical Corporation (中國石油化工集團有限公司)[4]	Interest in controlled corporations	2,912,975 H Shares	7.16	3.38
		8,738,925 Domestic Shares	19.21	10.15
China Petroleum & Chemical Corporation (中國石油化工股份有限公司)[4]	Interest in controlled corporations	2,912,975 H Shares	7.16	3.38
		8,738,925 Domestic Shares	19.21	10.15
Ms. ZHANG Xiuying (張秀英)	Beneficial owner	3,863,800 H Shares	9.50	4.49

Name of Shareholder	Capacity/nature of interest	Number of Shares held	Approximate percentage of shareholding in the relevant proportion of Shares[(1)]	Approximate percentage of shareholding in the total issued share capital of our Company[(1)]
			(%)	(%)
National Manufacturing Transformation and Upgrade Fund Co., Ltd. (國家製造業轉型升級基金股份有限公司)	Beneficial owner	3,735,405 Domestic Shares	8.21	4.34
Ningbo Meishan Free Trade Port Zone Pengfan Zhibin Investment Partnership (Limited Partnership) (寧波梅山保稅港區鵬凡之濱投資合夥企業(有限合夥)) ("**Pengfan Zhibin**")[(5)(6)]	Beneficial owner	3,000,000 H Shares	7.38	3.48
Ms. LIANG Lanyin (梁蘭茵)[(5)]	Interest in controlled corporations	4,001,000 H Shares	9.84	4.64
Shenzhen Qianhai Chunyang Asset Management Co., Ltd. (深圳前海春陽資產管理有限公司) ("**Chunyang Capital**")[(6)]	Interest in controlled corporations	5,539,497 H Shares	13.62	6.43
Shenzhen Chunyang Chuangxian Information Consulting Partnership (Limited Partnership) (深圳春陽創先信息諮詢合夥企業(有限合夥))[(6)]	Interest in controlled corporations	5,539,497 H Shares	13.62	6.43
Mr. FU Junru (傅軍如)[(6)]	Interest in controlled corporations	5,539,497 H Shares	13.62	6.43
Huiyang Jingneng Investment Management (Beijing) Co., Ltd. (惠洋京能投資管理(北京)有限公司)[(7)]	Interest in controlled corporations	2,574,000 H Shares	6.33	2.99
Mr. LU Qingping (魯清平)[(7)]	Interest in controlled corporations	2,574,000 H Shares	6.33	2.99
Ningbo Trustbridge II Equity Investment Partnership (Limited Partnership) (寧波摯信二期股權投資合夥企業(有限合夥)) ("**Trustbridge II**")[(8)]	Beneficial owner	2,191,700 H Shares	5.39	2.54

Name of Shareholder	Capacity/nature of interest	Number of Shares held	Approximate percentage of shareholding in the relevant proportion of Shares[(1)]	Approximate percentage of shareholding in the total issued share capital of our Company[(1)]
			(%)	(%)
Ningbo Trustbridge Investment Management Partnership (Limited Partnership) (寧波摯信投資管理合夥企業(有限合夥))[(8)]	Interest in controlled corporations	2,191,700 H Shares	5.39	2.54
Yimeng Co., Ltd. (益盟股份有限公司)[(8)]	Interest in controlled corporations	2,191,700 H Shares	5.39	2.54
Shanghai Trustbridge New Economy Equity Investment Management Partnership (Limited Partnership) (上海摯信新經濟股權投資管理合夥企業(有限合夥))[(8)]	Interest in controlled corporations	2,922,300 H Shares	7.19	3.39
Shanghai Trustbridge Investment Management Co., Ltd. (上海摯信投資管理有限公司)[(8)]	Interest in controlled corporations	2,922,300 H Shares	7.19	3.39
Zhengzhou Spruce Automotive Industry Equity Investment Fund (Limited Partnership) (鄭州雲杉汽車產業股權投資基金(有限合夥)) ("**Zhengzhou Spruce**")[(9)]	Beneficial owner; Interest held jointly with another person	4,994,961 H Shares	12.29	5.80
Yutong Bus Co., Ltd. (宇通客車股份有限公司) ("**Yutong Bus**")[(9)]	Beneficial owner; Interest held jointly with another person	4,994,961 H Shares	12.29	5.80
Mr. WAN Jingzhao (萬景照)[(9)]	Beneficial owner; Interest held jointly with another person	4,994,961 H Shares	12.29	5.80
Zhengzhou Yunshan Investment Management Co., Ltd. (鄭州雲杉投資管理有限公司)[(9)]	Interest in controlled corporations	4,994,961 H Shares	12.29	5.80

Name of Shareholder	Capacity/nature of interest	Number of Shares held	Approximate percentage of shareholding in the relevant proportion of Shares[(1)]	Approximate percentage of shareholding in the total issued share capital of our Company[(1)]
			(%)	(%)
Lhasa Centennial Deyu Industrial Co., Ltd. (拉薩百年德宇實業有限公司)[(9)] . . .	Interest in controlled corporations	4,994,961 H Shares	12.29	5.80
Zhengzhou Yutong Group Co., Ltd. (鄭州宇通集團有限公司)[(9)]	Interest in controlled corporations	4,994,961 H Shares	12.29	5.80
Zhengzhou Tongtai Zhihe Enterprise Management Center (Limited Partnership) (鄭州通泰志合企業管理中心(有限合夥))[(9)].	Interest in controlled corporations	4,994,961 H Shares	12.29	5.80
Zhengzhou Tongtai Hezhi Management Consulting Co., Ltd. (鄭州通泰合智管理諮詢有限公司)[(9)].	Interest in controlled corporations	4,994,961 H Shares	12.29	5.80
Mr. TANG Yuxiang (湯玉祥)[(9)]	Interest in controlled corporations	4,994,961 H Shares	12.29	5.80
Lhasa Deyu Xinrong Industrial Co., Ltd. (拉薩德宇新融實業有限公司)[(9)] . . .	Interest in controlled corporations	4,994,961 H Shares	12.29	5.80
FAW Jiefang Automotive Co., Ltd. (一汽解放汽車有限公司)[(10)].	Beneficial owner	3,600,000 Domestic Shares	7.92	4.18
FAW Jiefang Group Co., Ltd. (一汽解放集團股份有限公司)[(10)].	Interest in controlled corporations	3,600,000 Domestic Shares	7.92	4.18

Notes:

(1) The calculation is based on the total number of 45,482,153 Domestic Shares in issue and 40,657,138 H Shares (assuming the Over-allotment Option is not exercised and the options granted under the Pre-IPO Share Option Scheme are not exercised) in issue upon Listing.

(2) The 12,834,272 Domestic Shares Mr. Lin beneficially holds include 1,000,000 Domestic Shares, which is the maximum number of Domestic Shares which Mr. Lin is entitled to receive pursuant to the exercise of options granted to him under the Pre-IPO Share Option Scheme, subject to the terms and conditions of these options. Mr. Lin is the executive partner of Shanghai Weilan, Shanghai Weiqing and Shanghai Weijing and is responsible for their respective management. As such, under the SFO, Mr. Lin is deemed to be interested in the 6,018,428 Domestic Shares held by Shanghai Weilan, Shanghai Weiqing and Shanghai Weijing.

(3) As of the date of this prospectus, Shanghai Weijun held approximately 54.18% partnership interest in Shanghai Weiqing as one of its limited partners. As such, under the SFO, Shanghai Weijun is deemed to be interested in the 3,652,700 Domestic Shares held by Shanghai Weiqing.

(4) As of the Latest Practicable Date, Sinopec Capital was held as to 51% by China Petrochemical Corporation (中國石油化工集團有限公司) and 49% by China Petroleum & Chemical Corporation (中國石油化工股份有限公司) (which is a non-wholly owned subsidiary of China Petrochemical Corporation and listed on the Stock Exchange (stock code: 386) and the Shanghai Stock Exchange (stock code: 600028)), respectively. China Petrochemical Corporation is wholly owned by the State-owned Assets Supervision and Administration Commission (國務院國有資產監督管理委員會). As such, under the SFO, each of China Petrochemical Corporation and China Petroleum & Chemical Corporation is deemed to be interested in the 2,912,975 H Shares and 8,738,925 Domestic Shares held by Sinopec Capital.

(5) As of the Latest Practicable Date, Ms. LIANG Lanyin (梁蘭茵) held approximately 99.81% partnership interest in Pengfan Zhibin as its sole limited partner and approximately 99.78% partnership interest in Ningbo Meishan Free Trade Port Zone Jinglong Baoluo Investment Partnership (Limited Partnership) (寧波梅山保稅港區京隆寶羅投資合夥企業(有限合夥)) as its sole limited partner. As such, under the SFO, Ms. LIANG Lanyin is deemed to be interested in the 4,001,000 H Shares held by Pengfan Zhibin and Ningbo Meishan Free Trade Port Zone Jinglong Baoluo Investment Partnership (Limited Partnership).

(6) Chunyang Capital is the general partner of each of Pengfan Zhibin, Shenzhen Chunyang Songteng Venture Capital Partnership (Limited Partnership) (深圳春陽頌騰創業投資合夥企業(有限合夥)) and Ningbo Meishan Free Trade Port Zone Jinglong Baoluo Investment Partnership (Limited Partnership) (寧波梅山保稅港區京隆寶羅投資合夥企業(有限合夥)). Shenzhen Chunyang Hongxin Venture Capital Partnership (Limited Partnership) (深圳春陽泓信創業投資合夥企業(有限合夥)) is managed by its general partner, Shenzhen Qianhai Chunyang Venture Capital Partnership (Limited Partnership) (深圳前海春陽創業投資合夥企業(有限合夥)), whose general partner is Chunyang Capital.

As of the Latest Practicable Date, Chunyang Capital was held as to 80% by Shenzhen Chunyang Chuangxian Information Consulting Partnership (Limited Partnership) (深圳春陽創先信息諮詢合夥企業(有限合夥)) whose general partner is Mr. FU Junru (傅軍如).

As such, under the SFO, each of Chunyang Capital, Shenzhen Chunyang Chuangxian Information Consulting Partnership (Limited Partnership) and Mr. FU Junru is deemed to be interested in the 5,539,497 H Shares held by Pengfan Zhibin, Shenzhen Chunyang Songteng Venture Capital Partnership (Limited Partnership), Ningbo Meishan Free Trade Port Zone Jinglong Baoluo Investment Partnership (Limited Partnership) and Shenzhen Chunyang Hongxin Venture Capital Partnership (Limited Partnership).

(7) Each of Ningbo Huiqing Jingnuo Venture Capital Partnership (Limited Partnership) (寧波惠清京諾創業投資合夥企業(有限合夥)) and Ningbo Luping Jingneng Venture Capital Partnership (Limited Partnership) (寧波魯平京能創業投資合夥企業(有限合夥)) is managed by its general partner, Huiyang Jingneng Investment Management (Beijing) Co., Ltd. (惠洋京能投資管理(北京)有限公司), which is wholly owned by Mr. LU Qingping (魯清平). As such, under the SFO, each of Huiyang Jingneng Investment Management (Beijing) Co., Ltd. and Mr. LU Qingping is deemed to be interested in the 2,574,000 H Shares held by Ningbo Huiqing Jingnuo Venture Capital Partnership (Limited Partnership) and Ningbo Luping Jingneng Venture Capital Partnership (Limited Partnership).

(8) Trustbridge II is managed by its general partner, Ningbo Trustbridge Investment Management Partnership (Limited Partnership) (寧波摯信投資管理合夥企業(有限合夥)), whose general partner is Shanghai Trustbridge New Economy Equity Investment Management Partnership (Limited Partnership) (上海摯信新經濟股權投資管理合夥企業(有限合夥)), whose general partner is Shanghai Trustbridge Investment Management Co., Ltd. (上海摯信投資管理有限公司). As of the Latest Practicable Date, Trustbridge II was held as to approximately 98.96% by Yimeng Co., Ltd. (益盟股份有限公司) as its sole limited partner.

Besides, Shanghai Trustbridge New Economy Equity Investment Management Partnership (Limited Partnership) is the general partner of Ningbo Trustbridge New Economy II Equity Investment Partnership (Limited Partnership) (寧波摯信新經濟二期股權投資合夥企業(有限合夥)).

As such, under the SFO, each of Ningbo Trustbridge Investment Management Partnership (Limited Partnership) and Yimeng Co., Ltd. is deemed to be interested in the 2,191,700 H Shares held by Trustbridge II, and each of Shanghai Trustbridge New Economy Equity Investment Management Partnership (Limited Partnership) and Shanghai Trustbridge Investment Management Co., Ltd. is deemed to be interested in the 2,922,300 H Shares held by Trustbridge II and Ningbo Trustbridge New Economy II Equity Investment Partnership (Limited Partnership).

(9) Zhengzhou Spruce, Yutong Bus and Mr. WAN Jingzhao (萬景照) beneficially hold 3,363,798 H Shares, 1,494,162 H Shares and 137,001 H Shares, respectively. As confirmed by Zhengzhou Spruce, Yutong Bus and Mr. WAN Jingzhao, they are parties acting in concert in exercising Shareholders' rights pertaining to our Company. As such, under the SFO, each of Zhengzhou Spruce, Yutong Bus and Mr. WAN Jingzhao is interested in the respective H Shares they beneficially hold and is deemed to be interested in the H Shares held by the other two parties.

Besides, Zhengzhou Spruce is managed by its general partner, Zhengzhou Yunshan Investment Management Co., Ltd. (鄭州雲杉投資管理有限公司), which was wholly owned by Lhasa Centennial Deyu Industrial Co., Ltd. (拉薩百年德宇實業有限公司), which was wholly owned by Zhengzhou Yutong Group Co., Ltd. (鄭州宇通集團有限公司), which was in turn held as to 85% by Zhengzhou Tongtai Zhihe Enterprise Management Center (Limited Partnership) (鄭州通泰志合企業管理中心(有限合夥)), whose general partner is Zhengzhou Tongtai Hezhi Management Consulting Co., Ltd. (鄭州通泰合智管理諮詢有限公司), which was in turn held as to 52% by Mr. TANG Yuxiang (湯玉祥) as of the Latest Practicable Date. Further, as of the Latest Practicable Date, Zhengzhou Spruce was held as to approximately 79.84% by Lhasa Deyu Xinrong Industrial Co., Ltd. (拉薩德宇新融實業有限公司) as the largest limited partner.

Besides, Yutong Bus was held as to approximately 37.70% directly by Zhengzhou Yutong Group Co., Ltd. as of the Latest Practicable Date.

As such, under the SFO, (i) each of Zhengzhou Yunshan Investment Management Co., Ltd., Lhasa Centennial Deyu Industrial Co., Ltd. and Lhasa Deyu Xinrong Industrial Co., Ltd. is deemed to be interested in the H Shares in Zhengzhou Spruce is interested and is deemed to be interested, and (ii) each of Zhengzhou Yutong Group Co., Ltd., Zhengzhou Tongtai Zhihe Enterprise Management Center (Limited Partnership), Zhengzhou Tongtai Hezhi Management Consulting Co., Ltd. and Mr. TANG Yuxiang is deemed to be interested in the H Shares in Zhengzhou Spruce and Yutong Bus are interested and are deemed to be interested.

(10) FAW Jiefang Automotive Co., Ltd. (一汽解放汽車有限公司) is a wholly-owned subsidiary of FAW Jiefang Group Co., Ltd. (一汽解放集團股份有限公司), which is listed on the Shenzhen Stock Exchange (stock code: 000800). As such, under the SFO, FAW Jiefang Group Co., Ltd. is deemed to be interested in the 3,600,000 Domestic Shares held by FAW Jiefang Automotive Co., Ltd..

For details of the substantial shareholders who will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group other than our Company, see "Further Information about Our Directors, Supervisors and Substantial Shareholders — 1. Disclosure of Interests" in Appendix VI to this prospectus.

Save as disclosed herein, our Directors are not aware of any persons who will, immediately following completion of the Global Offering (assuming the Over-allotment Option is not exercised and the options granted under the Pre-IPO Share Option Scheme are not exercised), without taking into account the Offer Shares that may be taken up under the Global Offering, have interests or short positions in Shares or underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or, will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company.

This section presents certain information regarding our share capital prior to and upon the completion of the Global Offering.

BEFORE THE GLOBAL OFFERING

As of the Latest Practicable Date, the registered share capital of our Company was RMB81,311,371 comprising 81,311,371 Domestic Shares with a nominal value of RMB1.00 each.

UPON COMPLETION OF THE GLOBAL OFFERING

Immediately upon completion of the Global Offering, assuming the Over-allotment Option is not exercised and without taking into account any Domestic Shares which may be issued pursuant to the exercise of the options granted under the Pre-IPO Share Option Scheme, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage of the total issued share capital
		(%)
Domestic Shares in issue*(note)*	45,482,153	52.80
H Shares to be converted from Domestic Shares*(note)*	35,829,218	41.59
H Shares to be issued pursuant to the Global Offering	4,827,920	5.60
Total	**86,139,291**	**100.00**

Immediately upon completion of the Global Offering, assuming the Over-allotment Option is fully exercised and without taking into account any Domestic Shares which may be issued pursuant to the exercise of the options granted under the Pre-IPO Share Option Scheme, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage of the total issued share capital
		(%)
Domestic Shares in issue*(note)*	45,482,153	52.36
H Shares to be converted from Domestic Shares*(note)*	35,829,218	41.25
H Shares to be issued pursuant to the Global Offering	5,552,100	6.39
Total	**86,863,471**	**100.00**

Note: For details of the identities of the Shareholders whose Domestic Shares will be converted into H Shares upon Listing, see "History, Development and Corporate Structure — Capitalization of Our Company" in this prospectus.

SHARE CLASSES

Upon completion of the Global Offering and conversion of 35,829,218 Domestic Shares into H Shares, our Shares will consist of Domestic Shares and H Shares. Both Domestic Shares and H Shares are ordinary shares in the share capital of our Company. Apart from certain qualified domestic institutional investors in the PRC, certain qualified PRC investors under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect, and other persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approvals of any competent authorities, H Shares generally cannot be subscribed for or traded among legal and natural persons of the PRC. On the other hand, Domestic Shares can only be subscribed for by and traded between legal or natural PRC persons, qualified foreign institutional investors and foreign strategic investors, and may only be subscribed for and transferred in Renminbi.

Domestic Shares and H Shares are regarded as one class of shares under our Articles of Association, and Domestic Shares and H Shares will rank *pari passu* with each other in all other respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this prospectus. Other than cash, dividends could also be paid in the form of shares or a combination of cash and shares.

CONVERSION OF OUR DOMESTIC SHARES INTO H SHARES

All our Domestic Shares are not listed or traded on any stock exchange. The holders of our Domestic Shares may, at their own option, authorize us to apply to the CSRC for conversion of their respective Domestic Shares to H Shares. After the conversion of Domestic Shares, such converted Shares may be listed or traded on an overseas stock exchange, provided that such conversion shall have gone through any requisite internal approval process and complied with the regulations prescribed by the securities regulatory authorities of the State Council and the regulations, requirements and procedures prescribed by the overseas stock exchange(s) and the filing procedure with the CSRC shall have been completed. The listing of such converted Shares on the Hong Kong Stock Exchange will also require the approval of the Hong Kong Stock Exchange. In addition, such conversion, trading and listing shall in all respects comply with the regulations prescribed by the State Council's securities regulatory authorities and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange.

Based on the procedures for the conversion of our Domestic Shares into H Shares as disclosed in this section, we can apply for the listing of all or any portion of our Domestic Shares on the Hong Kong 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 Hong Kong Stock Exchange and delivery of Shares for entry on the H Share register. As any listing of additional Shares after our initial listing on the Hong Kong Stock Exchange is ordinarily considered by the Hong Kong Stock Exchange to be a purely administrative matter, it will not require such prior application for listing at the time of our initial listing in Hong Kong.

No class Shareholder voting is required for the listing and trading of the converted Shares on the Hong Kong Stock Exchange. Any application for listing of the converted Shares on the Hong Kong Stock Exchange after our initial listing is subject to prior notification by way of announcement to inform Shareholders and the public of such proposed conversion.

After all the requisite approvals have been obtained, the following procedure will need to be completed in order to effect the conversion: the relevant Domestic Shares will be withdrawn from the Domestic Share register and we will re-register such Shares on our H Share register maintained in Hong Kong and instruct the H Share Registrar to issue H Share certificates. Registration on our H Share register will be conditional on (a) our H Share Registrar lodging with the Hong Kong Stock Exchange a letter confirming the proper entry of the relevant H Shares on the H Share register of members and the due dispatch of H Share certificates; and (b) the admission of the H Shares to trade on the Hong Kong 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.

TRANSFER OF SHARES ISSUED PRIOR TO LISTING DATE

Pursuant to the PRC Company Law, our Shares issued prior to the Listing shall not be transferred within one year from the Listing Date.

REGISTRATION OF SHARES NOT LISTED ON THE OVERSEAS STOCK EXCHANGE

According to the Guidelines for the "Full Circulation" Program for Domestic Unlisted Shares of H-Share Listed Companies (《H股公司境內未上市股份申請"全流通"業務指引》) announced by the CSRC, the domestic shareholders of Domestic Shares shall handle share transfer registration business in accordance with the relevant business rules of the China Securities Depository and Clearing Corporation Limited. Further, H-share companies should submit the relevant status reports to the CSRC within 15 days after the transfer registration with the China Securities Depository and Clearing Corporation Limited of the Domestic Shares involved in the application is completed.

CIRCUMSTANCES UNDER WHICH A GENERAL MEETING IS REQUIRED

For details of circumstances under which a Shareholders' general meeting is required, see "7 General Provisions of General Meetings" in Appendix V to this prospectus.

THE CORNERSTONE PLACING

We have entered into a cornerstone investment agreement (the "**Cornerstone Investment Agreement**") with Jiujiang Economic Development Zone Dingchuang Equity Investment Center (Limited Partnership) (九江經開區鼎創股權投資中心(有限合夥)) ("**Jiujiang Dingchuang**"), pursuant to which Jiujiang Dingchuang has agreed to, subject to certain conditions, subscribe or cause its designated entities to subscribe, at the Offer Price for such number of Offer Shares (rounded down to the nearest whole board lot of 20 H Shares) that may be purchased for an aggregate amount of RMB300 million (equivalent to approximately HK$324.8 million, calculated based on the currency translation of RMB0.92371 to HK$1.00) (exclusive of brokerage, the SFC transaction levy, the AFRC transaction levy and the Stock Exchange trading fee) (the "**Cornerstone Placing**").

At the Offer Price of HK$145.00 per Share (being the low-end of the indicative Offer Price range), the number of Offer Shares to be subscribed for by Jiujiang Dingchuang would be 2,239,840 Offer Shares, representing approximately 46.39% of the Offer Shares to be issued pursuant to the Global offering and approximately 2.60% of our total issued share capital immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised and the options granted under the Pre-IPO Share Option Scheme are not exercised).

At the Offer Price of HK$155.00 per Share (being the mid-point of the indicative Offer Price range), the number of Offer Shares to be subscribed for by Jiujiang Dingchuang would be 2,095,320 Offer Shares, representing approximately 43.40% of the Offer Shares to be issued pursuant to the Global offering and approximately 2.43% of our total issued share capital immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised and the options granted under the Pre-IPO Share Option Scheme are not exercised).

At the Offer Price of HK$165.00 per Share (being the high-end of the indicative Offer Price range), the number of Offer Shares to be subscribed for by Jiujiang Dingchuang would be 1,968,340 Offer Shares, representing approximately 40.77% of the Offer Shares to be issued pursuant to the Global offering and approximately 2.29% of our total issued share capital immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised and the options granted under the Pre-IPO Share Option Scheme are not exercised).

Our Company is of the view that the Cornerstone Placing will help to raise the profile of our Company and to signify that such investor has confidence in our business and prospects. Our Company became acquainted with Jiujiang Dingchuang through our business network.

The Cornerstone Placing will form part of the International Offering and Jiujiang Dingchuang will not subscribe for any Offer Shares under the Global Offering (other than pursuant to the Cornerstone Investment Agreement). The Offer Shares to be subscribed for by Jiujiang Dingchuang will rank *pari passu* in all respects with the other fully paid Shares in issue following the completion of the Global Offering and will be counted towards the public float of our Company under Rule 8.08 of the Listing Rules. Immediately following the completion of the Global Offering, Jiujiang Dingchuang will not become a substantial shareholder of our Company or have any Board representation in our Company. Other than a guaranteed allocation of the relevant Offer Shares at the Offer Price, Jiujiang Dingchuang does not have any preferential rights in the Cornerstone Investment Agreement compared with other public Shareholders.

To the best knowledge of our Company, (i) Jiujiang Dingchuang is an Independent Third Party; (ii) Jiujiang Dingchuang is not accustomed to take instructions from our Company, our Directors, Supervisors, chief executive, substantial Shareholders, existing Shareholders, our subsidiaries or any of their respective close associates in relation to the acquisition, disposal, voting or other disposition of Shares registered in its name or otherwise held by it; and (iii) the subscription of the relevant Offer Shares by Jiujiang Dingchuang is not financed by our Company, our Directors, Supervisors, chief executive, substantial Shareholders, existing Shareholders, our subsidiaries or any of their respective close associates.

As confirmed by Jiujiang Dingchuang, its subscription under the Cornerstone Placing would be financed by its own internal resources. None of Jiujiang Dingchuang and its controlling entities is listed on any stock exchange. Jiujiang Dingchuang has confirmed that all necessary approvals have been obtained with respect to the Cornerstone Placing. There is no side arrangement or agreement between our Company and Jiujiang Dingchuang, nor any direct or indirect benefit conferred on Jiujiang Dingchuang by virtue of or in relation to the Global Offering, other than a guaranteed allocation of the relevant Offer Shares at the Offer Price.

The number of Offer Shares to be subscribed for by Jiujiang Dingchuang may be affected by reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering as described in the paragraph headed "Structure of the Global Offering — The Hong Kong Public Offering — Reallocation" in this prospectus. Details of the actual number of Offer Shares to be allocated to Jiujiang Dingchuang will be disclosed in the allotment results announcement of our Company to be published on or around December 5, 2024.

Jiujiang Dingchuang has agreed that the Sole Sponsor (for itself and on behalf of the Underwriters) may defer the delivery of all or any part of the Offer Shares it has subscribed for to a date later than the Listing Date. Such delayed delivery arrangement is in place to facilitate the over-allocation in the International Offering. Nevertheless, Jiujiang Dingchuang has agreed to pay for the relevant Offer Shares that it has subscribed for before Listing. As such, there will be no deferred settlement of the investment amount for the Offer Shares to be subscribed for by Jiujiang Dingchuang pursuant to the Cornerstone Investment Agreement. If there is no over-allocation in the International Offering, delayed delivery will not take place.

The following table sets forth details of the Cornerstone Placing:

			Assuming the Over-allotment Option is not exercised and the options granted under the Pre-IPO Share Option Scheme are not exercised		Assuming the Over-allotment Option is fully exercised and the options granted under the Pre-IPO Share Option Scheme are not exercised	
Cornerstone Investor	**Total Investment Amount(1)**	**Number of Offer Shares(2)**	**Approximate percentage of the Offer Shares**	**Approximate percentage of the total issued share capital of our Company**	**Approximate percentage of the Offer Shares**	**Approximate percentage of the total issued share capital of our Company**
	(RMB in million)					
Based on the Offering Price of HK$145.00 (being the low-end of the indicative Offer Price range)						
Jiujiang Dingchuang	300	2,239,840	46.39%	2.60%	40.34%	2.58%
Based on the Offering Price of HK$155.00 (being the mid-point of the indicative Offer Price range)						
Jiujiang Dingchuang	300	2,095,320	43.40%	2.43%	37.74%	2.41%
Based on the Offering Price of HK$165.00 (being the high-end of the indicative Offer Price range)						
Jiujiang Dingchuang	300	1,968,340	40.77%	2.29%	35.45%	2.27%

Notes:

(1) Exclusive of brokerage, the SFC transaction levy, the AFRC transaction levy and the Stock Exchange trading fee, and to be converted to Hong Kong dollars based on the exchange rate of RMB0.92371 to HK$1.00.

(2) Rounded down to the nearest whole board lot of 20 H Shares.

THE CORNERSTONE INVESTOR

Jiujiang Dingchuang is a limited partnership established in the PRC in April 2024 with registered capital of RMB2,500,000,000. Jiujiang Dingchuang is an investment fund managed by Jiujiang Dinghui Hongying Fund Management Co., Ltd. (九江鼎匯泓盈基金管理有限公司) ("**Dinghui Hongying**") as its executive partner and is principally engaged in private equity investment.

Dinghui Hongying is a limited company established in the PRC. As of the Latest Practicable Date, Dinghui Hongying was indirectly held as to 55% by Jiujiang State-owned Investment Holding Group Co., Ltd. (九江市國有投資控股集團有限公司) ("**Jiujiang Investment Holding Group**") and as to 45% by Jiujiang City development Group Co., Ltd. (九江市城市發展集團有限公司) ("**Jiujiang City Development Group**"), which in turn was held as to 90% by Jiujiang Investment Holding Group. Jiujiang Investment Holding Group is wholly owned by Jiujiang State-owned Assets Supervision and Administration Committee (九江市國有資產監督管理委員會).

As of the Latest Practicable Date, Jiujiang Dingchuang had two limited partners, being (i) Jiujiang Industrial Investment Guidance Fund Partnership (Limited Partnership) (九江市工業產業投資引導基金合夥企業(有限合夥)) ("**Jiujiang Industrial Investment Fund**"), which held 50% partnership interest in Jiujiang Dingchuang, and (ii) Jiujiang Economic Development Zone Innovative Industry Development Guidance Fund (Limited Partnership) (九江經開區創新產業發展引導基金(有限合夥)) ("**Jiujiang Innovative Development Fund**"), which held 49.96% partnership interest in Jiujiang Dingchuang. Jiujiang Industrial Investment Fund is a limited partnership established in the PRC and is also managed by Dinghui Hongying as its executive partner. As of the Latest Practicable Date, Jiujiang Industrial Investment Fund had three limited partners, all of which were indirectly wholly owned by Jiujiang State-owned Assets Supervision and Administration Committee. Jiujiang Innovative Development Fund is a limited partnership established in the PRC and is managed by Jiujiang Kuntai Equity Investment Fund Management Co., Ltd. (九江昆泰股權投資基金管理有限公司) as its executive partner. As of the Latest Practicable Date, Jiujiang Kuntai Equity Investment Fund Management Co., Ltd. was held as to 45% by Jiujiang Fuhe Construction Investment Group Co., Ltd. (九江富和建設投資集團有限公司) as its largest shareholder, which is a wholly-owned subsidiary of Jiujiang City Development Group. As of the Latest Practicable Date, Jiujiang Innovative Development Fund had two limited partners, being (i) Jiujiang Fuhe Construction Investment Group Co., Ltd., which held 50% partnership interest in Jiujiang Innovative Development Fund, and (ii) Jiujiang Economic Development Finance Enterprise Management Co., Ltd. (九江經開財企通企業管理有限公司), which held 49.9% partnership interest in Jiujiang Innovative Development Fund and was wholly owned by Jiujiang Economic and Technology Development Zone Finance and Monetary Bureau (九江經濟技術開發區財政金融局).

For the purpose of the cornerstone investment, Jiujiang Dingchuang will, through its wholly-owned subsidiary, DINGCHUANG HONGKONG INVESTMENT LIMITED (鼎創(香港)基石投資有限公司), subscribe for and hold such number of Offer Shares under the relevant Cornerstone Investment Agreement.

CLOSING CONDITIONS

The obligation of Jiujiang Dingchuang to subscribe for the Offer Shares under the respective Cornerstone Investment Agreement is subject to, among other things, the following closing conditions:

(i) 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 the Underwriting Agreements, and neither of the Underwriting Agreements having been terminated;

(ii) the Offer Price having been agreed according to the price determination agreement to be signed among the parties thereto in connection with the Global Offering;

(iii) the Stock Exchange having granted the listing of, and permission to deal in, the H Shares (including the H Shares to be subscribed for by Jiujiang Dingchuang) as well as other applicable approvals and waivers, and such approvals, waivers or permissions having not been revoked prior to the commencement of dealings in the H Shares on the Stock Exchange;

(iv) that no law shall have been enacted or promulgated prohibiting the consummation of the transactions contemplated in the Global Offering or in the Cornerstone Investment Agreement, and there shall be no order or injunction from any governmental authority or a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions contemplated in the Global Offering or in the Cornerstone Investment Agreement; and

(v) that the representations, warranties, undertakings, acknowledgements and confirmations of Jiujiang Dingchuang under the Cornerstone Investment Agreement are accurate and true in all respects and not misleading as of the date of the Cornerstone Investment Agreement and as of the closing of the Cornerstone Placing, and there is no material breach of the Cornerstone Investment Agreement on the part of Jiujiang Dingchuang.

RESTRICTIONS ON DISPOSALS BY THE CORNERSTONE INVESTOR

Jiujiang Dingchuang 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 it has subscribed for pursuant to the relevant Cornerstone Investment Agreement, save for certain limited circumstances, such as transfers to any of its wholly-owned subsidiaries which will be bound by the same obligations of Jiujiang Dingchuang, including the Lock-up Period restriction.

You should read the following discussion and analysis relating to our Group in conjunction with our consolidated financial information included in "Appendix I — Accountants' Report" to this prospectus, together with the accompanying notes. Our consolidated financial information has been prepared in accordance with IFRS, which may differ in material aspects from generally accepted accounting principles in other jurisdictions. You should read the entire Accountants' Report and not merely rely on the information contained in this section.

The following discussion and analysis contain forward-looking statements that reflect the current views with respect to future events and financial performance. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate under the circumstances. However, whether the actual outcome and developments will meet our expectations and predictions depends on a number of risks and uncertainties over which we do not have control. For details, see "Forward-looking Statements" and "Risk Factors" in this prospectus.

OVERVIEW

We are a leading hydrogen technology company in China. We have proven track record in policy-driven projects, as well as noteworthy achievements in market-driven projects. Our established presence in the domestic hydrogen market is complemented by our successful and constant expansion into overseas markets, with a growing revenue contribution in overseas markets. We focus on the design, development, manufacturing and sales of hydrogen fuel cell systems, hydrogen production systems and related components, as well as providing fuel cell engineering and technical services, enabling us to provide one-stop solution for hydrogen production and end-use applications. Our comprehensive product and service portfolio, covering the entire hydrogen industrial chain — from upstream hydrogen generation to downstream applications in vehicles and machinery, enables us to achieve the synergies among hydrogen and electricity, therefore forming a new business model of "electricity-hydrogen-electricity". Since our inception, we have continued to improve our hydrogen fuel cell technology to develop products with enhanced performance, long lifespan, great environmental adaptability and cost-effectiveness. We ranked the first in the hydrogen fuel cell system market in China, in terms of the sales power output of hydrogen fuel cell systems in 2023, with a market share of 23.8%. In terms of the total sales power output of hydrogen fuel cell systems that have been used for heavy-duty trucks in 2023, we ranked the first in the hydrogen fuel cell system market in China, with a market share of 42.4%.

During the Track Record Period, we sold fuel cell systems with different rated power. These hydrogen fuel cell systems were mainly sold to fuel cell commercial vehicle manufacturers and some fuel cell stack manufacturers, with the end customers including, among others, bus companies, logistics companies, freight transportation companies, public transportation companies, engineering and construction companies, etc. Based on our technical expertise and experience in the application of fuel cells in various end-use scenarios, we also offer components including hydrogen supply systems, fuel cell engine accessories, among others, and integrate them with our fuel cell systems to deliver comprehensive solutions to our customers. Leveraging our extensive engineering and technical expertise in hydrogen fuel cells, we also offered professional and tailored engineering application development services, including customized design and development of fuel cell systems, calibration and related assessment services and others. Furthermore, in August 2023, we started to launch products used for high purity hydrogen production, such as proton-exchange membrane water electrolysis hydrogen production systems, hydrogen production power sources, and electrodes for alkaline electrolysis cells, which are mainly sold to hydrogen production facilities and hydrogen production system manufacturers, allowing us to realize the synergies among hydrogen and electricity, therefore forming a new business model of "electricity-hydrogen-electricity".

As of May 31, 2024, our fuel cell systems had powered over 5,900 fuel cell vehicles on the road across China, and reducing carbon emissions by around 116,851 tons. Up to May 31, 2024, accumulated mileage operated by fuel cell vehicles powered by fuel cell systems we sold amounted to around 210 million kilometers. Moreover, we have received numerous scientific research project awards, led several major national scientific research projects, and contributed to national and industry standards. We have also established solid long-term partnerships with commercial vehicle manufacturers in China such as Yutong Group (宇通) and FAW Jiefang (一汽解放), along with good business relationships with renowned international enterprises in hydrogen fuel cell industry, such as Schaeffler Group in Germany and Toyota Motor in Japan.

Through continuous technology development and product iterations, we have achieved a steady development during the Track Record Period. Our revenue increased by 15.4% from RMB524.1 million in 2021 to RMB604.6 million in 2022, and further increased by 48.1% to RMB895.3 million in 2023. For the five months ended May 31, 2024, our revenue amounted to RMB12.5 million, representing a decrease compared to the same period in 2023, mainly driven by the seasonality and fluctuations in customer demands for application of fuel cell systems and components based on their vehicle production schedules. Accordingly, we recorded gross profit of RMB61.8 million, RMB49.8 million and RMB179.6 million for 2021, 2022 and 2023, respectively, and gross loss of RMB24.2 million for the five months ended May 31, 2024. For the same periods, we incurred net loss of RMB654.3 million, RMB546.1 million, RMB577.5 million and RMB409.4 million, respectively. For more information on our adjusted net loss (non-IFRS measure), see "— Non-IFRS Measure" in this section.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been, and are expected to continue to be, affected by a number of factors, which primarily include the following:

PRC Government's Policies Supporting the Hydrogen Industry

We primarily engage in the design, development, manufacture, and sales of hydrogen fuel cell systems, hydrogen production systems, and related components, as well as providing fuel cell engineering and technical services. As a market player in emerging markets, business development in this industry is highly driven by policy, particularly government awards, subsidies or government sponsored projects that directly promote market demand.

In recent years, the PRC government and industry associations have implemented a series of favorable policies to support the hydrogen industry, including the fuel cell vehicle industry and the hydrogen production industry. For example, the PRC government established five demonstration city clusters in 2021 in addition to other initiatives to pilot and incentivize fuel cell vehicle adoption among market participants. Also, according to the 14th Five Year Plan (“十四五”規劃) issued in June 2022, large-scale production and application of hydrogen from renewable energy received further support from favorable policies. For details, see “Industry Overview” in this prospectus.

We anticipate that these favorable policies and development plans will continue to drive the growth of the hydrogen industry, consequently boosting the sales of our hydrogen fuel cell systems, hydrogen production systems and components, thereby enhancing our revenue and profitability. Nonetheless, the evolving nature of China's regulatory framework and governmental policies regarding fuel cell vehicles and hydrogen production introduces inherent limitations and uncertainties beyond our control. Moreover, the Chinese government may continuously adjust and modify these policies. Any alterations to advantageous industry policies (such as awards or other economic incentives) by relevant government departments due to policy changes, fiscal tightening, or other reasons, or any reduction in guidance supporting the demand for fuel cell vehicles, could potentially weaken the market demand for hydrogen fuel cell systems and components. In such circumstances, this could adversely impact our business, financial condition, and operational performance.

Competition and Pricing

Competition within the hydrogen fuel cell system market and our pricing strategies significantly influence our financial performance. Key determinants of our competitiveness in this market encompass research and development capabilities, product quality, customer relationships, marketing and distribution channels, competitive pricing, brand recognition, and after-sales services. We believe that our competitive advantage is derived from our robust research and development capabilities, the quality of our competitively priced products and services, strong customer relationships, extensive sales, marketing, and service networks, as well as substantial brand recognition. However, intensified competition or an inability to sustain this advantage may adversely affect our operational performance.

Our pricing strategies directly influence our revenue, gross margins, and overall operational performance. When setting prices for our products, we consider various factors such as prevailing market conditions, production costs, longevity of business relationships, government incentive policies, and anticipated profit margins.

During the Track Record Period, the average selling price of our hydrogen fuel cell systems has shown a general downward trend. This trend, confirmed by Frost & Sullivan, aligns with industry patterns and is primarily attributed to factors such as product commercialization, advancements in technological capabilities, and improvements in cost-efficiency. For details, see "— Description of Selected Components of Consolidated Statements of Profit or Loss — Revenue" in this section.

Research and Development and Product Upgrades

The hydrogen fuel cell system market is characterized by ongoing technological development, the evolving nature of industry and national standards, an expanding array of product types, shifting customer demands, frequent introductions and enhancements of new products. If our competitors adopt new technologies, introduce new product types, establish new industry and national standards, changes in customer demand, or changes in government policies and regulations, our existing products may become obsolete, lose market appeal, or decrease our competitive advantage. Our success hinges upon our ability to refine our existing product offerings to address evolving customer needs, adapt to technological and competitive developments, align with emerging industry standards, efficiently execute R&D initiatives, and timely introduce new products.

We prioritize R&D efforts that we believe hold substantial potential, focusing our R&D endeavors on core technologies related to hydrogen fuel cell systems, fuel cell stacks and membrane electrode assemblies, as well as hydrogen production systems. In 2021, 2022 and 2023, our research and development expenses amounted to RMB230.9 million, RMB198.7 million, and RMB220.9 million, respectively, accounting for 44.1%, 32.9%, and 24.7% of our revenues for the respective periods. For the five months ended May 31, 2024, our research and development expenses amounted to RMB90.3 million, representing 721.0% of our revenue for the same period, mainly due to the seasonality nature of our business where we generally deliver our products to our customers in the second half of a year, and thus have relatively low revenue in the first half of the year. As of the Latest Practicable Date, we were in the process of upgrading existing product models and developing new products. We also aim to continuously optimize the performance of existing products through ongoing R&D efforts. As the market evolves, there is a continual need to enhance the specifications of our products. Our ability to design and develop new products to meet evolving demands has been, and will continue to be, crucial to our survival in this market. Therefore, we anticipate continued substantial investments in R&D, particularly in designing and developing cost-competitive hydrogen fuel cell systems, components and hydrogen production systems.

Ability to Collect Trade Receivables

We typically grant credit terms to our customers, which are negotiated based on various factors such as business relationship and customer credentials. As of December 31, 2021, 2022, 2023 and the five months ended May 31, 2024, our trade and bills receivables and contract assets (net of impairment) represented 47.8%, 36.7%, 50.0% and 51.4%, respectively, of our total assets as of the same dates. According to Frost & Sullivan, in China's fuel cell vehicle industry, commercial vehicle manufacturers usually sell their vehicles before they receive government subsidies, charging customers a price net of applicable subsidies. These subsidies from the government typically involve lengthy processing times. Consequently, commercial vehicle manufacturers might face working capital constraints due to this timing gap, ultimately affecting the settlement of our trade receivables.

We expect the improvements in the turnover days of our trade receivables to gradually occur as the industry matures. According to Frost & Sullivan, recent government policies indicate that government subsidies are expected to arrive more promptly and consistently in the near future, thereby accelerating customer payments. For example, the 2021 subsidy allocated for demonstrative application of fuel cell vehicles in Shanghai was distributed by the government in December 2023, indicating that subsidy disbursement for the fuel cell demonstration city clusters has been progressing favorably. We received the first disbursement of RMB141.1 million in December 2023 on behalf of our customers which will be distributed to these customers later and we will also be paid off, which will ultimately enhance our trade receivables collection. In addition to Shanghai, several provinces, including Hebei and Zhejiang, have issued notices on the advancement of the 2024 budget for energy conservation and emission reduction grants, which include the annual incentives for the demonstration application of fuel cell vehicles. Moreover, we anticipate controlling existing discrepancies by implementing ongoing, effective measures to manage receivable and payable cycles, maintaining robust operational cash flows, negotiating favorable terms with new and existing customers, and implementing measures detailed in "— Discussion of Certain Selected Items from the Consolidated Statements of Financial Position — Trade and Bills Receivables and Contract Assets" in this section. As we continue to grow, we plan to engage in negotiations with customers for more favorable terms.

Cost of Raw Materials

Our cost of sales primarily comprises the expenses incurred in acquiring raw materials, which consist of raw materials for fuel cell systems, such as fuel cell stacks, air compressors and controllers, as well as raw materials for fuel cell vehicles, such as hydrogen supply systems and fuel cell engine accessories. The costs associated with raw materials accounted for approximately 87.0%, 83.2%, 87.6% and 29.3% of our total costs of sales for 2021, 2022 and 2023 and the five months ended May 31, 2024, respectively. The proportion of raw material costs within our total cost of sales decreased significantly in the first five months of 2024, as the reduced sales volume required fewer raw materials in this period, while other costs like employee salaries, depreciation and amortization did not decline proportionately. We face inherent risks associated with fluctuations in the prices of these materials. Any volatility in the supply and pricing of raw materials could significantly impact our costs of sales and operational performance.

For 2021, 2022, 2023 and the five months ended May 31, 2024, the average costs of sales per kW of our fuel cell systems were approximately RMB3,070.1, RMB2,448.7, RMB1,893.8 and RMB23,142.3, respectively. This downward trend during the period from 2021 to 2023 is attributed to (i) decreased production costs driven by our efforts to develop key components in-house and to enhance domestic sourcing of raw materials; (ii) technological advancements; and (iii) increasing maturity of the supply chain. We have established stable partnership with reliable domestic suppliers, which enabled us to maintain a stable supply of raw materials at competitive prices, and helped us to ensure our capability to produce and deliver quality products in a timely manner in response to our customers' demand. In the future, we anticipate that the average costs of sales per kW of our fuel cell systems will continue to decline with the future advancements of the technology, the increasing improvement of the domestic fuel cell raw material supply system, and the higher degree of our self-development, self-production and localization of key components. The increase in the first five months of 2024 was primarily due to the seasonality of our business that resulted in low sales volume and production in the first five months of the year, while costs of sales such as employee benefit expense and depreciation and amortization did not decline proportionately during the same period.

BASIS OF PREPARATION

Our historical financial information has been prepared in accordance with International Financial Reporting Standards ("**IFRSs**"), which comprise all standards and interpretations approved by the International Accounting Standards Board (the "**IASB**"). All IFRSs effective for the accounting period commencing from January 1, 2023, together with the relevant transitional provisions, have been early adopted by us in the preparation of the historical financial information throughout the Track Record Period.

The historical financial information has been prepared under the historical cost convention, except for derivative financial instrument, structured deposits, private equity fund and equity investments which have been measured at fair value.

MATERIAL ACCOUNTING POLICIES AND ESTIMATES

A summary of our material accounting policies and estimates are set forth in note 2.3 and note 3 to the Accountants' Report in Appendix I to this prospectus. The estimates and judgments we use in applying our accounting policies have a significant impact on our financial position and operating results. Some of the accounting policies require us to apply estimates and judgments on matters that are inherently uncertain. Set forth below are discussions of the accounting policies applied in preparing our financial information that we believe are most dependent on the application of these estimates and judgments and, in addition, certain other accounting policies that we believe are material to an understanding of our financial information.

Revenue Recognition

Revenue From Contracts With Customers

Revenue from contracts with customers is recognized when control of goods or services is transferred to the customers at an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which we will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

(a) Sale of hydrogen fuel cell systems, components and hydrogen production systems

We manufacture and sell hydrogen fuel cell systems, components and hydrogen production systems in the market. Revenue from sales of hydrogen fuel cell systems, components and hydrogen production systems is recognized at the point in time when control of the products has transferred, being when the products are delivered to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or we have objective evidence that all criteria for acceptance have been satisfied.

Certain sales contracts have back-to-back terms that the settlement of accounts receivables from the customer associated with the customer's receipt of subsidies from government, which give rise to variable consideration.

(b) Provision of fuel cell engineering and technical services and others

We recognize revenue from the fuel cell engineering and technical services at a point in time when the relevant services are rendered and acknowledged for receipt by the customers. Contract costs include contract fulfilment costs. Costs incurred for provision of fuel cell engineering and technical services are recognized as contract fulfilment costs, which is recognized as the cost of sales when recognizing revenue. If the carrying amount of the contract costs is higher than the remaining consideration expected to be obtained by rendering of the service net of the estimated cost to be incurred, we make provision for impairment on the excess portion and recognizes it as asset impairment losses.

Revenue from provision of separate after-sales services is recognized over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by us.

Other Income

Interest income is recognized on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Property, Plant and Equipment and Depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalized in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, we recognize such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	3% to 5%
Leasehold improvements	Over the shorter of the lease terms and 16%
Vehicles	19% to 25%
Machinery	9% to 33%
Office equipment and electronic devices	9% to 33%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in the statement of profit or loss in the year the asset is derecognized is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible Assets (Other Than Goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each of the financial year end.

Software

Purchased software is stated at cost less any impairment losses and is amortized on the straight-line basis over its estimated useful lives of 5 to 10 years, which is mainly determined by reference to the licensed period of the purchased software.

Patents and Licences

Purchased patents and licences are stated at cost less any impairment losses and are amortized on the straight-line basis over their estimated useful lives of 5 years, which is mainly determined by reference to the period during which such assets is expected to bring economic benefits to the Group.

Research and Development Costs

All research costs are charged to the statement of profit or loss as incurred.

Impairment of Non-Financial Assets

We assessed whether any indication of impairment for all non-financial assets existed at the end of each reporting period in accordance with IAS 36 Impairment of Assets. As we made losses throughout the Track Record Period, impairment test at the end of each reporting period was carried out. The carrying amount of non-financial assets included property, plant and equipment, right-of-use assets and intangible assets at the end of each of Relevant Periods and represents RMB559.8 million, RMB535.4 million and RMB544.7 million, respectively.

For impairment testing purpose, the carrying amount was compared to the recoverable amount defined by value in use. Based on the assessment result, except historical ceased production assets which management already provide impairment on an individual basis, value in use is greater than carrying amounts of non-financial assets, hence, no impairment was recognized.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labor and an appropriate proportion of overheads. Net realizable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Investments and Other Financial Assets

Initial Recognition and Measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and our business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which we have applied the practical expedient of not adjusting the effect of a significant financing component, we initially measure a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which we have applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortized cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("**SPPI**") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

Our business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognized on the trade date, that is, the date that we commit to purchase or sell the asset.

Subsequent Measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial Assets at Amortized Cost (Debt Instruments)

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in the statement of profit or loss when the asset is derecognized, modified or impaired.

Financial Assets at Fair Value Through Other Comprehensive Income (Debt Instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in other comprehensive income. Upon derecognition, the cumulative fair value change recognized in other comprehensive income is recycled to the statement of profit or loss.

Financial Assets Designated at Fair Value Through Other Comprehensive Income (Equity Investments)

Upon initial recognition, we can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when we benefit from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial Assets at Fair Value Through Profit or Loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

This category includes equity investments which we had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognized as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Share-Based Payments

Several employee incentive schemes are operated for the purpose of providing incentives and rewards to eligible participants who contribute to the success of our operations. Our employees (including directors) receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("**equity-settled transactions**"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by a third-party valuer based on a recent transaction price. Further details are contained in note 34 to the Accountants' Report in Appendix I to this prospectus.

The cost of equity-settled transactions is recognized in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and our best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognized as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of our best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognized. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognized as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognized for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Provision for Expected Credit Losses on Trade Receivables and Commercial Acceptance Bills Receivables, Other Receivables and A Financial Guarantee Obligation

Provision for impairment of trade receivables is made based on an assessment of expected credit losses ("**ECLs**") on trade receivables. The assessment of expected credit losses requires management's judgement and estimates. Trade receivables relating to customers with known financial difficulties or significant doubt on collection are assessed individually for impairment allowance. The remaining trading receivables are grouped based on aging of bills of various customer segments with similar loss patterns and collectively assessed for impairment allowance.

Under the collective approach, we use a provision matrix to calculate ECLs for trade receivables. The provision rates are based on aging analysis of customers that have similar loss patterns. The provision matrix is initially based on our historical observed default rates. We will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. Our historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future.

The information about the ECLs on our trade receivables is disclosed in note 22 to the Accountants' Report in Appendix I to this prospectus.

Provision was mainly made for our financial guarantee obligation in respect of borrowings of our joint venture, namely Guangdong Guohong Refire Energy Technology Co., Ltd. (廣東國鴻重塑能源科技有限公司) ("**Guohong Refire**"). The amount represented management's best estimate of loss that a default of the associated enterprise will cause to the Group. The loss provision was measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition.

DESCRIPTION OF SELECTED COMPONENTS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

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

	Year Ended December 31,						Five Months Ended May 31,			
	2021		2022		2023		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* *(unaudited)*	*%*	*RMB'000*	*%*
Revenue	524,109	100.0	604,648	100.0	895,278	100.0	88,068	100.0	12,521	100.0
Cost of sales	(462,324)	(88.2)	(554,825)	(91.8)	(715,662)	(79.9)	(92,033)	(104.5)	(36,722)	(293.3)
– Cost of sales of goods and services	(414,653)	(79.1)	(472,712)	(78.2)	(683,897)	(76.4)	(75,563)	(85.8)	(28,246)	(225.6)
– Impairment losses on inventories	(47,671)	(9.1)	(82,113)	(13.6)	(31,765)	(3.5)	(16,470)	(18.7)	(8,476)	(67.7)
Gross profit	**61,785**	**11.8**	**49,823**	**8.2**	**179,616**	**20.1**	**(3,965)**	**(4.5)**	**(24,201)**	**(193.3)**
Other income and gains	53,950	10.3	59,792	9.9	59,825	6.7	15,421	17.5	19,532	156.0
Selling and marketing expenses	(90,475)	(17.3)	(102,826)	(17.0)	(134,833)	(15.1)	(36,702)	(41.7)	(43,076)	(344.0)
Administrative expenses	(218,227)	(41.6)	(242,695)	(40.1)	(339,670)	(37.9)	(103,914)	(118.0)	(196,575)	(1,570.0)
Research and development expenses	(230,891)	(44.1)	(198,688)	(32.9)	(220,880)	(24.7)	(99,498)	(113.0)	(90,281)	(721.0)
Fair value gains or losses on financial assets at fair value through profit or loss, net	436	0.1	881	0.1	(3,120)	(0.3)	(18)	(0.0)	(2,171)	(17.3)
Fair value loss on a derivative financial instrument	(607)	(0.1)	(19,681)	(3.3)	–	–	–	–	–	–
Impairment losses on financial assets and a financial guarantee obligation, net	(144,636)	(27.6)	(15,459)	(2.6)	(63,965)	(7.1)	(18,881)	(21.4)	(41,455)	(331.1)
Other expenses	(23,363)	(4.5)	(6,156)	(1.0)	(4,960)	(0.6)	(672)	(0.8)	(2,542)	(20.3)
Finance costs	(50,058)	(9.6)	(49,019)	(8.1)	(47,926)	(5.4)	(18,345)	(20.8)	(24,906)	(198.9)
Share of losses of:										
A joint venture	(5,750)	(1.1)	(18,750)	(3.1)	–	–	–	–	–	–
Associates	(2,466)	(0.5)	(2,695)	(0.4)	(3,855)	(0.4)	(2,680)	(3.0)	(5,721)	(45.7)
Loss before tax	**(650,302)**	**(124.1)**	**(545,473)**	**(90.2)**	**(579,768)**	**(64.8)**	**(269,254)**	**(305.7)**	**(411,396)**	**(3,285.6)**
Income tax credit/(expense)	(3,990)	(0.8)	(626)	(0.1)	2,237	0.2	2,551	2.9	1,965	15.7

	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 for the year/period	**(654,292)**	**(124.8)**	**(546,099)**	**(90.3)**	**(577,531)**	**(64.5)**	**(266,703)**	**(302.8)**	**(409,431)**	**(3,270.0)**
Loss attributable to:										
Owners of the parent	(572,802)	(109.3)	(505,966)	(83.7)	(529,472)	(59.1)	(247,137)	(280.6)	(394,115)	(3,147.6)
Non-controlling interests	(81,490)	(15.5)	(40,133)	(6.6)	(48,059)	(5.4)	(19,566)	(22.2)	(15,316)	(122.3)

NON-IFRS MEASURE

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

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

We define "adjusted net loss (non-IFRS measure)" as loss for the year/period adjusted by adding back share-based payment and listing expenses. Share-based payment was non-cash in nature, representing the employee incentive scheme through which we offered share awards to our employees. For more information, see note 34 to the Accountants' Report in Appendix I to this prospectus. The following table reconciles our adjusted net loss (non-IFRS measure) for the years/periods:

	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 for the year/period	**(654,292)**	**(546,099)**	**(577,531)**	**(266,703)**	**(409,431)**
Adjustment:					
Share-based payment expenses	31,326	27,094	87,066	19,123	117,484
Listing expenses	–	–	19,084	–	9,003
Adjusted net loss (non-IFRS measures)	**(622,966)**	**(519,005)**	**(471,381)**	**(247,580)**	**(282,944)**

Revenue

During the Track Record Period, we generated revenue primarily from the (i) sales of hydrogen fuel cell systems and components; (ii) provision of fuel cell engineering and technical services; (iii) sales of hydrogen production systems and related components, and (iv) others, which primarily included provision of after-sales services. In 2021, 2022, 2023 and the five months ended May 31, 2023 and 2024, our revenue amounted to RMB524.1 million, RMB604.6 million, RMB895.3 million, RMB88.1 million and RMB12.5 million, respectively. The following table sets forth a breakdown of our revenue by business activity for the periods indicated:

	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*	*%*
Sales of hydrogen fuel cell systems and components										
– Hydrogen fuel cell systems	452,725	86.4	423,265	70.0	637,176	71.2	52,996	60.2	7,091	56.6
– Components[(1)]	61,017	11.6	150,297	24.9	220,082	24.6	32,700	37.1	1,897	15.1
Subtotal	**513,742**	**98.0**	**573,562**	**94.9**	**857,258**	**95.8**	**85,696**	**97.3**	**8,987**	**71.8**
Provision of fuel cell engineering and technical services	7,251	1.4	26,473	4.4	23,444	2.6	–	–	966	7.7
Sales of hydrogen production systems and related components	–	–	–	–	7,681	0.9	–	–	–	–
Others[(2)]	3,116	0.6	4,613	0.8	6,895	0.8	2,372	2.7	2,568	20.5
Total revenue	**524,109**	**100.0**	**604,648**	**100.0**	**895,278**	**100.0**	**88,068**	**100.0**	**12,521**	**100.0**

Notes:

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

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

During the Track Record Period, 98.1% of our total revenue in 2021, 2022, 2023 and the five months ended May 31, 2024, was generated from Mainland China, with 1.9% generated from overseas areas.

Sales of Hydrogen Fuel Cell Systems and Components

During the Track Record Period, our largest revenue contributor was the sales of hydrogen fuel cell systems and components, accounting for 98.0%, 94.9%, 95.8%, 97.3% and 71.8% of our total revenue in 2021, 2022, 2023 and the five months ended May 31, 2023 and 2024, respectively.

Sales of Hydrogen Fuel Cell Systems

During the Track Record Period, we sold fuel cell systems with different rated power, including fuel cell systems equipped with fuel cell stacks provided by our Group and third-party suppliers. The following table sets forth a breakdown of our revenue from sales of hydrogen fuel cell systems by producer of fuel cell stack manufacturer for the periods indicated:

	Year Ended December 31,						Five Months Ended May 31,			
	2021		2022		2023		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* (unaudited)	*%*	*RMB'000*	*%*
Fuel cell systems equipped with fuel cell stacks provided by:										
– Our Group	320,563	70.8	308,565	72.9	473,893	74.4	34,201	64.5	6,285	88.6
– Third party suppliers	132,163	29.2	114,701	27.1	163,283	25.6	18,795	35.5	806	11.4
Total	**452,725**	**100.0**	**423,265**	**100.0**	**637,176**	**100.0**	**52,996**	**100.0**	**7,091**	**100.0**

For 2021, 2022, 2023 and the five months ended May 31, 2023 and 2024, we recognized revenue of RMB452.7 million, RMB423.3 million, RMB637.2 million, RMB53.0 million and RMB7.1 million from sales of hydrogen fuel cell systems, which accounted for 86.4%, 70.0%, 71.2%, 60.2% and 56.6% of our total revenue, respectively.

Our hydrogen fuel cell systems are typically equipped with our in-house manufactured fuel cell stacks, as well as some fuel cell stacks procured from third-party suppliers. We launched Caven Series in 2016. Since 2020, we have launched more series with greater working efficiency, environment adaptability and service life, namely Prisma Series, which are all equipped with our in-house developed fuel cell stacks. In addition, during the Track Record Period, in offering customized fuel cell product solutions to cater to specific needs from relevant customers, we sold customized hydrogen fuel cell systems that incorporated fuel cell stacks designated and/or provided by relevant customers. Furthermore, upon requests, we may provided certain types of subsystems, such as air supply subsystems, hydrogen management subsystems, cooling subsystems, to our customers. For further information, see "Business — Our Business — Hydrogen Fuel Cell Systems and Components Business Segment — Hydrogen Fuel Cell Systems" in this prospectus. During the Track Record Period, a majority of our sales of hydrogen fuel cell systems derived from sales of hydrogen fuel cell systems equipped with our in-house manufactured fuel cell stacks.

The fluctuations in sales of hydrogen fuel cell systems were primarily caused by changes in sales volume and average selling price of our hydrogen fuel cell systems. The following table sets forth a breakdown of our sales volume, sales power output and average selling price of our hydrogen fuel cell systems for the periods indicated:

	Year Ended December 31,			Five Months Ended May 31,	
	2021	2022	2023	2023	2024
				(unaudited)	
Sales volume (unit)					
Fuel cell systems equipped with fuel cell stacks provided by:					
– Our Group	639	790	1,234	85	11
– Third party suppliers	507	456	668	152	2
Total	**1,146**	**1,246**	**1,902**	**237**	**13**
Sales power output (kW)					
Fuel cell systems equipped with fuel cell stacks provided by:					
– Our Group	69,155	82,958	158,916	9,010	943
– Third party suppliers	46,438	49,757	83,410	12,060	160
Total	**115,593**	**132,715**	**242,326**	**21,070**	**1,103**
Average selling price (RMB per kW)					
Fuel cell systems equipped with fuel cell stacks provided by:					
– Our Group	4,635	3,720	2,982	3,796	6,665
– Third party suppliers	2,846	2,305	1,958	1,558	5,038
Overall	**3,917**	**3,189**	**2,629**	**2,515**	**6,429**

The hydrogen fuel cell industry, propelled by collective efforts from both upstream and downstream participants, has witnessed remarkable advancements in product performance, technological capabilities, and cost efficiency over recent years. This progress, coupled with increased procurement of domestic produced raw materials and components, resulted in a downward trajectory in the prices of hydrogen fuel cell systems throughout the Track Record Period, according to Frost & Sullivan.

We have been at the forefront, driving advancements within the hydrogen fuel cell industry. We have independently developed and realized mass-production of hydrogen fuel cell systems, fuel cell stacks, MEAs, and bipolar plates. The increased adoption of proprietary components and domestic procured raw materials and components, along with our enhanced technology and capabilities, enable us to lower selling prices of our hydrogen fuel cell systems, enhancing market competitiveness of our hydrogen fuel cell products. As a result, the average selling price for our hydrogen fuel cell systems decreased from RMB3,917/kW for 2021 to RMB3,189/kW for 2022, and further decreased to RMB2,629/kW for 2023.

During the period from 2021 to 2023, the sales volume of our hydrogen fuel cell systems generally maintained an upward growth trend, with a total sales power output amounting to 115,593kW, 132,715kW and 242,326kW for 2021, 2022, and 2023, respectively. Key factors contributing to this growth include (i) our continuous research and development initiatives enhancing product performance and reliability, (ii) the increased downstream demand driven by the favorable supportive policies, including but not limited to, the establishment for five demonstration city clusters proposed by the PRC government in 2021, (iii) our deliberate efforts to drive down costs, including in-house production of core components such as MEAs and bipolar plates, enabling us to offer high-quality, high-performance fuel cell systems at more competitive prices, helping to attract more customers and drive the growth in sales volume, (iv) sustained collaborations with both new and existing customers, such as Yutong Group and FAW Jiefang, and (v) our expansion of product portfolio and applications to address diversified marketed need, which further reinforced our market position.

We generally deliver our products to our customers in the second half of a year. According to Frost & Sullivan, the production and sales of fuel cell vehicles in China are seasonal, and our business is also affected by such seasonality. For more information, see "Business — Seasonality" in this prospectus. For the five months ended May 31, 2024, the sales volume of our hydrogen fuel cell systems decreased, with the total sales power output amounting to 1,103kW. The average selling price for our hydrogen fuel cell systems increased to RMB6,429/kW for the five months ended May 31, 2024. Due to the aforesaid seasonality of our business, we only had a smaller number of hydrogen fuel cell system delivered during the first five months of 2024. These small-scale orders were priced higher than the large-volume sales. Furthermore, these orders were primarily intended for buses or overseas markets, where prices tend to be higher than those for trucks or domestic markets. As a result, we had a low sales volume and a relatively high average selling price for our hydrogen fuel cell systems in the five months ended May 31, 2024.

The following table sets forth a breakdown of our revenue from sales of hydrogen fuel cell systems by location of end-user customers for the periods indicated:

	Year Ended December 31,						Five Months Ended May 31,			
	2021		2022		2023		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Mainland China										
– Fuel cell vehicle demonstration city clusters(1)	357,853	79.0	305,046	72.1	407,527	64.0	30,773	58.1	–	–
– Others(2)	89,715	19.8	110,839	26.2	213,275	33.5	21,467	40.5	6,285	88.6
Subtotal	**447,568**	**98.9**	**415,886**	**98.3**	**620,802**	**97.4**	**52,240**	**98.6**	**6,285**	**88.6**
Overseas (3)	5,158	1.1	7,380	1.7	16,374	2.6	756	1.4	806	11.4
Total revenue	**452,725**	**100.0**	**423,265**	**100.0**	**637,176**	**100.0**	**52,996**	**100.0**	**7,091**	**100.0**

Notes:

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

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

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

Our sales outside of fuel cell vehicle demonstration city clusters experienced year-over-year increase during the Track Record Period. This was mainly attributable to the high reliability and stability of our products and our strong commercialization capability, indicating that our products have been recognized and commercially applied in regional markets that do not enjoy national subsidies for fuel cell demonstration application as demonstration city clusters do.

Sales of Components

We have developed and produced various types of Components for Fuel Cell Systems for incorporation into our hydrogen fuel cell systems sold to customers, including but not limited to fuel cell stacks, MEAs and bipolar plates, hydrogen circulation systems, DC-to-DC boost converters and fuel cell controllers. We sold a few stand-alone fuel cell stacks and DC-to-DC boost converters to our customers. In addition, leveraging our expertise and extensive experience in the application of fuel cells across multiple end-user scenarios, we offer a wide range of Components for Fuel Cell Vehicles, including hydrogen supply systems, fuel cell engine accessories, among others. These components, when integrated with our fuel cell systems, form comprehensive solutions delivered to our customers, aiding customers in optimizing fuel cell applications within their specific end-user scenarios.

When purchasing fuel cell systems from us, our customers generally raise specific demands in relation to expected end-user application scenarios of relevant systems, which carry diversified and distinctive features, particular those in relation to fuel cell systems used in long-distance heavy-duty logistics. These demands typically are associated with specific ranges of power output, as well as expectations on cost efficiency and reliability. To cater to these customized demands, we not only provide tailored fuel cell systems with specific power outputs, but also configure accompanying components, particularly, those that work integrated with fuel cell system and whose function attributes to overall performance results of relevant vehicles or products under the specified end-user application scenarios. During the Track Record Period, the Components for Fuel Cell Vehicles we configure for our customers came from external suppliers, such as hydrogen fuel cell engine accessories and hydrogen supply systems, while the Components for Fell Cell Systems are manufactured in house, including fuel cell stacks and DC-to-DC boost converters.

For 2021, 2022, 2023 and the five months ended May 31, 2023 and 2024, we recognized revenue of RMB61.0 million, RMB150.3 million, RMB220.1 million, RMB32.7 million and RMB1.9 million from sales of components, which accounted for 11.6%, 24.9%, 24.6%, 37.1% and 15.1% of our total revenue, respectively. The increase in revenue from sales of components from 2021 to 2023 was attributable to the rise in customer requests for these components within our product solutions, reflecting our customers' growing trust and confidence in our capabilities and our commitment to providing comprehensive product solutions that precisely meet our customers' needs. The decrease in revenue from sales of components for the five months ended May 31, 2024 was driven by fluctuations in customers' demand for applying various components, which are influenced by their vehicle production schedules.

The following table sets forth a breakdown of our revenue from sales of components by product type for the periods indicated:

	Year Ended December 31,						Five Months Ended May 31,			
	2021		2022		2023		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Components for Fuel Cell Vehicles										
– Hydrogen supply systems(1)	40,641	66.6	90,911	60.5	148,662	67.5	11,840	36.2	342	18.0
– Energy storage systems	–	–	4,510	3.0	23,767	10.8	11,910	36.4	–	–
– Fuel cell engine accessories(2)	9,486	15.5	39,657	26.4	17,440	7.9	6,314	19.3	192	10.1
– Others	3,867	6.3	7,878	5.2	12,177	5.5	673	2.1	538	28.4
Subtotal	53,994	88.5	142,957	95.1	202,045	91.8	30,738	94.0	1,072	56.5
Components for Fuel Cell Systems(3)										
– Fuel cell stacks	–	–	1,096	0.7	13,932	6.3	1,513	4.6	255	13.4
– DC-to-DC boost converters	3,873	6.3	3,618	2.4	976	0.4	426	1.3	375	19.8
– Others	3,150	5.2	2,626	1.7	3,129	1.4	23	0.1	195	10.3
Subtotal	7,023	11.5	7,340	4.9	18,037	8.2	1,963	6.0	825	43.5
Total	**61,017**	**100.0**	**150,297**	**100.0**	**220,082**	**100.0**	**32,700**	**100.0**	**1,897**	**100.0**

Notes:

(1) Hydrogen supply systems mainly included hydrogen storage cylinders and accessories for hydrogen storage systems.

(2) Fuel cell engine accessories mainly included complete sets of accessories for use in conjunction with engines in fuel cell vehicles.

(3) The fuel cell stacks and DC-to-DC boost converters sold were developed and manufactured by our Group.

Our revenue from sales of components increased significantly from RMB61.0 million in 2021 to RMB150.3 million in 2022, mainly attributable to (i) an increase of RMB50.3 million from sales of hydrogen supply systems. The increase was driven by a rise in sales volume from 274 units to 851 units in response to the increased customers' requests for these components, which we offered together with fuel cell systems within our product solutions. This reflects our customers' growing trust and confidence in our capabilities, as well as our commitment to providing comprehensive product solutions that precisely meet their needs. The rise in sales volume of hydrogen supply systems was partially offset by a decrease in average selling price from RMB148,324 per unit to RMB106,829 per unit, because in 2022, a larger proportion of the hydrogen supply systems we sold were for lower payload trucks, which require smaller hydrogen storage capacity and fewer hydrogen cylinders, and as a result, the unit price for these hydrogen supply systems is typically lower; and (ii) an increase of RMB30.2 million from sales of fuel cell engine accessories, driven by a rise in sales volume from 299 units to 1,185 units to meet customers' increasing demand. The average selling price for fuel cell engine accessories also slightly increased from RMB31,725 to RMB33,466 per unit, mainly due to changes in product mix as customers had varying needs for different accessories, which had different unit prices.

Our revenue from sales of components increased by 46.4% from RMB150.3 million in 2022 to RMB220.1 million in 2023, mainly attributable to (i) an increase of RMB57.8 million from sales of hydrogen supply systems, with sales volume rising from 851 units to 1,072 units to meet growing customer demand, coupled with a higher average selling price from RMB106,829 per unit to RMB138,677 per unit due to the change in mix of the types of hydrogen supply systems. In 2022, we sold a higher proportion of hydrogen supply systems for lower payload trucks, which require smaller hydrogen storage capacity and fewer cylinders, resulting in a lower unit price for those systems; (ii) an increase of RMB19.3 million from sales of energy storage systems, due to an increase in sales volume from 100 units to 317 units in response to customers' demands, combined with an increase in average selling price from RMB45,100 per unit to RMB74,974 per unit as the energy storage systems sold in 2023 included more for higher payload trucks which typically had a higher unit price; and (iii) an increase of RMB12.8 million from sales of fuel cell stacks, stemming from a surge in sales volume from 3 units to 105 units. This was because we began selling fuel cell stacks as standalone products to external customers in 2022, and the sales volume of these products rose in response to the increased requests from our customers in 2023. The growth in sales volume was partially offset by a decrease in average selling price from RMB365,381 per unit to RMB132,681 per unit, as the sales in 2022 consisted of three units of products only, whose pricing was not comparable to large volume sales in 2023.

Our revenue from sales of components amounted to RMB1.9 million for the five months ended May 31, 2024, representing a decrease from RMB32.7 million for the same period in 2023, mainly attributable to (i) a decrease of RMB11.5 million from sales of hydrogen supply systems, with sales volume decreasing from 91 units to two units, and (ii) a decrease of RMB11.9 million from sales of energy storage systems, with sales volume decreasing from 167 units to nil. These decreases were primarily driven by fluctuations in customers' demands for applying various components, which were influenced by their vehicle production schedules. Although the volume of components delivered in the first five months of 2024 was relatively small, the aggregate contract value of the components we delivered to customers in June 2024 exceeded RMB70 million.

Provision of Fuel Cell Engineering and Technical Services

We also provide comprehensive fuel cell engineering and technical services catering to our customers' specific engineering needs. During the Track Record Period, our revenue from provision of fuel cell engineering and technical services amounted to RMB7.3 million, RMB26.5 million, RMB23.4 million, nil and RMB1.0 million, representing 1.4%, 4.4%, 2.6%, nil and 7.7% of our total revenue in 2021, 2022, 2023 and the five months ended May 31, 2023 and 2024, respectively. Revenue from sales of fuel cell engineering and technical services fluctuated during the Track Record Period mainly due to the factor that such sales were driven by customers' demands in relation to application of fuel cell systems, which is still at an early stage of development.

Sales of Hydrogen Production Systems and Related Components

In August 2023, we started to launch products used for high purity hydrogen production, such as proton-exchange membrane water electrolysis hydrogen production systems, hydrogen production power sources, and electrodes for alkaline electrolysis cells, which are mainly sold to hydrogen production facilities and hydrogen production system manufacturers. In 2023 and the five months ended May 31, 2024, our revenue from sales of hydrogen production systems and related components amounted to RMB7.7 million and nil, respectively, representing 0.9% and nil of our total revenue in the same periods.

Others

During the Track Record Period, our revenue from others mainly represented after-sales service fees. During the Track Record Period, our revenue from others amounted to RMB3.1 million, RMB4.6 million, RMB6.9 million, RMB2.4 million and RMB2.6 million, representing 0.6%, 0.8%, 0.8%, 2.7% and 20.5% of our total revenue in 2021, 2022, 2023 and the five months ended May 31, 2023 and 2024, respectively. Revenue from others continued to grow primarily due to an increase in demand for our after-sales services as a result of the increased number of fuel cell vehicles in operation equipped with our fuel cell systems, which was in line with the growth in sales of our fuel cell systems.

Cost of Sales

Our cost of sales primarily consists of raw materials, depreciation and amortization of our production facilities and other fixed assets used in our production process, employee benefit expense, and impairment losses on inventories. The following table sets forth a breakdown of our cost of sales by nature for the periods indicated:

	Year Ended December 31,						Five Months Ended May 31,			
	2021		2022		2023		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Cost of sales of goods and services										
Raw materials										
– Fuel cell stacks produced by our Group	181,754	43.8	133,066	28.1	177,866	26.0	24,981	33.1	1,329	4.7
– Hydrogen supply systems	38,273	9.2	89,544	18.9	146,837	21.5	11,676	15.5	315	1.1
– Fuel cell stacks from external suppliers	46,367	11.2	38,841	8.2	64,553	9.4	–	–	995	3.5
– Energy storage systems	–	0.0	3,260	0.7	23,355	3.4	11,670	15.4	–	–
– Fuel cell engine accessories	8,190	2.0	34,100	7.2	14,411	2.1	5,498	7.3	196	0.7
– Air compressors and controllers	22,474	5.4	19,467	4.1	21,641	3.2	889	1.2	158	0.6
– Humidifiers	13,567	3.3	18,043	3.8	21,373	3.1	862	1.1	180	0.6
– DC-to-DC boost converters	18,467	4.5	18,043	3.8	29,410	4.3	771	1.0	479	1.7
– Hydrogen circulation pumps	8,738	2.1	6,961	1.5	7,361	1.1	646	0.9	158	0.6
– Other raw materials	22,915	5.5	32,000	6.8	92,585	13.5	1,692	2.2	4,451	15.8
Subtotal of raw materials	**360,745**	**87.0**	**393,326**	**83.2**	**599,392**	**87.6**	**58,685**	**77.7**	**8,261**	**29.2**
Depreciation and amortization	15,284	3.7	24,936	5.3	24,768	3.6	5,939	7.9	8,356	29.6
Employee benefit expense	15,859	3.8	20,044	4.2	25,434	3.7	4,041	5.3	4,375	15.5
Others(1)	22,765	5.5	34,405	7.3	34,304	5.0	6,898	9.1	7,254	25.7
Subtotal of cost of sales of goods and services	**414,653**	**100.0**	**472,712**	**100.0**	**683,897**	**100.0**	**75,563**	**100.0**	**28,246**	**100.0**
Impairment losses on inventories	47,671		82,113		31,765		16,470		8,476	
Total	**462,324**		**554,825**		**715,662**		**92,033**		**36,722**	

Note:

(1) Others mainly included rental costs, utilities, and repair and maintenance fees.

In 2021, 2022, 2023 and the five months ended May 31, 2023 and 2024, our cost of sales was RMB462.3 million, RMB554.8 million, RMB715.7 million, RMB92.0 million and RMB36.7 million, respectively, accounting for 88.2%, 91.8%, 79.9%, 104.5% and 293.3% of our total revenue for the same periods, respectively.

Cost of raw materials has been the largest component of our cost of sales during the Track Record Period, which consisted of raw materials for fuel cell systems, such as fuel cell stacks, air compressors and controllers, as well as raw materials for fuel cell vehicles, such as hydrogen supply systems and fuel cell engine accessories. Our cost of raw materials increased by 9.0% from RMB360.7 million for 2021 to RMB393.3 million for 2022, and further increased by 52.4% to RMB599.4 million in 2023. The continue increase in cost of raw materials was in line with our increased sales of hydrogen fuel cell systems and components. For the five months ended May 31, 2024, our costs of raw materials decreased to RMB8.3 million, from RMB58.7 million for the same period in 2023, primarily due the relatively low sales volume of fuel cell systems and components in the first five months of 2024.

The impairment losses on inventories increased by 72.2% from RMB47.7 million in 2021 to RMB82.1 million in 2022, primarily attributable to the rapid product iterations towards high-output fuel cell systems and the decline in market prices. In particular, we made a substantial provision for impairment losses on inventories for hydrogen fuel cell systems with rated powers of below 60kW in 2022, considering the market conditions and industry trend. The impairment losses on inventories decreased by 61.3% to RMB31.8 million in 2023. Additionally, the impairment losses on inventories decreased to RMB8.5 million for the five months ended May 31, 2024 from RMB16.5 million for the same period in 2023. This continued reduction mainly resulted from our efforts to optimize inventories by exercising cautious control over inventory growth and actively liquidating slow-moving inventories, as well as the adequate provision we made for fuel cell systems with relatively low rated power in 2022. For more information, see "— Discussion of Certain Selected Items from the Consolidated Statements of Financial Position — Inventories" in this section.

The following table sets forth a breakdown of our cost of sales by business activity for the periods indicated:

	Year Ended December 31,						Five Months Ended May 31,			
	2021		2022		2023		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Sales of hydrogen fuel cell systems and components										
– Hydrogen fuel cell systems	354,881	85.6	324,978	68.7	458,911	67.1	44,896	59.4	25,526	90.4
– Components(1)	54,871	13.2	137,693	29.1	206,969	30.3	30,196	40.0	1,263	4.5
Subtotal	**409,752**	**98.8**	**462,670**	**97.9**	**665,880**	**97.4**	**75,092**	**99.4**	**26,789**	**94.8**

	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*	*%*
Provision of fuel cell engineering and technical services	4,393	1.1	9,182	1.9	8,238	1.2	–	–	339	1.2
Sales of hydrogen production systems and related components	–	–	–	–	6,410	0.9	–	–	–	–
Others(2)	508	0.1	859	0.2	3,369	0.5	471	0.6	1,118	4.0
Subtotal	**414,653**	**100.0**	**472,712**	**100.0**	**683,897**	**100.0**	**75,563**	**100.0**	**28,246**	**100.0**
Impairment losses on inventories	47,671		82,113		31,765		16,470		8,476	
Total	**462,324**		**554,825**		**715,662**		**92,033**		**36,722**	

Notes:

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

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

Sensitivity Analysis

The following table hypothesizes the impact of increase or decrease in the average selling price per kW of our hydrogen fuel cell systems on our profit or loss before taxation, while all other factors remain unchanged:

	Impact on pretax loss			
	Year Ended December 31,			Five Months Ended May 31,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Hypothetical fluctuations in average selling price per kW				
Increase of 5%	22,636	21,163	31,859	355
Decrease of 5%	(22,636)	(21,163)	(31,859)	(355)
Increase of 10%	45,273	42,327	63,718	709
Decrease of 10%	(45,273)	(42,327)	(63,718)	(709)
Increase of 20%	90,545	84,653	127,435	1,418
Decrease of 20%	(90,545)	(84,653)	(127,435)	(1,418)

A sensitivity analysis on the price fluctuations in cost of raw materials during the Track Record Period sets forth below illustrates the hypothetical effects on our net profit or loss before taxation based on the respective historical year-over-year fluctuations of our cost of raw materials during the Track Record Period with all other variables remaining constant.

	Impact on pretax loss			
	Year Ended December 31,			Five Months Ended May 31,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Hypothetical fluctuations in cost of raw materials				
Increase of 5%	(18,037)	(19,666)	(29,970)	413
Decrease of 5%	18,037	19,666	29,970	(413)
Increase of 10%	(36,075)	(39,333)	(59,939)	826
Decrease of 10%	36,075	39,333	59,939	(826)
Increase of 20%	(72,149)	(78,665)	(119,878)	1,652
Decrease of 20%	72,149	78,665	119,878	(1,652)

Gross Profit and Gross Profit Margin

Our gross profit represents our revenue less cost of sales, and our gross profit margin represents our gross profit divided by our revenue, expressed as a percentage. The following table sets forth a breakdown of our gross profit and gross profit margin by business activity for the periods indicated:

	Year Ended December 31,						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)			
Sales of hydrogen fuel cell systems and components										
– Hydrogen fuel cell systems	97,845	21.6	98,288	23.2	178,265	28.0	8,100	15.3	(18,435)	(260)
– Components[1]	6,146	10.1	12,604	8.4	13,113	6.0	2,504	7.7	633	33.4
Subtotal	**103,991**	**20.2**	**110,891**	**19.3**	**191,378**	**22.3**	**10,604**	**12.4**	**(17,802)**	**(198.1)**

	Year Ended December 31,						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* *(unaudited)*	*%*	*RMB'000*	*%*
Provision of fuel cell engineering and technical services	2,858	39.4	17,291	65.3	15,206	64.9	–	N/A	627	64.9
Sales of hydrogen production systems and related components	–	N/A	–	N/A	1,271	16.5	–	N/A	–	N/A
Others[2]	2,608	83.7	3,754	81.4	3,526	51.1	1,901	80.2	1,450	56.5
Subtotal	**109,456**	**20.9**	**131,936**	**21.8**	**211,381**	**23.6**	**12,505**	**14.2**	**(15,725)**	**(126.0)**
Impairment losses on inventories	(47,671)		(82,113)		(31,765)		(16,470)		(8,476)	
Total	**61,785**	**11.8**	**49,823**	**8.2**	**179,616**	**20.1**	**(3,965)**	**(4.5)**	**(24,201)**	**(193.3)**

Notes:

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

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

In 2021, 2022 and 2023, our gross profit was RMB61.8 million, RMB49.8 million and RMB179.6 million, respectively, and our gross profit margin was 11.8%, 8.2% and 20.1%, respectively. The decline in gross profit margin for 2022 was primarily as a result of the heightened impairment in 2022. This was further due to increased impairment losses on inventories as a result of the rapid product iterations toward high-output fuel cell systems and the decline in market prices, as elaborated below.

In 2020, we achieved mass production of high-output fuel cell systems with a rated power of 110KW for heavy-duty truck applications. Subsequently, we introduced fuel cell systems with rated powers ranging from 130KW, 160-180KW and 220KW, all applicable to heavy-duty truck scenarios. Our revenue generated from heavy-duty truck applications showed a year-on-year increase, reaching RMB279 million, RMB291 million and RMB549 million in 2021, 2022 and 2023, respectively. According to Frost & Sullivan, currently, the power of hydrogen fuel cell systems on heavy-duty trucks typically range from 110 kW to 240kW, a significant increase from the previous typical power range of below 50 kW before 2020. Despite the iterations towards high-output systems, as the industry has matured, market prices have declined due to technological advancements and localized raw material supply, which had a negative impact on the revenue growth. The reduction in revenue due to the decline in prices for hydrogen fuel cell systems, which represents the difference between the average selling prices of the previous and current years, multiplied by the sales power output for the current year, amounts to RMB96.6 million in 2022 and RMB135.7 million in 2023. Meanwhile, the increase in revenue due to the rise in sales power output for the hydrogen fuel cell systems, which represents the difference between the sales power output of the previous and current years, multiplied by the average selling prices for the current year, amounts to RMB54.6 million in 2022 and RMB288.2 million in 2023.

Despite the significant revenue contribution from high-output fuel cell systems during the Track Record Period, the combination of rapid product iterations and the price decline has led to impairment losses on our inventories, which in turn affected our gross profit and gross profit margin. In particular, in 2022, we made a substantial provision for hydrogen fuel cell systems with a rated power of below 60kW, considering the less favorable market conditions for low-output models amidst the industry's shift towards high-output fuel cell systems. We also made provisions on other inventories, primarily in response to price fluctuations associated with the overall decline in market prices. In 2021, 2022 and 2023, we recorded impairment losses on inventories of RMB47.7 million, RMB82.1 million and RMB31.8 million, respectively, affecting the gross profit margin by 9.1%, 13.6%, and 3.5%.

Sales of Hydrogen Fuel Cell Systems and Components

Our gross profit for sales of hydrogen fuel cell systems and components increased by 6.6% from RMB104.0 million for 2021 to RMB110.9 million for 2022, with the gross profit margin decreasing slightly from 20.2% to 19.3%. The increase in gross profit was mainly due to the fact that the increase in sales of fuel cell systems and components outpacing the increase in relevant cost of sales as a result of our efforts to control cost. The slight decrease in gross profit margin was primary attributed to the increased proportion of revenue generated from sales of components, which generally had lower profit margin than fuel cell systems. The gross profit margin for sales of fuel cell systems increased from 21.6% to 23.2%, as we continued to seek domestic sourcing of high-quality raw materials and increased application of proprietary key components in our fuel cell systems resulting in continuous optimization of costs associated therein. The gross profit margin for sales of components decreased from 10.1% to 8.4% mainly due to changes in the mix of components sold in the respective periods, where the choice of components was mainly determined by the specific needs of respective customers and different types of components generally carry different margins.

Our gross profit for sales of hydrogen fuel cell systems and components increased by 72.6% from RMB110.9 million for 2022 to RMB191.4 million for 2023, with the gross profit margin increasing from 19.3% to 22.3%. Such increase was mainly due to the growth in sales volume of fuel cell systems which had higher profit margin compared to components, as well as the rise in gross margin of fuel cell systems as a result of our efforts to enhance cost efficiency.

For the five months ended May 31, 2024, we recorded a gross loss of RMB24.2 million with a negative margin, mainly attributable to the gross loss of RMB17.8 million from sales of hydrogen fuel cell systems and components. This was primarily because our revenue was relatively small in the first five months of 2024 due to the seasonality and fluctuations in our customers' demands for application of fuel cell systems and components, which were in relation to their vehicle production schedules, while costs of sales such as employee benefit expense and depreciation and amortization did not decline proportionately during the same period.

The following table sets forth a breakdown of gross profit and gross profit margin for sales of hydrogen fuel cell systems by product type for the periods indicated:

	Year Ended December 31,						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)			
Fuel cell systems equipped with fuel cell stacks provided by:										
– Third party suppliers	51,375	38.9	19,698	17.2	40,347	24.7	6,024	32.1	484	60.0
– Our Group	46,469	14.5	78,590	25.5	137,918	29.1	2,076	6.1	(18,919)	(301.0)
Total	**97,845**	**21.6**	**98,288**	**23.2**	**178,265**	**28.0**	**8,100**	**15.3**	**(18,435)**	**(260.0)**

In 2021, the gross profit margin for fuel cell systems equipped with fuel cell stacks provided by third-party suppliers was higher than those equipped with our in-house manufactured fuel cell stacks, primarily because in 2021, most of the fuel cell systems equipped with in-house manufactured fuel cell stacks incorporated our first-generation fuel cell stacks, Polaris series, which used imported MEAs and bipolar plates and had relatively high manufacturing costs. In 2022 and 2023, we were able to increase the use of our newer and more cost-effective in-house manufactured fuel cell stacks, which incorporated our in-house developed core components like MEAs and bipolar plates. We also strengthened our supply chain management, including the use of more domestically sourced raw materials. This allowed us to achieve a year-over-year improvement in the gross profit margin of our fuel cell systems equipped with in-house manufactured stacks, which then surpassed the gross profit margin of the systems equipped with fuel cell stacks provided by third-party suppliers in 2022 and 2023.

The following table sets forth a breakdown of our gross profit and gross profit margin from sales of components by product type for the periods indicated:

	Year Ended December 31,						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)			
Components for Fuel Cell Vehicles										
– Hydrogen supply systems	2,368	5.8	1,367	1.5	1,825	1.2	164	1.4	27	7.9
– Energy storage systems	–	N/A	1,250	27.7	411	1.7	240	2.0	–	N/A
– Fuel cell engine accessories	1,295	13.7	5,558	14.0	3,029	17.4	816	12.9	(4)	(2.2)
– Others	1,467	37.9	2,518	32.0	4,103	33.7	356	53.0	200	37.1
Subtotal	5,130	9.5	10,692	7.5	9,369	4.6	1,577	5.1	222	20.7
Components for Fuel Cell Systems										
– Fuel cell stacks	–	N/A	618	56.4	3,004	21.6	169	39.6	224	59.7
– DC-to-DC boost converters	505	13.0	893	24.7	314	32.2	753	49.7	91	35.7
– Others	511	16.2	401	15.3	426	13.6	6	26.1	96	49.3
Subtotal	1,016	14.5	1,912	26.0	3,744	20.8	928	47.3	411	49.8
Total	**6,146**	**10.1**	**12,604**	**8.4**	**13,113**	**6.0**	**2,505**	**7.7**	**633**	**33.4**

During the period from 2021 to 2023, our gross profit from sales of components experienced a continued increase, rising from RMB6.1 million in 2021 to RMB12.6 million in 2022, and further climbing to RMB13.1 million in 2023. This continued growth was primarily driven by the rapid expansion in sales of components as a result of the growing customer demand for these specific components, which we offer together with fuel cell systems within our product solutions, reflecting the enhanced customers' trust and recognition in our capabilities to offer comprehensive solutions. The gross profit margin for sales of components declined from 10.1% in 2021 to 8.4% in 2022, mainly due to the decline in the gross margin of hydrogen supply systems, which was caused by intensified competition and greater price transparency in the market as the industry developed. The gross profit margin decreased further to 6.0% in 2023, primarily due to changes in our product mix. Specifically, hydrogen supply systems and energy storage systems made up a higher proportion of our total sales of components in 2023. Hydrogen supply systems had a relatively lower profit margin compared to other components, and the profit margin for energy storage systems decreased in 2023 resulting from fluctuations in certain raw material prices.

Our gross profit for sales of components decreased from RMB2.5 million for the five months ended May 31, 2023 to RMB0.6 million for the five months ended May 31, 2024, mainly due to the decrease in sales volume of components because such sales were driven by customers' demands for applying various components, which were influenced by their vehicle production schedules. Our gross profit margin increased from 7.7% for the five months ended May 31, 2023 to 33.4% for the five months ended May 31, 2024, mainly due to changes in our product mix, including an increased proportion of fuel cell stacks in our total sales of components, which had a relatively higher profit margin.

Provision of Fuel Cell Engineering and Technical Services

Our gross profit margin for the provision of fuel cell engineering and technical services increased from 39.4% in 2021 to 65.3% in 2022, and then remained relatively stable at 64.9% in 2023. Our gross profit margin for the provision of fuel cell engineering and technical services amounted to 64.9% for the five months ended May 31, 2024. The fluctuations in these gross profit margins were mainly due to the changes in service mix, mainly driven by specific customer demand in the relevant years. Our fuel cell engineering and technical services are highly customized based on individual customer requirements, and different projects can have varying profit margin profiles. In this business segment, we offer not only standalone technical services such as testing, technical development and training, but also engineering solutions that include both technical development and the delivery of equipment like prototypes, which typically have lower margins compared to pure technical services. The relatively lower gross profit margin in 2021 was mainly attributable to such engineering solutions that involved both technical development and equipment delivery accounting for a higher proportion of the overall service mix, compared to 2022 and 2023.

Others

Our gross profit margin for others decreased from 83.7% in 2021 to 81.4% in 2022, and further to 51.1% in 2023, and also decreased from 80.2% for the five months ended May 31, 2023 to 56.5% for the five months ended May 31, 2024, which mainly arose from our provision of after-sale services purchased separately from customers. For after-sales services, we recognize revenue on a straight-line basis over the service period as the customer simultaneously receives and consumes the benefits provided by us. However, the associated costs are recorded as they are actually incurred, which tends to happen unevenly over the service period. This mismatch between the timing of revenue recognition and actual cost incurrence is the main reason behind the fluctuations in the gross profit margin for this business segment. For example, in 2023, the relatively lower gross profit margin for others was mainly due to the increased service costs actually incurred based on the customers' demands during that period.

Other Income and Gains

Our other income and gains primarily consist of (i) government grants and subsidies we received and recognized during the respective period primarily for engaging in research and development projects, which vary from year to year; (ii) interest income from bank deposits, (iii) investment income from structured deposits; (iv) deemed disposal in equity of associates resulting from capital injection by other shareholders of the relevant associates; (v) gain on disposal of scrap materials; and (vi) gain on disposal of an associate. The following table sets forth a breakdown of our other income and gains for the periods indicated:

	Year Ended December 31,			Five Months Ended May 31,	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Other income					
Government grants and subsidies	32,178	34,286	39,446	7,866	14,494
Interest income	7,472	18,021	16,166	6,673	2,500
Investment income from structured deposits	–	920	1,269	495	–
Others	1,105	1,054	229	51	1,050
Subtotal	**40,755**	**54,281**	**57,110**	**15,085**	**18,044**
Gains					
Gain on deemed disposal in equity of associates	6,234	3,594	–	–	–
Gain on disposal of scrap materials	24	1,917	665	296	538
Gain on disposal of an associate	6,937	–	2,010	–	950
Gain on a lease term termination	–	–	40	40	–
Subtotal	**13,195**	**5,511**	**2,715**	**336**	**1,488**
Total	**53,950**	**59,792**	**59,825**	**15,421**	**19,532**

Selling and Marketing Expenses

Our selling and marketing expenses primarily consist of (i) employee benefit expense, including share-based payment expenses and salaries, wages and bonuses paid to our sales and marketing personnel, (ii) after-sales service fees as detailed below, (iii) advertising and promotion fees, and (iv) vehicle data analysis and announcement fees, which represent expenses of analyzing fuel cell vehicle data for the purpose of improving after-sales services, as well as expenses of certification for new vehicle models. The following table sets forth a breakdown of our selling and marketing expenses for the periods indicated:

	Year Ended December 31,						Five Months Ended May 31,			
	2021		2022		2023		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Employee benefit expense	38,305	42.3	50,709	49.3	54,584	40.5	19,429	53.0	25,288	58.0
After-sales service fees	11,936	13.2	13,978	13.6	18,842	14.0	2,358	6.0	1,222	3.0
Advertising and promotion fees	16,427	18.2	14,912	14.5	16,715	12.4	4,608	13.0	7,147	17.0
Vehicle data analysis and announcement fees	12,707	14.0	11,947	11.6	18,347	13.6	3,182	9.0	2,910	7.0
Entertainment expenses	2,865	3.2	2,821	2.7	6,682	5.0	1,501	4.0	1,257	3.0
Others[1]	8,235	9.1	8,460	8.2	19,663	14.6	5,624	15.0	5,252	12.0
Total	**90,475**	**100.0**	**102,826**	**100.0**	**134,833**	**100.0**	**36,702**	**100.0**	**43,076**	**100.0**

Note:

(1) Others mainly included depreciation and amortization, rental expenses and property management fees.

After-sale service fees represent provisions we made on warranties for our hydrogen fuel cell systems and components. In general, we made provisions based on 1.5% of the revenue generated from the sales of our hydrogen fuel cell systems and components. This is intended to cover projected costs associated with repairing our hydrogen fuel cell systems and components under warranties. Historically, the actually incurred warranties of products for which warranty periods have passed were about 1.5% of the accrued warranties. Taking into account the historical warranty expenses incurred, as well as our estimates of repair and after-sales service requirements, our Directors are of the view that the provision level for product warranties as of December 31, 2021, 2022, 2023 and May 31, 2024 was sufficient.

Administrative Expenses

Our administrative expenses mainly consist of (i) employee benefit expense, including share-based payment expenses and salaries, wages and bonuses paid to our administrative personnel, (ii) office and traveling expenses, (iii) depreciation and amortizations, (iv) professional service fees, mainly in relation to our previous A-Share listing application and human resources related consultation; and (v) listing expenses in relation to the Global Offering. The following table sets forth a breakdown of our administrative expenses for the periods indicated:

	Year Ended December 31,						Five Months Ended May 31,			
	2021		2022		2023		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Employee benefit expense	136,028	62.3	148,831	61.3	205,174	60.4	64,327	62.0	135,763	69.0
Office and traveling expenses	32,636	15.0	33,519	13.8	44,703	13.2	17,642	17.0	22,013	11.0
Depreciation and amortization	15,946	7.3	31,015	12.8	32,262	9.5	12,730	12.0	17,061	9.0
Professional service fees	20,463	9.4	18,087	7.5	21,174	6.2	6,194	6.0	8,780	4.0
Listing expenses	–	–	–	–	19,084	5.6	–	–	9,003	5.0
Others[1]	13,153	6.0	11,242	4.6	17,273	5.1	3,021	3.0	3,955	2.0
Total	**218,227**	**100.0**	**242,695**	**100.0**	**339,670**	**100.0**	**103,914**	**100.0**	**196,575**	**100.0**

Note:

(1) Others mainly included entertainment expenses, conference fees, and taxes and surcharges.

Research and Development Expenses

Our research and development expenses primarily consist of (i) employee benefit expense, including share-based payment expenses and salaries, wages and bonuses paid to our research and development personnel, (ii) depreciation and amortization, (iii) raw material expenses that primarily result from research and development projects for product iterations and refinement, (iv) outsourced development and analysis expenses, which mainly arise from the outsourced development of air compressors and humidifiers, and our vehicle data analysis for the purpose of product refinement and upgrades, and (v) mold development and testing expenses. The following table sets forth a breakdown of our research and development expenses for the periods indicated:

	Year Ended December 31,						Five Months Ended May 31,			
	2021		2022		2023		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Employee benefit expense	102,367	44.3	99,098	49.9	117,521	53.2	50,229	50.0	61,927	69.0
Depreciation and amortization	26,202	11.3	28,137	14.2	38,331	17.4	14,823	15.0	16,032	18.0
Raw materials expenses	71,045	30.8	36,583	18.4	33,352	15.1	19,384	19.0	4,644	5.0
Outsourced development and analysis expenses	9,091	3.9	13,287	6.7	12,776	5.8	5,248	5.0	2,848	3.0
Mold development and testing expenses	10,655	4.6	9,671	4.9	4,466	2.0	1,548	2.0	741	1.0
Others[(1)]	11,531	5.0	11,912	6.0	14,434	6.5	8,266	8.0	4,089	5.0
Total	**230,891**	**100.0**	**198,688**	**100.0**	**220,880**	**100.0**	**99,498**	**100.0**	**90,281**	**100.0**

Note:

(1) Others mainly included utilities, office expenses and miscellaneous maintenance fees for research laboratories.

Fair Value Gains or Losses on Financial Assets at Fair Value Through Profit or Loss, Net

During the Track Record Period, our fair value gains or losses on financial assets at fair value through profit or loss mainly represented fair value changes in our investments in structured deposits and private equity funds. We recorded net fair value gains of RMB0.4 million and RMB0.9 million in 2021 and 2022, respectively, on financial assets at fair value through profit or loss, but had net fair value losses of RMB3.1 million and RMB2.2 million on financial assets at fair value through profit or loss in 2023 and the five months ended May 31, 2024, respectively.

We have implemented a robust internal control mechanism to safeguard our exposure to investment risks, and followed a rigorous process for making investment decisions in line with our internal policies.

Prior to making any investment, we conduct meticulous assessments and evaluations involving relevant departments and personnel. This process ensures a careful examination of investment opportunities and due and careful consideration of a number of factors, including but not limited to our overall financial condition, market and investment conditions, economic developments, investment cost, duration of investment and the expected returns and potential risks of such investment.

Our annual plans and investment proposals should be approved by Board of Directors. Additionally, any investment exceeding 5% of our total assets must receive prior approval from the Board of Directors before it can proceed. Our capital operation department conducts a review, following approval from the head of the relevant business department, to determine if the investment should be presented at the Board of Directors or shareholders' meeting. In cases where approval from the Board or shareholders is required, the investment proposal undergoes careful deliberation and scrutiny during these meetings. Additionally, it must obtain approvals from our finance, legal, management, and chief executive officer before execution. These stringent measures are in place to ensure comprehensive evaluation and financial oversight. After we make investments, our finance department is responsible for ensuring that the investments are properly recorded in our financial statements and monitoring the performance of our investments.

After Listing, we may continue to make investments with a relatively low level of risk and a short maturity period in accordance with our internal policies and measures, and such investments will be subject to the compliance with the requirements under Chapter 14 of the Listing Rules.

Fair Value Loss on A Derivative Financial Instrument

During the Track Record Period, our fair value loss on a derivative financial instrument mainly derived from our derivative financial instruments that presented our obligation to buy back shares of Guohong Refire as detailed in "— Discussion on Certain Selected Items from Consolidated Statements of Financial Position — Derivative Financial Instruments" below in this section. We recorded fair value loss on a derivative financial instrument of RMB0.6 million, RMB19.7 million, nil and nil, respectively, in 2021, 2022, 2023 and the five months ended May 31, 2024.

Impairment Losses on Financial Assets and a Financial Guarantee Obligation, Net

Our net impairment losses on financial assets and a financial guarantee obligation primarily represent the net loss allowance for ECLs on trade receivables, bills receivables and other receivables and the changes in our financial guarantee obligation from financial guarantee we made to a joint venture. For details of the financial guarantee obligation, see "— Discussion of Certain Selected Items from the Consolidated Statements of Financial Position — Provision" in this section. In 2021, 2022, 2023 and the five months ended May 31, 2024, we recorded net impairment losses on financial assets and a financial guarantee obligation of RMB144.6 million, RMB15.5 million, RMB64.0 million and RMB41.5 million, respectively. For more information on impairment review, see "— Discussion of Certain Selected Items from the Consolidated Statements of Financial Position — Trade and Bills Receivables and Contract Assets" in this section.

Other Expenses

Our other expenses represent impairment loss and disposal loss of long-term fixed assets, donation expenses, and exchange gains and losses. We recorded other expenses of RMB23.4 million, RMB6.2 million, RMB5.0 million and RMB2.5 million, respectively, in 2021, 2022, 2023 and the five months ended May 31, 2024.

Finance Costs

Our finance costs consist of interest expenses on our bank and other borrowings and lease liabilities. The following table sets forth a breakdown of our finance costs for the periods indicated:

	Year Ended December 31,			Five Months Ended May 31,	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Interest on interest-bearing bank and other borrowings	45,280	44,862	43,373	16,841	23,740
Interest on lease liabilities	4,778	4,157	4,553	1,504	1,166
Total	**50,058**	**49,019**	**47,926**	**18,345**	**24,906**

Share of Losses of A Joint Venture and Associates

We recorded share of losses of a joint venture and associates of RMB8.2 million, RMB21.4 million, RMB3.9 million and RMB5.7 million, respectively, in 2021, 2022, 2023 and the five months ended May 31, 2024. For details, see note 16 and note 17 to the Accountants' Report in Appendix I to this prospectus.

Income Tax Credit/(Expense)

Income tax credit/(expense) primarily represent our total current income tax and deferred income tax credit/(charges) under the relevant income tax rules and regulations in the jurisdictions where we operate. In 2021 and 2022, we recorded income tax expense of RMB4.0 million and RMB0.6 million, respectively. In 2023 and the five months ended May 31, 2024, we recorded income tax credit of RMB2.2 million and RMB2.0 million, respectively, which was mainly due to (i) losses incurred by our certain subsidiaries; and (ii) additional deductible allowances for research and development expenses.

Certain of our subsidiaries had been subject to PRC enterprise income tax at a preferential tax rate of 15% given their accreditations as "High and New Technology Enterprise" during the relevant period. Additionally, certain of our subsidiaries have applied the Small-Scaled Minimal Profit Corporate Income Tax Preferential Policy announced by the State Taxation Administration of the PRC. For more information, see note 10 to the Accountants' Report in Appendix I to this prospectus.

RESULTS OF OPERATIONS

Five Months Ended May 31, 2024 Compared to Five Months Ended May 31, 2023

Revenue

Our revenue decreased by 85.8% from RMB88.1 million for the five months ended May 31, 2023 to RMB12.5 million for the five months ended May 31, 2024, primarily attributable to decreases in revenue from sales of hydrogen fuel cell products and systems, partially offset by an increase in revenue from provision of fuel cell engineering and technical services.

Sales of Hydrogen Fuel Cell Products and Systems. Our revenue from sales of hydrogen fuel cell products and systems decreased by 89.5% from RMB85.7 million for the five months ended May 31, 2023 to RMB9.0 million for the five months ended May 31, 2024. This was mainly due to a decrease in the sales volume of fuel cell systems and components driven by fluctuations in timing of order deliveries. Our main customers, fuel cell vehicle manufacturers, generally place orders with us after assessing their production and sales plans. These plans are influenced by various factors, including the kick-off of related government award projects, which typically occurs in the second half of the year. As a result, large-scale orders and deliveries of our fuel cell systems and components are usually concentrated in the second half of the year. Given the relatively fewer orders delivered in the first half of the year, fluctuations in the timing of individual order deliveries may have a greater impact on our revenue during this period. In the first five months of 2024, we delivered only 11 fuel cell systems, down from 85 in the same period in 2023. Nonetheless, we had orders for 60 fuel cell system that were not yet delivered by May 2024, with an aggregate contract value of over RMB21 million. Additionally, in June 2024, we received orders for over 80 fuel cell systems placed by our customers, with an aggregate contract value of over RMB29 million, and we also delivered 30 fuel cell systems to our customers, with an aggregate contract value of over RMB16 million. The decrease in sales volume of components was due to the fact that such sales were driven by fluctuations in customers' demand for applying various components, which are influenced by their vehicle production schedules. Although the volume of components delivered in the first five months of 2024 was relatively small, the aggregate contract value of the components we delivered to customers in June 2024 exceeded RMB70 million. For detailed analysis on fluctuation of our sales volume and average selling prices, see "— Description of Selected Components of Consolidated Statements of Profit or Loss — Revenue — Sales of Hydrogen Fuel Cell Systems and Components" in this section.

Provision of Fuel Cell Engineering and Technical Services. Our revenue from provision of fuel cell engineering and technical services increased from nil for the five months ended May 31, 2023 to RMB1.0 million for the five months ended May 31, 2024. The fluctuation in revenue from provision of fuel cell engineering and technical services was mainly due to the customized nature of these services, as they were provided to cater to our customers' specific engineering demands.

Cost of Sales

Our cost of sales decreased by 60.1% from RMB92.0 million for the five months ended May 31, 2023 to RMB36.7 million for the five months ended May 31, 2024, mainly attributable to the decrease in raw materials as a result of our decreased sales of hydrogen fuel cell systems and components as well as the decrease in impairment losses on inventories.

Gross Profit and Gross Profit Margin

As a result of the cumulative effect of the factors described above, we recorded a gross loss of RMB24.2 million with a negative gross margin of 193.3% for the five months ended May 31, 2024, compared to the gross loss of RMB4.0 million and negative gross margin of 4.5% for the five months ended May 31, 2023. The gross loss and negative margin in the five months ended May 31, 2024 were mainly because our revenue was relatively small in the first five months of 2024 due to the seasonality and fluctuations in our customers' demands for application of fuel cell systems and components, which were in relation to their vehicle production schedules, while costs of sales such as employee benefit expense and depreciation and amortization did not decline proportionately during the same period.

For more information, see "— Description of Selected Components of Consolidated Statements of Profit or Loss — Gross Profit and Gross Profit Margin" in this section.

Other Income and Gains

Our other income and gains increased by 26.7% from RMB15.4 million for the five months ended May 31, 2023 to RMB19.5 million for the five months ended May 31, 2024, mainly due to an increase in government grants and subsidies, as we secured certain new government subsidies programs primarily related to research and development of fuel cell systems.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 17.4% from RMB36.7 million for the five months ended May 31, 2023 to RMB43.1 million for the five months ended May 31, 2024. This increase was primarily due to increased employee benefit expense as we granted options to employees under our share incentive scheme in January 2024.

Administrative Expenses

Our administrative expenses increased by 89.2% from RMB103.9 million for the five months ended May 31, 2023 to RMB196.6 million for the five months ended May 31, 2024, primarily due to an increase in employee benefit expense as we granted options to employees under our share incentive scheme in January 2024.

Research and Development Expenses

Our research and development expenses decreased by 9.3% from RMB99.5 million for the five months ended May 31, 2023 to RMB90.3 million for the five months ended May 31, 2024, mainly because in 2023, we had more R&D projects in the prototype testing and verification stage, which required a higher consumption of raw materials.

Fair Value Losses on Financial Assets at Fair Value Through Profit or Loss, Net

Our net fair value losses on financial assets at fair value through profit or loss increased significantly from RMB18.0 thousand for the five months ended May 31, 2023 to RMB2.2 million for the five months ended May 31, 2024, mainly due to fair value changes in our investments in structured deposits and private equity funds.

Fair Value Loss on A Derivative Financial Instrument

Our fair value loss on a derivative financial instrument remained at nil for the five months ended May 31, 2023 and 2024, respectively.

Impairment Losses on Financial Assets, Net

Our net impairment losses on financial assets increased by 119.6% from RMB18.9 million for the five months ended May 31, 2023 to RMB41.5 million for the five months ended May 31, 2024, mainly due to changes in aging of our trade receivables.

Other Expenses

Our other expenses increased significantly from RMB0.7 million for the five months ended May 31, 2023 to RMB2.5 million for the five months ended May 31, 2024, mainly due to disposal loss of long-term fixed assets.

Finance Costs

Our finance costs increased from RMB18.3 million for the five months ended May 31, 2023 to RMB24.9 million for the five months ended May 31, 2024, primarily attributable to an increase in the average balance of our bank loans during the same period.

Share of Losses of A Joint Venture and Associates

Our share of losses of a joint venture and associates increased significantly from RMB2.7 million from the five months ended May 31, 2023 to RMB5.7 million for the five months ended May 31, 2024, mainly due to certain of our associates operating in the upstream or downstream of our industry, which were in an early stage of development.

Income Tax Credit

Our income tax credit decreased by 23.0% from RMB2.6 million for the five months ended May 31, 2023 to RMB2.0 million for the five months ended May 31, 2024, primarily due to a decrease in deferred tax credit.

Loss for the Period

As a result of the above, our loss for the period increased by 53.5% from RMB266.7 million for the five months ended May 31, 2023 to RMB409.4 million for the five months ended May 31, 2024.

Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

Revenue

Our revenue increased by 48.1% from RMB604.6 million in 2022 to RMB895.3 million in 2023, primarily attributable to increases in revenue from sales of hydrogen fuel cell systems and components, partially offset by an decrease in revenue from provision of fuel cell engineering and technical services.

Sales of Hydrogen Fuel Cell Systems and Components. Our revenue from sales of hydrogen fuel cell systems and components increased by 49.5% from RMB573.6 million in 2022 to RMB857.3 million in 2023, primarily attributable to the increases in sales volume of fuel cell systems and components. In 2023, our customers resumed normal business operation following the ease of anti-pandemic measures, leading to a rebound in their demand for our products. This, coupled with our continued efforts to expand markets, resulted in a significant increase in sales volume of our hydrogen fuel cell systems and components in 2023. In particular, in September 2023, we launched a pioneer project, with its first phase involving a one-time order for a large volume of fuel cell systems and hydrogen supply systems, contributing RMB162.6 million to our total revenue in 2023. As this project progresses, we may receive new orders in the future. For detailed analysis on fluctuation of our sales volume and average selling prices, see "— Description of Selected Components of Consolidated Statements of Profit or Loss — Revenue — Sales of Hydrogen Fuel Cell Systems and Components" in this section.

Provision of Fuel Cell Engineering and Technical Services. Our revenue from provision of fuel cell engineering and technical services decreased by 11.7% from RMB26.5 million in 2022 to RMB23.4 million in 2023, mainly due to the changes in service mix. The fuel cell engineering and technical services we offered in 2022 was mainly related to our customized design and development of production lines for an engine manufacturer, which had been completed in 2022. Our fuel cell engineering and technical services provided in 2023 mainly included research and development support for a vehicle manufacturer based in Japan in the domain of hydrogen-powered vehicles.

Cost of Sales

Our cost of sales increased by 29.0% from RMB554.8 million in 2022 to RMB715.7 million in 2023, mainly attributable to the increase in raw materials as a result of our increased sales of hydrogen fuel cell systems and components, which was partially offset by the decrease in impairment losses on inventories.

Gross Profit and Gross Profit Margin

As a result of the cumulative effect of the factors described above, our gross profit increased significantly from RMB49.8 million in 2022 to RMB179.6 million in 2023, and gross profit margin increased significantly from 8.2% in 2022 to 20.1% in 2023. In 2023, the increase in gross profit and gross profit margin was mainly attributed to a decrease in impairment losses on inventories resulting from our inventory management efforts, sufficient provision made for fuel cell systems with relatively low rated power in 2022, and the mass production of our new-generation fuel cell stacks and related systems in 2023 that contributed to the increase in gross profit margin for fuel cell systems equipped with our in-house manufactured fuel cell stacks.

For more information, see "— Description of Selected Components of Consolidated Statements of Profit or Loss — Gross Profit and Gross Profit Margin" in this section.

Other Income and Gains

Our other income and gains remained stable at RMB59.8 million in 2022 to RMB59.8 million in 2023.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 31.1% from RMB102.8 million in 2022 to RMB134.8 million in 2023. This increase was primarily due to (i) increased after-sales service fees resulted from the increased sales of our hydrogen fuel cell systems and components; and (ii) increased employee benefit expense caused by an increase in our general salary level.

Administrative Expenses

Our administrative expenses increased by 40.0% from RMB242.7 million in 2022 to RMB339.7 million in 2023, primarily due to an increase in employee benefit expense mainly as a result of our grant of shares to employees under our employee incentive scheme in April 2023.

Research and Development Expenses

Our research and development expenses increased by 11.2% from RMB198.7 million in 2022 to RMB220.9 million in 2023, primarily due to an increase in employee benefit expense as we increased the salary level to attract talents and we granted shares to employees under our employee incentive scheme in April 2023.

Fair Value Gains or Losses on Financial Assets at Fair Value Through Profit or Loss, Net

In 2023, we recorded net fair value losses of RMB3.1 million on financial assets at fair value through profit or loss, compared to net fair value gains of RMB0.9 million on financial assets at fair value through profit or loss in 2022. The change was mainly due to fluctuations in the fair value of our investments in private equity funds.

Fair Value Loss on A Derivative Financial Instrument

Our fair value loss on a derivative financial instrument decreased significantly from RMB19.7 million in 2022 to nil in 2023, as our derivative financial instruments at fair value through profit or loss was settled in June 2023. For details, see "— Discussion of Certain Selected Items From the Consolidated Statements of Financial Position — Derivative Financial Instruments" in this section.

Impairment Losses on Financial Assets and a Financial Guarantee Obligation, Net

Our net impairment losses on financial assets and a financial guarantee obligation increased significantly from RMB15.5 million in 2022 to RMB64.0 million in 2023, mainly due to the increased provision for impairment losses on trade receivables. This was further caused by the increase in gross carrying amount of trade receivables as a result of our increased revenue and prolonged settlement. For more information, see "— Discussion of Certain Selected Items from the Consolidated Statements of Financial Position — Trade and Bills Receivables and Contract Assets" in this section.

Other Expenses

Our other expenses decreased by 19.4% from RMB6.2 million in 2022 to RMB5.0 million in 2023, mainly attributable to the disposal loss of long-term fixed assets.

Finance Costs

Our finance costs remained relatively stable at RMB49.0 million and RMB47.9 million in 2022 and 2023, respectively.

Share of Losses of A Joint Venture and Associates

Our share of losses of a joint venture and associates decreased significantly from RMB21.4 million in 2022 to RMB3.9 million in 2023, mainly due to the decreased losses of a joint venture, Guohong Refire.

Income Tax Credit

We recorded income tax expense of RMB0.6 million in 2022 and income tax credit of RMB2.2 million in 2023, primarily due to an increase in deferred tax expenses.

Loss for the Year

As a result of the above, our loss for the period increased slightly from RMB546.1 million in 2022 to RMB577.5 million in 2023.

Year Ended December 31, 2022 Compared to Year Ended December 31, 2021

Revenue

Our revenue increased by 15.4% from RMB524.1 million in 2021 to RMB604.6 million in 2022, primarily due to increases in revenue from the sale of hydrogen fuel cell systems and components as well as revenue from the provision of fuel cell engineering and technical services.

Sales of Hydrogen Fuel Cell Systems and Components. Our revenue from sales of hydrogen fuel cell systems and components increased by 11.6% from RMB513.7 million in 2021 to RMB573.6 million in 2022, mainly due to the increases in sales volume of our hydrogen fuel cell systems and components. The rise in sales volume of our fuel cell systems was further attributable to, among others, our research and development initiatives to improve product performance, our continuous efforts to reduce costs and selling prices, and to facilitate commercialization. The increase in sales volume of components was attributable to the enhanced customers' request for specific components, which we offer together with fuel cell systems within our product solutions, reflecting the enhanced customers' trust and recognition in our capabilities to offer comprehensive solutions. The increases in sales volume was partially offset by an decrease in the average selling price of our fuel cell systems, as a result of our efforts to drive technological advances and cost efficiencies that enabled us to offer more competitive pricing. For detailed analysis on fluctuation of our sales volume and average selling prices, see "— Description of Selected Components of Consolidated Statements of Profit or Loss — Revenue — Sales of Hydrogen Fuel Cell Systems and Components" in this section.

Provision of Fuel Cell Engineering and Technical Services. Our revenue from provision of fuel cell engineering and technical services increased significantly from RMB7.3 million in 2021 to RMB26.5 million in 2022, with fluctuations mainly driven by specific customer demand in the relevant years. In 2022, we fulfilled a substantial order involving the tailored design and development of production lines for an engine manufacturer, contributing significantly to this growth.

Cost of Sales

Our cost of sales increased by 20.0% from RMB462.3 million in 2021 to RMB554.8 million in 2022, mainly attributable to the increase in raw materials in line with our increased sales of hydrogen fuel cell systems and components, as well as the increase in impairment losses on inventories.

Gross Profit and Gross Profit Margin

As a result of the cumulative effect of the factors described above, our gross profit decreased by 19.4% from RMB61.8 million in 2021 to RMB49.8 million in 2022, and gross profit margin decreased from 11.8% in 2021 to 8.2% in 2022. The decrease in gross profit and margin was mainly caused by the increase in impairment losses on inventories incurred as a result of the rapid product iterations towards high-output fuel cell systems and the decline in market prices along with the technology advancement.

For more information, see "— Description of Selected Components of Consolidated Statements of Profit or Loss — Gross Profit and Gross Profit Margin" in this section.

Other Income and Gains

Our other income and gains increased by 10.8% from RMB54.0 million in 2021 to RMB59.8 million in 2022, mainly caused by the increase in interest income as a result of our increased bank deposits and purchase of structured deposits after we received capital injection from shareholders in 2022.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 13.7% from RMB90.5 million in 2021 to RMB102.8 million in 2022, primarily due to the increase in employee benefit expense resulting from our raising of general salary level.

Administrative Expenses

Our administrative expenses increased by 11.2% from RMB218.2 million in 2021 to RMB242.7 million in 2022, primarily due to (i) increased depreciation and amortization as a result of our office decoration in 2022, and (ii) increased employee benefit expense attributable to the rise in our general salary level.

Research and Development Expenses

Our research and development expenses decreased by 13.9% from RMB230.9 million in 2021 to RMB198.7 million in 2022, mainly due to a higher cost of raw materials for R&D activities in 2021 when we tested and validated our in-house developed MEAs prior to mass production and completed the development of fuel cell systems with a rated power of 120kW to 130kW and corresponding fuel cell stacks.

Fair Value Gains on Financial Assets at Fair Value Through Profit or Loss, Net

Our net fair value gains on financial assets at fair value through profit or loss increased significantly from RMB0.4 million in 2021 to RMB0.9 million in 2022, mainly attributable to fair value changes in our investments in private equity funds.

Fair Value Loss on A Derivative Financial Instrument

Our fair value loss on a derivative financial instrument increased significantly from RMB0.6 million for 2021 to RMB19.7 million for 2022, primarily due to an increase in derivative financial instruments at fair value through profit or loss in relation to our obligation to buy back shares of Guohong Refire. For details, see "— Discussion of Certain Selected Items from the Consolidated Statements of Financial Position — Derivative Financial Instruments" in this section.

Impairment Losses on Financial Assets and a Financial Guarantee Obligation, Net

Our net impairment losses on financial assets and a financial guarantee obligation decreased significantly from RMB144.6 million to RMB15.5 million, mainly due to a higher net loss allowance on trade receivables in 2021 as we made full provisions on trade receivables due from a third-party customer who experienced financial difficulties to settle our payment. The relevant trade receivables originated from transactions that occurred before the Track Record Period. Following the awareness of this customer's deteriorating financial condition, we have ceased conducting business with it. For more information, see "— Discussion of Certain Selected Items from the Consolidated Statements of Financial Position — Trade and Bills Receivables and Contract Assets" in this section.

Other Expenses

Our other expenses decreased by 73.7% from RMB23.4 million in 2021 to RMB6.2 million in 2022, mainly due to a decrease in impairment losses on fixed assets.

Finance Costs

Our finance costs remained relatively stable at RMB50.1 million and RMB49.0 million in 2021 and 2022, respectively.

Share of Losses of A Joint Venture and Associates

Our share of losses of a joint venture and associates increased significantly from RMB8.2 million in 2021 to RMB21.4 million in 2022, mainly attributable to certain of our associates operating in the upstream or downstream of our industry, which were in an early stage of development.

Income Tax Expense

Our income tax expense decreased significantly from RMB4.0 million in 2021 to RMB0.6 million in 2022, primarily because the government subsidies received in 2021 were subject to taxation, resulting a higher tax expenses in 2021.

Loss for the Year

As a result of the above, our loss for the year decreased by 16.5% from RMB654.3 million in 2021 to RMB546.1 million in 2022.

LIQUIDITY AND CAPITAL RESOURCES

Overview

Our primary working capital needs have been, and are expected to continue to be, funding our research and development, construction of our manufacturing facilities, procurement of raw materials and other general corporate needs. Historically, we financed our operations and other capital requirements primarily using cash generated from our operations, bank and other borrowings and funds raised from equity financings.

We expect to fund our future working capital and other cash requirements with cash generated from operations, net proceeds from the Global Offering, bank and other borrowings, as well as equity financing when necessary. Any significant decrease in demand for, or pricing of, our products, or a significant decrease in the availability of bank loans or other financing may adversely impact our liquidity.

As of May 31, 2024, we had cash and cash equivalents of RMB435.7 million. Taking into account the net proceeds from the Global Offering and the financial resources available to us, our Directors are of the view that we have sufficient working capital to meet our present requirements and for the next 12 months from the date of this prospectus.

Cash Flows

The following table sets forth our consolidated statements of cash flows for the periods indicated:

	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 cash flow before movements in working capital	(285,804)	(243,384)	(232,644)	(154,104)	(167,382)
Changes in working capital	(486,887)	(490,968)	(498,312)	(284,790)	20,863
Interest received and income tax paid	4,480	6,291	12,551	4,751	2,465
Net cash flows used in operating activities	(768,211)	(728,061)	(718,405)	(434,143)	(144,054)
Net cash flows from/(used in) investing activities	(185,465)	(560,340)	116,804	79,724	(75,302)
Net cash flows from/(used in) financing activities	368,354	2,088,391	181,412	132,552	(5,523)
Net (decrease)/increase in cash and cash equivalents	(585,322)	799,990	(420,189)	(221,867)	(224,879)
Cash and cash equivalents at the beginning of the year	862,206	276,220	1,079,456	1,079,456	664,510
Effect of foreign exchange rate changes, net	(664)	3,246	5,243	980	(3,921)
Cash and cash equivalents at end of year	**276,220**	**1,079,456**	**664,510**	**858,569**	**435,710**

Net Cash Flows Used in Operating Activities

For the five months ended May 31, 2024, net cash used in our operating activities was RMB144.1 million, primarily attributable to our loss before tax of RMB411.4 million, as adjusted for non-cash and non-operating items, which mainly included (i) share-based payment expenses of RMB117.5 million, (ii) net impairment losses on financial assets and a financial guarantee obligation of RMB41.5 million, and (iii) depreciation of property, plant and equipment of RMB37.4 million, partially offset by government grants and subsidies of RMB4.3 million credited to the statement of profit or loss during the period. The amount was further adjusted by decrease in movements in working capital of RMB20.9 million, and interest received of RMB2.5 million. The decrease in movements in working capital primarily included (i) a RMB74.2 million decrease in prepayments, other receivables and other assets, (ii) a RMB24.4 million in increase in other payables and accruals, and (iii) a RMB21.4 million increase in contract liabilities, partially offset by a RMB105.0 million increase in inventories.

In 2023, net cash used in our operating activities was RMB718.4 million, primarily attributable to our loss before tax of RMB579.8 million, as adjusted for non-cash and non-operating items, which mainly included (i) depreciation of property, plant and equipment of RMB92.8 million, (ii) share-based payment expenses of RMB87.1 million, and (iii) net impairment losses of RMB64.0 million on financial assets and a financial guarantee obligation, partially offset by (i) interest income of RMB16.2 million, and (ii) government grants and subsidies of RMB11.4 million credited to the statement of profit or loss during the period. The amount was further adjusted by decrease in movements in working capital of RMB498.3 million, interest received of RMB15.0 million and income tax paid of RMB2.4 million. The decrease in movements in working capital primarily included (i) a RMB527.5 million increase in trade and bills receivables, and (ii) a RMB128.8 million increase in prepayments, other receivables and other assets, partially offset by (i) a RMB84.5 million increase in trade and bills payables, and (ii) a RMB59.2 million decrease in restricted cash.

In 2022, net cash used in our operating activities was RMB728.1 million, primarily attributable to our loss before tax of RMB545.5 million, as adjusted for non-cash and non-operating items, which mainly included (i) write-down of inventories to net realizable value of RMB82.1 million, (ii) depreciation of property, plant and equipment of RMB78.4 million, and (iii) finance costs of RMB49.0 million, partially offset by (i) interest income of RMB18.0 million, and (ii) government grants and subsidies of RMB11.8 million credited to the statement of profit or loss during the year. The amount was further adjusted by decrease in movements in working capital of RMB491.0 million, interest received of RMB15.9 million and income tax paid of RMB9.6 million. The decrease in movements in working capital primarily included (i) a RMB353.8 million increase in trade and bills receivables due to our increased sales of products, and (ii) a RMB99.1 million increase in inventories as we procured more raw materials to meet the increasing market demand for our products, partially offset by (i) a RMB23.8 million increase in other payables and accruals, and (ii) a RMB10.8 million increase in deferred income.

In 2021, net cash used in our operating activities was RMB768.2 million, primarily attributable to our loss before tax of RMB650.3 million, as adjusted for non-cash and non-operating items, which mainly included (i) net impairment losses on financial assets and a financial guarantee obligation of RMB144.6 million, (ii) depreciation of property, plant and equipment of RMB61.4 million, and (iii) finance costs of RMB50.1 million, partially offset by (i) government grants and subsidies of RMB8.2 million credited to the statement of profit or loss during the year, and (ii) interest income of RMB7.5 million. The amount was further adjusted by decrease in movements in working capital of RMB486.9 million, interest received of RMB7.5 million and income tax paid of RMB3.0 million. The decrease in movements in working capital primarily included (i) a RMB476.7 million increase in trade and bills receivables driven by our sales in 2021, and (ii) a RMB109.6 million increase in inventories in line with our increased production, partially offset by (i) a RMB51.7 million decrease in prepayments, other receivables and other assets, and (ii) a RMB29.9 million increase in other payables and accruals.

In view of our operating cash outflows during the Track Record Period, we expect to improve our cash flow positions by consistently refining working capital efficiency. This initiative involves optimizing our organizational structure to heighten operational efficiency and reduce operating expenses. By focusing our product and project resources, we aim to increase the return on investment in projects. Moreover, we are endeavoring to fortify supply management. This includes continually seeking to source more quality raw materials and components domestically, as well as increase the level of in-house development and production of key components, thereby driving down our costs. As our business continues to expand, we anticipate scaling up our purchases from suppliers, enabling us to negotiate more favorable terms. Furthermore, we may select to use bills payables and supply chain finance products to settle with our suppliers, allowing us to extend the payment period for our suppliers and optimize our working capital. In addition, we will also enhance our efforts on collecting overdue trade receivables, and optimize inventory control to improve our production planning and inventory turnover days. For more information, see "— Discussion of Certain Selected Items from the Consolidated Statements of Financial Position — Trade and Bills Receivables and Contract Assets" and "— Discussion of Certain Selected Items from the Consolidated Statements of Financial Position — Inventories" in this section.

Net Cash Flows From/(Used in) Investing Activities

For the five months ended May 31, 2024, net cash used in investing activities was RMB75.3 million, primarily the result of (i) investments in associates of RMB39.0 million, and (ii) purchases of items of property, plant, equipment and leasehold land of RMB23.7 million, partially offset by proceeds from disposal of items of property, plant and equipment of RMB1.8 million.

In 2023, net cash generated from investing activities was RMB116.8 million, primarily the result of (i) maturity of financial assets at fair value through profit or loss of RMB337.1 million, and (ii) disposal of time deposits of RMB53.3 million, partially offset by (i) purchases of items of property, plant and equipment of RMB143.2 million, and (ii) investments in financial assets at fair value through profit or loss of RMB41.0 million.

In 2022, net cash used in investing activities was RMB560.3 million, primarily the result of (i) investments in financial assets at fair value through profit or loss of RMB1,175.0 million, and (ii) purchase of items of property, plant and equipment of RMB122.0 million, partially offset by maturity of financial assets at fair value through profit or loss of RMB840.1 million.

In 2021, net cash used in investing activities was RMB185.5 million, primarily the result of (i) purchases of items of property, plant and equipment of RMB154.8 million, (ii) investments in associates of RMB12.0 million, (iii) purchase of other intangible assets of RMB11.8 million, partially offset by disposal of an associate of RMB10.0 million.

Net Cash Flows from Financing Activities

For the five months ended May 31, 2024, net cash used in financing activities was RMB5.5 million, primarily the result of (i) repayment of interest-bearing bank and other borrowings of RMB103.2 million, (ii) interest paid of RMB13.0 million and (iii) lease payments of RMB10.7 million, partially offset by proceeds from interest-bearing bank and other borrowings of RMB113.0 million.

In 2023, net cash generated from financing activities was RMB181.4 million, primarily the result of proceeds from interest-bearing bank and other borrowings of RMB561.1 million, partially offset by repayment of interest-bearing bank and other borrowings of RMB265.4 million and payments of factoring deposits of RMB60.0 million.

In 2022, net cash generated from financing activities was RMB2,088.4 million, primarily attributable to capital injection of (i) RMB2,182.8 million from the Company's shareholders capital injection, and (ii) proceeds from interest-bearing bank and other borrowings of RMB624.0 million, partially offset by repayment of interest-bearing bank and other borrowings of RMB693.6 million.

In 2021, net cash from financing activities was RMB368.4 million, primarily the result of proceeds from interest-bearing bank and other borrowings of RMB636.1 million, partially offset by repayment of interest-bearing bank and other borrowings of RMB236.7 million.

Net Current Assets

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

	As of December 31,			As of 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	259,968	276,934	239,872	336,364	362,916
Trade and bills receivables	923,550	1,265,529	1,583,395	1,618,631	1,555,712
Prepayments, other receivables and other assets	100,794	102,513	296,268	218,691	245,635
Financial assets at fair value through profit or loss	–	335,797	–	–	–
Time deposits	–	52,086	–	–	–
Restricted cash	–	59,902	746	28	29
Cash and cash equivalents	276,220	1,079,456	664,510	435,710	397,057
Total current assets	**1,560,532**	**3,172,217**	**2,784,791**	**2,609,424**	**2,561,349**
CURRENT LIABILITIES					
Trade and bills payables	561,533	566,255	650,741	626,013	727,868
Other payables and accruals	78,665	102,416	141,315	174,717	122,648
Contract liabilities	20,206	15,069	12,740	35,552	21,413
Derivative financial instrument	–	37,423	–	–	–
Interest-bearing bank and other borrowings	654,317	269,079	470,443	811,044	1,028,843
Lease liabilities	15,418	15,523	18,921	19,738	20,600
Tax payable	11,138	3,447	1,056	1,104	697
Deferred income	3,029	–	963	932	963
Provision	29,356	18,855	21,080	21,102	21,512
Total current liabilities	**1,373,662**	**1,028,067**	**1,317,259**	**1,690,202**	**1,944,545**
NET CURRENT ASSETS	**186,870**	**2,144,150**	**1,467,532**	**919,222**	**616,805**

As of December 31, 2021, 2022 and 2023 and May 31 and September 30, 2024, the net current assets amounted to RMB186.9 million, RMB2,144.2 million, RMB1,467.5 million, RMB919.2 million and RMB616.8 million, respectively.

Our net current assets decreased by 32.9% from RMB919.2 million as of May 31, 2024 to RMB616.8 million as of September 30, 2024, mainly attributable to (i) an increase in interest-bearing bank and other borrowings, (ii) an increase in trade and bills payables due to our increased procurement of raw materials for order deliveries, and (iii) a decrease in trade and bills receivables.

Our net current assets decreased by 37.4% from RMB1,467.5 million as of December 31, 2023 to RMB919.2 million as of May 31, 2024, mainly attributable to (i) a decrease in cash and cash equivalents, (ii) a decrease in prepayments, other receivables and other assets, and (iii) an increase in interest-bearing bank and other borrowings.

Our net current assets decreased by 31.6% from RMB2,144.2 million as of December 31, 2022 to RMB1,467.5 million as of December 31, 2023, mainly attributable to (i) a decrease in cash and cash equivalents, (ii) a decrease in financial assets at fair value through profit or loss due to the maturity of our investments in structured deposits issued by banks in Mainland China.

Our net current assets increased significantly from RMB186.9 million as of December 31, 2021 to RMB2,144.2 million as of December 31, 2022, mainly attributable to (i) a significant increase in cash and cash equivalents as we received capital injection from shareholders in 2022, (ii) an increase in financial assets at fair value through profit or loss due to our purchase of structured deposits issued by banks in Mainland China, and (iii) an increase in trade and bills receivables in line with our sales growth.

DISCUSSION OF CERTAIN SELECTED ITEMS FROM THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Property, Plant and Equipment

The following sets forth a breakdown of balances of our property, plant and equipment as of the dates indicated:

	As of December 31,			As of May 31,
	2021	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Buildings	56,484	60,381	61,648	60,553
Machinery	223,215	237,915	263,173	264,520
Office equipment and electronic devices	11,253	9,186	7,855	6,025
Vehicles	824	746	1,898	1,603
Leasehold improvements	111,161	97,547	80,092	68,978
Construction in progress	18,547	11,509	38,135	28,970
Total	**421,484**	**417,284**	**452,801**	**430,649**

Our property, plant and equipment primarily consist of machinery, leasehold improvements, buildings and construction in progress. Our property, plant and equipment remained relatively stable at RMB421.5 million and RMB417.3 million as of December 31, 2021 and 2022, respectively. Our property, plant and equipment increased by 8.5% from RMB417.3 million as of December 31, 2022 to RMB452.8 million as of December 31, 2023, mainly due to our upgraded production line for fuel cell systems, increased self-production capacity in our plant in Changshu, increased purchases of production and testing equipment to facilitate our manufacture and R&D activities. Our property, plant and equipment decreased slightly from RMB452.8 million as of December 31, 2023 to RMB430.6 million as of May 31, 2024, mainly attributable to decreases in leasehold improvements and construction in progress as a result of depreciation and amortization.

Right-of-use Assets

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

	As of December 31,			As of May 31,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Land-use rights	22,124	21,659	21,194	59,119
Lease of plant and properties	82,566	66,211	48,225	41,237
Total	**104,690**	**87,870**	**69,419**	**100,356**

Our land-use rights represent land transfer fee paid for land lots in Changshu, Jiangsu. The lease of plant and properties mainly includes office and factory buildings under leases, which are used for daily operations. Our right-of-use assets decreased by 16.1% from RMB104.7 million as of December 31, 2021 to RMB87.8 million as of December 31, 2022, decreased by 21.0% to RMB69.4 million as of December 31, 2023, which was mainly due to amortization of the related assets. Our right-of-use assets increased by 44.6% from RMB69.4 million as of December 31, 2023 to RMB100.4 million as of May 31, 2024, primarily due to our purchase of land during the first five months of 2024.

Other Intangible Assets

The table below sets forth a breakdown of our other intangible assets as of the dates indicated:

	As of December 31,			As of May 31,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Software	19,598	27,035	21,063	18,407
Patents and licenses	4,154	2,688	1,222	5,041
Construction in progress	9,832	478	171	–
Total	**33,584**	**30,201**	**22,456**	**23,448**

Our other intangible assets included software, patents and licenses and construction in progress. Our other intangible assets decreased by 10.1% from RMB33.6 million as of December 31, 2021 to RMB30.2 million as of December 31, 2022, mainly due to a decrease in construction in progress, patents and licenses resulting from amortization, which was partially offset by an increase in software. Our other intangible assets decreased by 25.6% from RMB30.2 million as of December 31, 2022 to RMB22.5 million as of December 31, 2023, mainly due to the amortization of software. As of May 31, 2024, our other intangible assets amounted to RMB23.4 million, which remained relatively stable compared to December 31, 2023.

Investments In Associates

Our investments in associates increased by 52.5% from RMB51.6 million as of December 31, 2021 to RMB78.7 million as of December 31, 2022, and further increased by 26.5% to RMB99.5 million as of December 31, 2023. Our investments in associates further increased by 31.7% from RMB99.5 million as of December 31, 2023 to RMB131.1 million as of May 31, 2024. The continued increase was mainly due to our continuous investments in the upstream and downstream participants in our industry to capitalize on potential synergies in business development.

Inventories

Our inventories primarily consist of raw materials, work in progress and finished goods. The following table sets forth a breakdown of our inventories as of the dates indicated:

	As of December 31,			As of May 31,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	175,630	212,380	175,710	218,847
Work in progress	12,267	4,639	12,993	24,744
Finished goods	145,716	185,357	166,784	195,192
Subtotal	**333,613**	**402,376**	**355,487**	**438,783**
Less: provision for impairment losses on inventories	(73,645)	(125,442)	(115,615)	(102,419)
Total	**259,968**	**276,934**	**239,872**	**336,364**

Our inventories increased slightly by 6.5% from RMB260.0 million as of December 31, 2021 to RMB276.9 million as of December 31, 2022, which was attributable to the increases in raw materials and finished goods. Our inventories decreased by 13.4% from RMB276.9 million as of December 31, 2022 to RMB239.9 million as of December 31, 2023 due to the decreases in raw materials and finished goods. Our inventories increased by 40.2% from RMB239.9 million as of December 31, 2023 to RMB336.4 million as of May 31, 2024, mainly attributable to the seasonality nature of our business, where the first half of the year tend to be a stocking-up period characterized by lower sales volumes, in anticipation of higher demand in the latter half of the year.

Our raw materials increased by 20.9% from RMB175.6 million as of December 31, 2021 to RMB212.4 million as of December 31, 2022, mainly due to the increasing demand for raw materials as a result of the increased sales of our products and the growing proportion of proprietary components used in our fuel cell systems. Our raw materials decreased by 17.3% from RMB212.4 million as of December 31, 2022 to RMB175.7 million as of December 31, 2023, mainly as a result of our proactive measures in optimizing procurement processes and achieving greater inventory control. Our raw materials increased by 24.6% from RMB175.7 million as of December 31, 2023 to RMB218.8 million as of May 31, 2024, mainly affected by the aforesaid seasonality of our business.

Our finished goods increased by 27.2% from RMB145.7 million as of December 31, 2021 to RMB185.4 million as of December 31, 2022, which was in line with the increased sales volume of our products. Our finished goods decreased by 10.0% from RMB185.4 million as of December 31, 2022 to RMB166.8 million as of December 31, 2023, mainly due to our diligent efforts in managing inventory levels. Our finished goods increased by 17.0% from RMB166.8 million as of December 31, 2023 to RMB195.2 million as of May 31, 2024, mainly affected by the aforesaid seasonality of our business.

Our provision for impairment losses on inventories increased by 70.3% from RMB73.6 million as of December 31, 2021 to RMB125.4 million as of December 31, 2022, mainly due to the rapid product iterations towards high-output fuel cell systems and the decline in market prices. Our provision for impairment losses on inventories decreased by 7.8% from RMB125.4 million as of December 31, 2022 to RMB115.6 million as of December 31, 2023, and further to RMB102.4 million as of May 31, 2024, primarily due to our efforts to optimize inventories by exercising cautious control over inventory growth and actively liquidating slow-moving inventories as well as the adequate provision we made for fuel cell systems with relatively low rated power in 2022.

As of September 30, 2024, approximately RMB122.9 million, or 36.5% of our inventories as of May 31, 2024, had been subsequently sold or utilized.

Inventory Turnover Days

The following table sets out the inventory turnover days for the periods indicated:

	Year Ended December 31,			Five Months Ended May 31,
	2021	**2022**	**2023**	**2024**
Average inventory turnover days[(1)]	210	242	193	1,622

Note:

(1) Average inventory turnover days equal to the average cost of inventory at the beginning and the end of the relevant period divided by cost of sales for such period and multiplied by 365 days in 2021, 2022 and 2023 and by 150 days for the five months ended May 31, 2024, respectively.

In 2021, 2022, 2023 and five months ended May 31, 2024, our average inventory turnover days were 210 days, 242 days, 193 days and 1,622 days, respectively. The increase in inventory turnover days in 2022 was primarily due to an increase in inventories in anticipation of an increase in our sales of fuel cell systems and components, based on the overall market condition and development of the industry and orders on hands. The decrease in inventory turnover days in 2023 was mainly caused by our increased sales of hydrogen fuel cell systems and components in 2023 which led to increased cost of sales, as well as our improvement in inventory management. The increase in inventory turnover days in the five months ended May 31, 2024 was mainly caused by the seasonality nature of our business. Specifically, the first half of the year is typically a stocking-up period with higher inventory levels in anticipation of stronger demand later in the year, while the revenue and cost of sales are generally lower during this period. For more information, see "Business — Seasonality" in this prospectus.

Inventory Aging Analysis

The following table sets forth the aging analysis of our inventories net of provision for impairment losses as of the dates indicated:

	As of May 31, 2024				
	Within 180 days	**181 days-1 year**	**1-2 years**	**More than 2 years**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	102,491	13,172	35,469	13,546	164,678
Work in progress	24,744	–	–	–	24,744
Finished goods	115,040	8,321	19,197	4,384	146,942
Total	**242,275**	**21,493**	**54,666**	**17,930**	**336,364**

	As of December 31, 2023				
	Within 180 days	**181 days-1 year**	**1-2 years**	**More than 2 years**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	47,650	14,080	26,055	30,123	117,908
Work in progress	12,992	–	–	–	12,992
Finished goods	73,985	11,175	17,396	6,416	108,972
Total	**134,627**	**25,255**	**43,451**	**36,539**	**239,872**

	As of December 31, 2022				
	Within 180 days	181 days-1 year	1-2 years	More than 2 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	110,833	14,591	30,836	2,652	158,912
Work in progress	4,279	347	12	–	4,638
Finished goods	92,866	4,388	13,474	2,656	113,384
Total	**207,978**	**19,326**	**44,322**	**5,308**	**276,934**

	As of December 31, 2021				
	Within 180 days	181 days-1 year	1-2 years	More than 2 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	113,166	11,721	11,374	2,294	138,555
Work in progress	10,023	1,745	499	–	12,267
Finished goods	77,493	18,822	11,862	969	109,146
Total	**200,682**	**32,288**	**23,735**	**3,263**	**259,968**

Inventory Management

We have implemented comprehensive inventory management policies and measures to monitor our inventory levels and prevent inventory obsolesces. Specifically,

- When determining our inventory level, in addition to confirmed customer orders, we also take our expectations of market demand into consideration. As confirmed by Frost & Sullivan, productions beyond confirmed customer orders in anticipation of estimated demand are in line with the industry practice. We estimated the market demand mainly through (i) the assessment of national and local hydrogen fuel cell-related goals published in the government papers or policies that set out the specific quantities of fuel cell vehicles required for government programs, as well as monitoring the related demand fluctuations, (ii) the expectation of growth in demand as the average product prices decline, (iii) the information gathered by our sales teams in different regions from the local customers, such as fuel cell vehicle manufactures, on their estimated demand for fuel cell vehicles in the coming year, (iv) analyzing past sales data to identify demand trends and patterns, and (v) taking into account economic conditions such as the growth of our downstream industry in the previous year.

- To ensure effective inventory management, we have established specific practices to align our inventories with product production and business execution. This includes conducting regular reviews and updates of our product catalogue, sales forecast, and sales and operations planning ("**S&OP**") and ensure the alignment across them. We also hold regular S&OP meetings to facilitate efficient and consistent communication among our sales, R&D and production teams. Additionally, we employ the MRPII (Manufacturing Resources Planning II) method to minimize response cycles in forecasting, orders, planning, production, and delivery processes. To further optimize inventory, we have implemented Non-Conformance Notices (NCN) and Engineering Change Notices (ECN) management systems to minimize slow-moving parts and mitigate the risk of dead stock.

- In addition, we conduct regular monthly and yearly stocktaking and inventory analysis to find out inventory trends, balance inventory levels, to avoid slow-moving parts or dead stock. We have implemented an incoming inspection process and an inventory risk tracing management system to ensure that all incoming materials are carefully examined and monitored to mitigate potential risks. To further enhance quality control, we have established inventory standards that require regular quality inspections for high-risk items in storage. Moreover, we adhere to stringent outbound inspection standards to meet our customers' quality requirements upon product delivery.

We believe that these internal policies and measures on inventory management help us better plan raw material procurement, prevent inventory obsolesces and deliver our products to meet customer demand in a timely manner without straining our liquidity.

Recoverability of Inventories

Our inventories are primarily aged one year or less. Inventories aged over one year mainly include finished goods, which consist primarily of fuel cell systems and fuel cell stacks, and raw materials, such as hydrogen circulation pumps, air compressors and controllers. Both raw materials and finished goods generally have no validity period. They can still be used in production or for sales even they are aged over a year. Our raw materials in stock as a whole are still used for production.

In addition, in recent year, the government has continued to introduce supportive policies for the fuel cell vehicle industry. This indicates that the end market for fuel cell vehicles is expected to have a relatively large growth potential. After analyzing the potential market and customer demand, we anticipate significant sales in the future.

As a result of the above, we have not identified any recoverability issue with respect to our inventories aged over one year.

Sufficiency of Impairment Provision of Inventories

Provision for impairment losses on inventories is made when the net realizable value of inventories falls below the cost or any of the inventories is identified as obsolete. We consider the actual usage of inventories in history and consider market factors such as technology iteration to identify obsolete products on each balance sheet date, which high impairment provision will be made. The remaining inventories shall be measured based on the lower of the net realizable value and the cost and the amounts of the cost excess net realizable value shall be recognized as the provision for inventory impairment. In addition, we have optimized and will continue to optimize our inventory management, liquidate slow-moving inventories through market analysis and identification of appropriate market opportunities for such inventories. In particular,

- For finished products with limited market presence, an individual assessment and provision are conducted. During the Track Record Period, we performed individual assessments for certain hydrogen fuel cell systems with a rated power of below 60KW, primarily used in urban logistics and public transport vehicles. After sales of these models in 2021, we assessed the subsequent market demand and determined that the market conditions were less favorable. Accordingly, we made a provision for impairment of 50% of the inventories for these models as of December 31, 2021. As of December 31, 2022, we further made a full provision based on the net realizable value of these models, considering that no orders were received for these inventories in 2022.

- Raw materials and work-in-progress inventories are reviewed at the end of the reporting period to compare their carrying amounts with their net realizable values. The net realizable values of finished goods and work-in-progress are calculated based on the estimated selling prices and estimated product sales expenses. If the carrying amount is lower than the net realizable value, a provision for inventory decline is made. General materials like membrane electrodes and electronic components are monitored for any price fluctuation risks, while specific raw materials for certain models are assessed based on the estimated product selling prices, estimated processing costs, and sales expenses. Additionally, during the year-end inventory count, any defective or obsolete items are identified, and provisions for inventory decline are made accordingly.

Based on the above and considering our measures to manage inventory and prevent inventory obsolesce as detailed in the paragraphs headed "— Inventory Management" in this section, our Directors are of the view that sufficient provision for impairment losses on inventories has been made.

Trade and Bills Receivables and Contract Assets

The following table sets forth a breakdown of our trade and bills receivables and 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*
Current:				
Trade receivables	1,270,484	1,590,683	1,974,948	2,018,777
Commercial acceptance bills receivables	4,077	62,102	25,258	70,034
Bank acceptance notes	7,323	2,611	30,083	26,788
	1,281,884	1,655,396	2,030,289	2,115,599
Less: provision for impairment losses	(358,334)	(389,867)	(446,894)	(496,968)
	923,550	**1,265,529**	**1,583,395**	**1,618,631**
Non-current:				
Trade receivables	284,724	264,897	417,537	314,940
Contract assets	–	–	31,380	17,382
Less: provision for impairment losses	(15,039)	(10,273)	(14,199)	(6,044)
	269,685	**254,624**	**434,718**	**326,278**
Total	**1,193,235**	**1,520,153**	**2,018,113**	**1,944,909**

Our trade and bills receivables and contract assets increased by 27.4% from RMB1,193.2 million as of December 31, 2021 to RMB1,520.2 million as of December 31, 2022, and further increased by 32.8% to RMB2,018.1 million as of December 31, 2023, primarily caused by (i) the increases in our sales of hydrogen fuel cell systems and components and provision of fuel cell engineering and technical services, (ii) the working capital constraints of downstream customers as elaborated below, since there is usually a relatively long time gap between the sale of a vehicle and the receipt of a subsidy by our downstream customer under the current governmental policy, and (iii) an increase in contract assets, representing retention receivables that are consideration withheld by customers and recoverable after the completion of the warranty period of the relevant contracts. It is common practice within the industry to withhold a certain percentage of the contract consideration to ensure that we fulfill our product quality commitments. As of May 31, 2024, our trade and bills receivables and contract assets amounted to RMB1,944.9 million, which remained relatively stable compared to December 31, 2023.

According to Frost & Sullivan, China's fuel cell vehicle industry is still in the early stages of development and is highly affected by government subsidy policies. Hydrogen fuel cell commercial vehicle manufacturers typically sell and charge prices to customers after deducting applicable subsidies at the time of sale before receiving government subsidies. Commercial vehicle manufacturers can collect the relevant subsidies from the government, but this usually takes a lengthy period of time. The period between when hydrogen fuel cell commercial vehicle manufacturers sell their vehicles and when they can collect the full amount of qualified subsidies is typically more than two years. Commercial vehicle manufacturers, namely our downstream customers, may face working capital constraints affected by such time gap. This leads to general capital constraints in the fuel cell vehicle industry, which, coupled with the fact that hydrogen fuel cell commercial vehicle manufacturers have strong bargaining power given our industry is still in the early stages of development, ultimately resulting in prolonged settlement of our trade receivables.

Despite the above, as the industry matures and the commercial application of hydrogen fuel cells increases, the impact of government subsidies on downstream customers' settlements is expected to decrease. In addition, we expect our settlements to improve as our downstream customers begin collecting subsidies for vehicles that have satisfied the relevant requirements. For further information, see "— Recoverability of Trade and Bills Receivables" in this section.

In addition to wire transfer, our customers would settle our invoices by bills. Such bills, once received by us, may be held to their maturity dates to receive their full value, or endorsed by us to settle our payables to suppliers. During the Track Record Period, our bills receivables included commercial acceptance bills receivables and bank acceptance notes. Our bills receivables increased significantly from RMB11.4 million as of December 31, 2021 to RMB64.7 million as of December 31, 2022, primarily due to the increase in settlement by our customers through bills. Our bills receivables decreased by 14.5% from RMB64.7 million as of December 31, 2022 to RMB55.3 million as of December 31, 2023, primarily due to the redemption of bills by us. Our bills receivables increased by 75.0% from RMB55.3 million as of December 31, 2023 to RMB96.8 million as of May 31, 2024 primarily attributable to the increase in settlement by our customers through bills.

As of December 31, 2021, 2022 and 2023 and May 31, 2024, our provision for impairment losses on trade receivables, commercial acceptance bills receivables amounted to RMB373.4 million, RMB400.1 million and RMB461.1 million and RMB503.0 million, respectively. The increase in such provision for impairment losses was primarily due to (i) prolonged settlement, as discussed above, from certain customers to which we made provision for and increased the respective ECL rate accordingly, (ii) the increase in trade receivables along with the growth in revenue during the Track Record Period and (iii) impairment provision for trade receivables due from certain customers who faced financial difficulties to settle our payments. Bank acceptance notes that are measured at fair value through other comprehensive income are considered as having very low credit risk and the loss allowance is assessed to be minimal. Except for some individual provisions, we perform impairment analysis using a provision matrix to measure ECLs for trade receivables and commercial acceptance bills receivables from the customers with similar credit risks. For further information of impairment analysis for trade receivables and commercial acceptance bills receivables, see note 22 to the Accountants' Report in Appendix I to this prospectus.

As of September 30, 2024, approximately RMB164.0 million, or 6.7% of our trade and bills receivables as of May 31, 2024, had been subsequently settled. As of September 30, 2024, none of our contract assets as of May 31, 2024 had been subsequently certified.

Trade Receivables Turnover Days

The following table sets out the trade receivables turnover days for the periods indicated:

	Year Ended December 31,		
	2021	**2022**	**2023**
Trade receivables turnover days[(1)]	909	1,029	866

Note:

(1) Trade receivables turnover days equal to the average balance of trade receivables at the beginning and the end of the relevant period divided by revenue for such period and multiplied by 365 days in 2021, 2022 and 2023, respectively. The trade receivables turnover days for the five months ended May 31, 2024 are not representative of our collection speed due to the seasonal nature of our business, with our revenue typically concentrated in the second half of the year.

In 2021, 2022 and 2023, our trade receivables turnover days were 909 days, 1,029 days and 866 days, respectively. The increase in trade receivables turnover days in 2022 was primarily due to our increased sales and the prolonged settlement by certain of our customers as discussed above, which resulted in the increase of the average balance of our trade receivables. The decrease in trade receivables turnover days in 2023 was mainly due to our successful collection of certain long-standing trade receivables, particularly after the relevant government subsidies were disbursed in late 2023. Due to the seasonality nature of our business, where our revenue base was relatively low in the first half of the year, the trade receivables turnover days for the five months ended May 31, 2024 does not offer an authentic representation of our collection speed. In the first five months of 2024, we collected certain outstanding trade receivable, and the balance of our trade receivables as of May 31, 2024 decreased compared to the end of 2023.

Trade and Bills Receivables and Contract Assets Aging Analysis

The following table sets forth an aging analysis of trade receivables and commercial acceptance bills receivables and contract assets, based on the past due information and net of provision for impairment losses 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	650,086	893,979	1,137,834	684,272
Within 1 year	239,938	316,959	519,188	751,905
1 to 2 years	102,659	135,392	128,430	322,340
2 to 3 years	190,345	19,952	72,735	23,516
3 to 4 years	2,884	151,260	4,168	28,088
4 to 5 years	–	–	125,675	108,000
Total	**1,185,912**	**1,517,542**	**1,988,030**	**1,918,121**

As of December 31, 2023, the trade receivables under the "4-5 years" time band in the aging analysis mainly included the trade receivable due from the Third Largest Trade Debtor as detailed in "— Trade Receivables Due From Major Trade Debtors" in this section. The Third Largest Trade Debtor is a reputable fuel cell vehicle operator in China. These trade receivable arose from our sales transactions with a vehicle manufacturer, rather than the Third Largest Trade Debtor, which occurred prior to the Track Record Period. According to the relevant tripartite set-off agreements, the Third Largest Trade Debtor assumes the payment obligations to us for such trade receivable. Additionally, we obtained a commitment from the vehicle manufacturer that the vehicle manufacturer committed to pay us the remaining unpaid amount when the Third Largest Trade Debtor cannot settle its trade payable.

Between 2022 and 2023, although the aging of this trade receivable due from the Third Largest Trade Debtor increased from the "3-4 years" time band to the "4-5 years" time band, the corresponding ECL rate did not experience a significant change. As discussed above, we have obtained a commitment from the relevant vehicle manufacturer to pay the remaining amount when the Third Largest Trade Debtor cannot settle its trade payable. This vehicle manufacturer is a state-owned company listed on the A-share market, whose credit risk is much lower than other "4 to 5 years" non-prominent clients. The impairment provision of this trade receivable was assessed on a forward-looking basis for the expected credit loss. Since this vehicle manufacturer has retained the ultimate responsibility for the settlement of this trade receivable and has no significant change in its credit risk, there is no significant change in the ECL rate from "3 to 4 years" as of December 31, 2022 to "4 to 5 years" as of December 31, 2023. For details of impairment analysis including ECL rates on trade receivables, see note 22 to the Accountants' Report in Appendix I to this prospectus.

The long-standing trade receivable under the "4-5 years" time band from the Third Largest Trade Debtor was mainly because the relevant government subsidies had not been received as of December 31, 2023. We have maintained communication with the trade debtor, and worked closely with the vehicle manufacturer to facilitate the disbursement of subsidies. As of September 30, 2024, a portion of the relevant subsidies had been disbursed, and RMB30.6 million in trade receivables was collected from the Third Largest Trade Debtor in 2024. Considering the above, as well as the business and financial conditions of the Third Largest Trade Debtor and the vehicle manufacturer who retains the ultimate responsibility for the settlement of this trade receivable, the Directors are of the view that these trade receivables under the "4-5 years" time band are recoverable.

As of December 31, 2021, 2022 and 2023 and May 31, 2024, our bills receivables consisted of bank acceptance notes and commercial acceptance bills receivables, which were all aged less than one year. The table sets forth the aging analysis of our trade receivables before impairment, presented based on the invoice date as follows:

	As of December 31,			As of May 31,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	645,227	729,818	949,343	879,283
One to two years	395,165	422,385	560,675	575,518
Two to three years	486,055	263,606	274,511	315,685
Over three years	28,761	439,772	607,956	563,230
Total	**1,555,208**	**1,855,581**	**2,392,485**	**2,333,717**

We negotiate credit period with our customers based on various factors such as business relationship and customer credentials. We have a back-to-back payment arrangement with a customer during the Track Record Period, under which the customer will settle the procurement payment for fuel cell systems used in government award application projects for government awards only after the customer receives the corresponding award. For further information of the back-to-back payment arrangement, as well as the credit term of our five largest customers during the Track Record Period and our general credit terms with our customers, see "Business — Customers, Sales and Pricing — Major Customers" in this prospectus. Bills which we received are generally with a maturity period of less than one year. In addition, we have closely communicated with our customers to expedite the settlement and shorten the turnover days. Moreover, we may implement additional measures such as requesting for prepayment subject to evaluation on our existing and potential new customers' credit standing.

Trade Receivables Due From Major Trade Debtors

The prolonged settlement of our trade receivables is mainly influenced by the time gap between selling hydrogen fuel cell vehicles and receiving government subsidies. China's fuel cell vehicle industry is in its early stages and is highly impacted by government subsidy policies, according to Frost & Sullivan. Manufacturers of hydrogen fuel cell vehicles usually sell vehicles to customers at adjusted prices after deducting applicable subsidies, expecting to receive government subsidies later. However, collecting these subsidies often takes a significant amount of time, usually exceeding two years. This, along with the vehicle manufacturers' strong bargaining power in industry's early development phase, contributed to the extended settlement of our trade receivables.

For government subsidies for hydrogen fuel cell vehicles, the local government in different regions in China may implement their own policies under the support of national government initiatives. In the case of Shanghai, according to the relevant policies issued by the local government, the application should be submitted by a consortium led by fuel cell system companies, known as the "Demonstration Application Consortium (示範應用聯合體)". Consequently, in Shanghai, we formed certain consortiums with other industry players and took the lead in applying for relevant cash awards. Such cash awards are entitled to vehicle manufacturers. We, as the leading entity of these consortiums, will receive the cash awards on behalf of vehicle manufacturers, namely our customers, and then distribute such cash awards to them. This allowed us to actively participate in the application of cash awards for customers based in Shanghai, and get a direct and comprehensive understanding of the application progress. To ensure customers settle outstanding trade receivables once they receive government subsidies, we will actively communicate with vehicle manufacturers to reach a consensus on the distribution of subsidies and collection of outstanding receivables before transferring the subsidies to the vehicle manufacturers. Additionally, we may utilize paper bank drafts to efficiently complete the settlement process with customers, including the distribution of subsidies and collection of trade receivables in a single on-site meeting, thereby increasing the certainty of receivables collection.

As of May 31, 2024, in accordance with the relevant government policies, we had applied for and expected to apply for government subsidies on behalf of eight of our total 59 customers that had purchased our fuel cell systems, with the relevant trade receivables amounting to RMB354.7 million, RMB644.2 million, RMB828.6 million and RMB828.6 million as of December 31, 2021, 2022 and 2023 and May 31, 2024, which represented 22.8%, 34.7%, 34.6% and 35.5% of our total trade receivables as of the same dates. The first batch of subsidies under the aforementioned policies was disbursed by the government in Shanghai in December 2023. Accordingly, we had received government subsidies totaling RMB282.2 million on behalf of four customers as of May 31, 2024, including RMB141.1 million received in December 2023 and another RMB141.1 million received in February 2024. We have distributed these subsidies to the four customers, and were paid off to settle RMB202.6 million in trade receivables from these customers, of which RMB107.1 million, or 52.9%, was settled through the use of paper bank drafts. As of the Latest Practicable Date, there was no historical dispute involving non-settlement of trade receivables despite the receipt of government subsidies by the customers.

However, for customers in other regions like Beijing and Henan, the government requires subsidies to be applied for by a consortium led by a vehicle manufacturer, or by vehicle manufacturers without involving fuel cell system companies. As a result, in areas outside of Shanghai, we do not directly participate in the subsidy application process for hydrogen fuel cell vehicles, nor do we receive and distribute government subsidies on behalf of customers in those regions. For subsidies applied by these customers, we obtain knowledge of the subsidy application through direct communication with relevant customers and through public channels. After a careful assessment of the relevant government policies and continuous monitoring of subsidy disbursements, our Directors remain an overall optimistic outlook regarding the future receipt of subsidies by the relevant customers. For more information, see "Business — Customers, Sales and Pricing — Involvement in Application Projects For "Award in Lieu of Subsidy" in this prospectus.

During the Track Record Period, we had seven major trade debtors ("**Seven Major Trade Debtors**") that accounted for our five largest trade receivables as of December 31, 2021, 2022 and 2023 and the five months ended May 31, 2024, measured by gross trade receivables. As of May 31, 2024, the gross trade receivables due from the Seven Major Trade Debtors in aggregate amounted to RMB1,499.9 million, representing over half of our total gross trade receivables. These major trade debtors include five vehicle manufacturers and two hydrogen fuel cell vehicle operators. They are mainly publicly listed companies or their subsidiaries, state-owned enterprises, and/or reputable companies.

- For three out of these Seven Major Trade Debtors, the relevant subsidy applications are mainly based on the policies issued by the local government in Shanghai. We formed consortiums with vehicle manufacturers, including these three trade debtors, as well as other industry players, and took the lead in applying for relevant cash awards. The eligibility criteria for such cash awards mainly include mileage and technical requirements, such as the rated power of the fuel cell system, freeze start temperature, power density for the fuel cell stack, and rated power density for fuel cell system. To the best knowledge of the Directors, all of the relevant vehicles produced by these three trade debtors meet the aforesaid technical requirements, and some of these vehicles have already met the mileage criteria. For the vehicles that have met the mileage criteria, we, as the leading entity of the consortiums, have received the first batch of cash awards on behalf of the vehicle manufacturers, confirming the relevant vehicles' eligibility for the subsidies. We have distributed the cash awards we received on behalf of these three trade debtors to them, and then these trade debtors paid us to settle certain trade and bills receivables.

- For the remaining four out of these Seven Major Trade Debtors, the relevant subsidy application was conducted by the vehicle manufacturers and did not involve us. We keep communication with the vehicle manufacturers, namely our customers, mainly through phone calls and offline visits, as well as pay attention to the public announcements issued by the government, obtain information relating to the subsidy application. The eligibility criteria for such subsidies mainly include mileage and technical requirements such as the rated power of the fuel cell system. Based on our communication with relevant vehicle manufacturers and/or public announcements issued by the government, a portion of the vehicles have met both the technical and mileage criteria and received the government's approval for the subsidies.

We have made sufficient provision for impairment losses on trade receivables during the Track Record Period, after considering the trade debtors' business operation condition and payment history, in accordance with the applicable accounting policies. As of May 31, 2024, the aggregate provision we made for the trade receivables due from the Seven Major Trade Debtors amounted to RMB385.0 million, and as a result, the net trade receivables due from the Seven Major Trade Debtors were RMB1,114.9 million. In particular, as of May 31, 2024, the gross trade receivable due from the fifth largest trade debtor amounted to RMB118.1 million as of May 31, 2024, all arising from transactions prior to the Track Record Period. In 2021, due to the financial difficulties of this debtor, we made a full provision for the relevant trade receivables. Following the awareness of its deteriorating financial condition, we have ceased conducting business with this company. As a result, the net trade receivable due from this trade debtor was nil as of December 31, 2023. For further information on provision, see "— Sufficiency of Impairment Provision of Trade and Bills Receivables" in this section.

As the industry matures, government subsidy policies are expected to be implemented more swiftly, according to Frost & Sullivan. After a careful assessment of the relevant government policies and continuous monitoring of subsidy disbursements, and also taking into account the quality of our customers, as well as our measures to monitor trade receivables, we believe that our outstanding trade receivables are recoverable. For further information, see "— Recoverability of Trade and Bills Receivables" in this section.

Our third largest trade debtor (the "**Third Largest Trade Debtor**") in terms of gross trade receivables as of May 31, 2024 is a vehicle operator, with the gross trade receivable due from it amounting to RMB283.7 million as of May 31, 2024. We have not sold any goods or services to this Third Largest Trade Debtor. This trade receivable arose from our previous sales transactions with a vehicle manufacturer before the Track Record Period and a tripartite set-off arrangement.

In 2019, we entered into agreements with this Third Largest Trade Debtor and the vehicle manufacturer who purchased hydrogen fuel cell systems from us and had trade payables to us. According to these agreements, the vehicle manufacturer would offset its trade receivables due from the Third Largest Trade Debtor against its payables due to us, with the Third Largest Trade Debtor then assuming the payment obligations to us. The Third Largest Trade Debtor shall settle our trade receivables within 90 days after receipt of VAT invoice. We decided to enter into the tripartite set-off agreement after careful evaluating the business and financial conditions and industry background of the vehicle manufacturer and the Third Largest Trade Debtor. Additionally, to provide an additional layer of assurance to us regarding the collection of the outstanding receivable, the vehicle manufacturer, namely the expected recipient of the relevant government subsidies, issued a confirmation letter to us in 2021, committing to pay us the remaining unpaid amount when the Third Largest Trade Debtor cannot settle its trade payables. As of May 31, 2024, the provision for the trade receivables due from the Third Largest Trade Debtor was RMB177.7 million, and as a result, the net trade receivable due from the Third Largest Trade Debtor was RMB106.0 million.

In addition to the tripartite arrangement involving the Third Largest Trade Debtor, our trade receivables due from the fourth largest trade debtor as of May 31, 2024 also arose from similar tripartite arrangements that we entered into in December 2023 and February 2024, where the fourth largest trade debtor, a vehicle operator, agreed to make payment directly to us on behalf of the vehicle manufacturers for the hydrogen fuel cell systems and components we sold to the vehicle manufacturers. The total amount to be paid by this vehicle operator under the tripartite arrangements was RMB154.0 million, of which RMB16.2 million had been settled as of May 31, 2024.

Recoverability of Trade and Bills Receivables

We meticulously monitor the recoverability of outstanding trade receivables. Our finance department conducts monthly reconciliations, preparing an aging analysis of trade and bills receivables to proactively identify potential risks and implement appropriate collection methods. Through internal assessments, we issue collection notices to customers with significant outstanding amounts and higher risk factors. For such customers, our finance department and sales department shall take immediate actions for recovery, such as contacting sales managers for payment collection, offsetting customer arrears from accounts payable, or requesting prepayment before shipment.

We have in place credit risk management policies and measures, including credit evaluation for new and existing customers, to provide adequate assurance with respect to the effective management of our credit risk. Specifically,

- before entering into any sales contracts, we evaluate the credit quality and associated risks of potential customers;

- for new customers, we gather basic information, establish customer profiles, assess their business operations, financial standing, and creditworthiness, including materials provided by the potential customers and information we obtain from third parties or public channels such as annual reports of publicly listed companies, to conduct a thorough evaluation of credit risks;

- before entering into new sales contracts with new and existing customers, we conduct internal order review. Based on specific circumstances, we determine the credit terms and obtain approval from relevant departments, including the operations and financial management department, sales center, and capital operations department, as well our chief executive officer; and

- for existing customers, we actively update credit assessments based on information obtained through public channels and regular communication with them, considering their business operations and financial performance. Before we enter into new sales contracts with them, we take into account various factors including their business and financial conditions, payment records and outstanding receivables, if any.

Our sales team closely monitors changes in customers' creditworthiness and fundamental conditions, ensuring real-time tracking of changes in creditworthiness and conducting forward-looking forecasts for collection of trade receivable on a monthly basis. Building upon this, our finance team updates historical expected default rates quarterly to make provisions for impairment accordingly. When a payment is due, we take further appropriate follow-up measures based on our previous assessment. These measures may include continuous communications with our customers, demanding due payments periodically and initiating 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 receive internal confirmation that such payments have been duly made. Our finance team reviews the aging of trade receivables on a monthly basis and communicate with our sales team who will follow up with our customers as needed. 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 impairment provisions for the overdue payments when necessary. For further information of our impairment provision of trade and bills receivables, see "— Sufficiency of Impairment Provision of Trade and Bills Receivables" in this section.

In addition, we collaborate closely with our customers, including downstream fuel cell vehicle manufacturers, to facilitate their access to government subsidies. Our efforts mainly include proactive communication and coordination, providing technical support during installation and ongoing after-sales assistance, as well as assisting customers in preparing and submitting application materials to meet subsidy requirements. Additionally, we continuously monitor the status of government subsidy disbursement to facilitate the timely collection of our trade receivables.

Our Directors are of the view that our trade and bills receivables are recoverable through our aforesaid measures to monitor and control trade and bills receivables, and after taking into consideration (i) the quality of our customers, which include listed companies and their subsidiaries, state-owned enterprises and other top players in their respective industry, and (ii) the fact that the long aging and turnover days of our trade receivables are mainly associated with the processing required for granting government subsidies to our downstream customers. As the industry matures, government subsidy policies are expected to be implemented more swiftly, according to Frost & Sullivan. For example, the 2021 subsidy allocated for demonstrative application of fuel cell vehicles in Shanghai was distributed by the government in December 2023, indicating that subsidy disbursement for the fuel cell demonstration city clusters has been progressing favorably. We received the first disbursement of RMB141.1 million in December 2023 on behalf of our customers which later have been distributed to these customers and we were paid off, to settle certain trade and bills receivables.

Measures to Narrow the Gap of Turnover Days of Trade Receivables and Trade Payables

We have implemented a series of cash flow and liquidity management policies and measures to reduce the gap between turnover days of trade receivables and trade payables. Specifically,

- We have established a budget management mechanism to ensure effective financial control. Our finance department initiates the preparation of the financial budget for the following year, which includes a comprehensive financial plan. Before being disseminated to various departments, this annual budget should receive approval from the Board of Directors. The annual budget includes a well-defined trade receivable collection schedule, which is regularly updated. Our finance department conducts monthly aging analysis of trade receivables and maintains communication with the sales department to stay informed about any relevant changes. Additionally, we update our annual budget for trade payables based on sales forecasts and production schedules, ensuring alignment with our operational needs.

- Our sales team evaluates the creditworthiness of potential customers during the initial stages of negotiating sales contracts. We collect relevant financial data and establish customer profiles, including payment records and any outstanding amounts. After the sale, our sales team maintains continuous communication with the finance team and customers, and when necessary, reminds customers of any outstanding payments through written notices and letters.

- We have sought increased purchases from local suppliers rather than overseas suppliers, which can reduce the lead time for obtaining raw materials and offer longer payment terms. We also explore various supply chain finance methods, such as supply chain factoring that we started to use in 2023. As our business expands, we expect increased purchases from suppliers, which may allow us to negotiate favorable terms with suppliers, including extended payment periods and flexible payment methods. Furthermore, by promoting healthy competition among suppliers, we aim to secure longer payment terms and lower prices.

- When selecting customers and projects, we carefully considers the potential time for collecting trade receivable. Projects with shorter payment cycles and stronger customers' financial capabilities are given priority.

Through these measures, we have reduced the gap between turnover days of trade receivables and trade payables in 2023 compared to the data in 2022. Based on our historical turnover days of trade receivables and trade payables, we expect this gap to continue in the short term. However, we expect it to gradually decrease primarily due to: (i) the aforementioned measures we have implemented, (ii) as the industry matures, our suppliers are able to shorten the delivery time of raw materials, and (iii) according to Frost & Sullivan, the disbursement of government subsidies tends to be timely and stable in the future and market-driven sales of hydrogen fuel cell systems will increase in the market, which is expected to accelerate our customers' payments.

Sufficiency of Impairment Provision of Trade and Bills Receivables

We believe that the provisions made for impairment of trade and bills receivables during the Track Record Period were adequate after considering our customers' business operation condition and payment history, and based on the following:

- we closely review the balances of trade and bills receivables on an ongoing basis and assess the collectability of overdue balances. In particular, our finance department routinely analyzes the aging profile of trade and bills receivables to proactively identify potential risks to implement appropriate collection methods. Our finance department also determines varying percentages of impairment provisions for trade and bills receivables at different aging categories, making impairment provisions quarterly. In addition, we monitor the collections of trade and bills receivables and retrospectively review the accounting estimate of prior periods to identify any material discrepancies. Where the accounting estimate is different from our original estimate, such difference will be reflected in the carrying amounts of trade and bills receivables and thus the impairment loss in the period in which such estimate is adjusted; and

- we formulate the impairment provision policy according to IFRS 9 and group trade receivables and commercial acceptance bills receivables based on shared credit risk characteristics and estimate the expected credit loss rate of trade receivables and commercial acceptance bills receivables on a collective basis based on historical credit loss experiences, with adjustment for forward-looking information such as gross domestic product and producer price index. We apply the simplified approach in calculating expected credit losses which requires lifetime expected credit losses to be recognized from the initial recognition of the receivables. Generally, for trade receivables past due over five years, we consider that we are unlikely to receive the outstanding contractual amounts and will provide full impairment provision for these receivables.

Prepayments, Other Receivables and Other Assets

The following table sets forth a breakdown of our prepayments, other receivables and other assets as of the dates indicated:

	As of December 31,			As of May 31,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current:				
Prepayment of government subsidies	–	–	113,100	–
Prepayments to suppliers	28,362	54,992	60,444	77,402
Other tax recoverable	26,498	17,139	17,812	31,581
Prepaid expenses	39,803	21,942	16,346	15,538
Deposits	6,725	9,722	88,657	93,343
Listing expenditures	–	–	3,893	4,938
Due from related parties	522	500	642	–
Advances to employees	386	174	301	351
	102,296	104,469	301,195	223,153
Non-current:				
Other tax recoverable	7,506	8,262	13,285	18,146
Prepayments for long-term assets	12,037	54,910	54,607	31,951
	19,543	63,172	67,892	50,097
Less: Impairment allowance	(1,502)	(1,956)	(4,927)	(4,462)
Total	**120,337**	**165,685**	**364,160**	**268,788**

Our prepayments, other receivables and other assets increased by 37.7% from RMB120.3 million as of December 31, 2021 to RMB165.7 million as of December 31, 2022, primarily due to (i) an increase in prepayments to suppliers for raw materials in anticipation of the increased sales, and (ii) an increase in other long term assets mainly due to increased purchase of specialized equipment, which was partially offset by decreases in prepaid expenses and other tax recoverable.

Our prepayments, other receivables and other assets increased significantly from RMB165.7 million as of December 31, 2022 to RMB364.2 million as of December 31, 2023 primarily due to (i) an increase in prepayment of government subsidies. In particular, we applied on behalf of certain customers, who are manufacturers of hydrogen fuel cell vehicles, for subsidies with the local government, in line with relevant policies and implementation rules. By the end of 2023, we had obtained approval from the government confirming the certainty of the applicable amount of government subsidies (the "**2023 Certified Amount**"), but only received a portion of the 2023 Certified Amount, which relevant customers are entitled to obtain. Upon requests from relevant customers to obtain the full amount of the 2023 Certified Amount as early as possible, we had, after taking into account various factors like (i) the disbursement of such subsidies having been officially confirmed by the government, making the risks associated with the loss of such amount remote, and (ii) our long-standing cooperative relationship with these customers with strategic value, including their commitment to promote the utilization of hydrogen energy for mutual benefits as proven by the successful track record of collaborative efforts, made a prepayment in the amount of RMB113.1 million to three customers in December 2023. Subsequently, in February 2024, we received the full amount of the 2023 Certified Amount from the government, and since then, the above mentioned prepayment has been fully settled. As advised by our PRC Legal Adviser, the prepayment of subsidies to customers did not constitute a violation of the General Lending Provisions, because instead of the intent or purpose to provide financing support or conduct financing business, we made the payment in advance when the government's approval confirming the certainty of the 2023 Certified Amount was received, and merely changing the payment order will not be considered an act of private lending subject to the General Lending Provisions. We did not make any similar prepayment of subsidies to any other customers during the Track Record Period; (ii) an increase in deposits as a result of our use of certain funds as security for future factoring arrangements to settle payments with suppliers. In 2023, we entered into a supplier finance arrangement with a third-party factoring company. Under this arrangement, our suppliers can apply to have their accounts receivable from us factored by this factoring company. For such suppliers, the factoring company will directly pay the suppliers the full amount of their accounts receivable from us, and in turn, the suppliers' corresponding accounts receivable from us will be transferred to the factoring company. This grants the factoring company the right to collect the payment directly from us when the due date arrives. We will then make the payment to factoring company, rather than the original suppliers. The cooperation period of this supplier finance arrangement is two years. The total credit limit offered by the factoring company is RMB200 million, secured by our deposit of RMB60 million; and (iii) an increase in prepayments to suppliers resulting from our purchase of raw materials to meet the expected sales increase, which was partially offset by a decrease in prepaid expenses.

Our prepayments, other receivables and other assets decreased by 26.2% from RMB364.2 million as of December 31, 2023 to RMB268.8 million as of May 31, 2024, primarily due to a decrease in prepayment of government subsidies, as we received the full amount of the prepaid subsidies in February 2024.

As of September 30, 2024, approximately RMB81.6 million, or 30.3% of our prepayments, other receivables and other assets as of May 31, 2024 had been subsequently settled.

For more information on our prepayments, other receivables and other assets, see note 23 to the Accountants' Report in Appendix I to this prospectus.

Trade and Bills Payables

Our trade and bills payables primarily relate to payments we owe to our suppliers. The following table sets forth a breakdown of our trade and bills payable as of the dates indicated:

	As of December 31,			As of May 31,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	561,533	503,212	632,969	589,655
Bills payables	–	63,043	17,772	36,358
Total	**561,533**	**566,255**	**650,741**	**626,013**

Our trade and bills payables remained relatively stable at RMB561.5 million and RMB566.3 million as of December 31, 2021 and 2022, respectively. Our trade and bills payables increased by 14.9% from RMB566.3 million as of December 31, 2022 to RMB650.7 million as of December 31, 2023, mainly because we procured more raw materials in anticipation of increased sales orders in 2023. Our trade and bills payables amounted to RMB626.0 million, which remained relatively stable compared to December 31, 2023.

As of September 30, 2024, approximately RMB116.1 million, or 18.5% of our trade and bills payables as of May 31, 2024, had been subsequently settled.

Trade and Bills Payables Turnover Days

The following table sets out the trade and bills payables turnover days for the periods indicated:

	Year Ended December 31,			Five Months Ended May 31,
	2021	2022	2023	2024
Trade and bills payables turnover days[1]	501	435	325	3,390

Note:

(1) Trade and bills payables turnover days equal to the average balance of trade and bills payables at the beginning and the end of the relevant period divided by cost of sales for such period and multiplied by 365 days in 2021, 2022 and 2023 and by 150 days for the five months ended May 31, 2024, respectively.

In 2021, 2022, 2023 and the five months ended May 31, 2024, our trade and bills payables turnover days were 501 days, 435 days, 325 days and 3,390 days, respectively. The decrease in trade and bills payables turnover days in 2022 was primarily due to the increased scale of our procurement while our trade and bills payables remained stable. The further decrease in trade and bills payables turnover days in 2023 was because the growth of cost of sales outpaced the increase in the average balance of trade and bills payables due to our settlement of certain long aging trade payables. The increase in trade and bills payables turnover days in the five months ended May 31, 2024 was mainly due to the seasonality nature of our business as our revenue and cost of sales are generally lower in the first half of the year. For more information, see "Business — Seasonality" in this prospectus.

Trade and Bills Payables Aging Analysis

The table below sets forth an aging analysis of our trade and bills payables based on the invoice date as of the dates indicated:

	As of December 31,			As of May 31,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	386,201	390,707	447,319	445,871
1 to 2 years	58,024	69,947	113,317	75,577
2 to 3 years	81,813	16,653	25,801	27,766
Over 3 years	35,495	88,948	64,304	76,799
Total	**561,533**	**566,255**	**650,741**	**626,013**

During the Track Record Period and up to the Latest Practicable Date, our Director confirm that we had no material default in payment of any trade and bills payables. As of the Latest Practicable Date, to the best knowledge of our Directors, none of the outstanding balances of our trade and bills payables were in dispute. For the credit term of our five largest suppliers during the Track Record Period and our general credit terms with our suppliers, see "Business — Our Suppliers — Major Suppliers" in this prospectus.

Other Payables and Accruals

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

	As of December 31,			As of May 31,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Payroll and welfare payable	49,027	68,448	40,295	21,817
Other tax payables	26,110	29,858	27,839	5,380
Government grants	2,910	2,910	26,360	64,272
Collection on behalf of others	–	–	28,628	56,056
Listing expenditures payable	–	–	11,624	15,634
Due to third parties	–	–	–	5,059
Others	618	1,200	6,569	6,499
Total	**78,665**	**102,416**	**141,315**	**174,717**

Our other payables and accruals increased by 30.2% from RMB78.7 million as of December 31, 2021 to RMB102.4 million as of December 31, 2022, mainly due to the increase in payroll and welfare payable as a result of the rise in the number of employees and general salary level.

Our other payables and accruals increased by 38.0% from RMB102.4 million as of December 31, 2022 to RMB141.3 million as of December 31, 2023, mainly caused by the increases in collection on behalf of others and government grants.

Our other payables and accruals increased by 23.6% from RMB141.3 million as of December 31, 2023 to RMB174.7 million as of May 31, 2024, primarily due to increases in collection on behalf of others and government grants.

As of September 30, 2024, approximately RMB72.9 million, or 41.7% of our other payables and accruals as of May 31, 2024, had been subsequently settled.

Provision

The following table sets forth a breakdown of our non-current and current provision as of the dates indicated:

	As of December 31,			As of May 31,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current:				
Product warranties	17,596	18,855	21,080	21,102
Financial guarantee obligation	11,760	–	–	–
	29,356	**18,855**	**21,080**	**21,102**
Non-current:				
Product warranties	18,544	19,913	21,219	21,307
Excess deficit	5,750	–	–	–
	24,294	**19,913**	**21,219**	**21,307**
Total	**53,650**	**38,768**	**42,299**	**42,409**

Our provision increased by 9.1% from RMB38.8 million as of December 31, 2022 to RMB42.3 million as of December 31, 2023, reflecting the increased provision for product warranties in line with our sales growth. The provision for product warranties represents provision made for estimated warranty claims in respect of products sold which are still under warranty at the end of the period. These claims are normally expected to be settled according to the terms of sales contract. As of May 31, 2024, our provision remained relatively stable at RMB42.3 million.

Our provision decreased by 27.7% from RMB53.7 million as of December 31, 2021 to RMB38.8 million as of December 31, 2022, mainly due to (i) the decrease in financial guarantee obligation as a result of the repayment of relevant loan that we provided financial guarantee for as detailed in "— Indebtedness — Financial Guarantee" in this section, and (ii) the decrease in excess deficit detailed below.

We recorded a provision on excess deficit of RMB5.8 million as of December 31, 2021, which was related to our investments in a joint venture, Guohong Refire. In 2021, we were required to subscribe shares of RMB89.1 million as capital contributions in Guohong Refire pursuant to the articles of association of Guohong Refire, and we had subscribed shares of RMB4.9 million as of December 31, 2021. While we had not subscribed the full amount, pursuant to the PRC Company Law and the articles of association of Guohong Refire, shareholders of Guohong Refire shall bear liabilities of Guohong Refire which could not be covered and repaid by Guohong Refire's own realizable assets, as limited by the registered capital they have subscribed for. As a result, the residual liabilities of Guohong Refire were to be borne by its shareholders (including our Company) up to the limit of remaining capital contribution which has not been paid up and in proportion to their respective shareholdings, the portion of which our Company shall bear were recorded as provision for excess deficit accordingly. Consequently, we recorded a provision on excess deficit as of December 31, 2021. In 2022 and 2023, we made capital injection of RMB24.5 million and RMB38.1 million into Guohong Refire, respectively. Since the loss borne was less than the carrying amount of capital injection in 2022 and 2023 and the first five months of 2024, the provision on excess deficit decreased to nil as of December 31, 2022 and 2023 and May 31, 2024. For more information on excess deficit, see note 32 to the Accountants' Report in Appendix I to this prospectus.

Derivative Financial Instrument

During the Track Record Period, we recorded derivative financial instrument of RMB17.7 million, RMB37.4 million, nil and nil as of December 31, 2021, 2022 and 2023 and May 31, 2024, respectively. Our derivative financial instrument represented the obligation to buy back shares of Guohong Refire. Our derivative financial instrument increased from RMB17.7 million as of December 31, 2021 to RMB37.4 million as of December 31, 2022 mainly due to our increased obligation to buy back shares of Guohong Refire from our determination of such an obligation's fair value using discounted cash flow method based on the financial performance of Guohong Refire for 2022. By June 2023, the derivative financial instrument had been settled with cash consideration of RMB38.1 million. As a result, our derivative financial instrument was nil as of December 31, 2023 and May 31, 2024. For more information, see note 29 to the Accountants' Report in Appendix I to this prospectus.

Guohong Refire is a limited liability company established in the PRC in October 2016. Leveraging the business layout of Sino-Synergy Hydrogen Energy Technology (Jiaxing) Co., Ltd. (國鴻氫能科技(嘉興)股份有限公司) ("**Sino-Synergy**") in the field of fuel cell stacks and the technologies and experience of our Company in design and development of fuel cell systems, and in view of the strategic development of the hydrogen energy industry driven by the local governments in Foshan and Yunfu, Guangdong Province, our Company and Sino-Synergy decided to jointly promote the integrated production of fuel cell systems and established Guohong Refire with initial registered capital of RMB10,000,000, among which RMB5,100,000 was subscribed for by Sino-Synergy (representing 51% equity interest in Guohong Refire) and RMB4,900,000 was subscribed for by our Company (representing 49% equity interest in Guohong Refire). Historically, Guohong Refire primarily served as a hydrogen fuel cell system production base where Sino-Synergy sold 9SSL fuel cell stacks it manufactured under a license granted to it by Ballard Power Systems Inc. to Guohong Refire for the production and sales of hydrogen fuel cell systems by Guohong Refire.

Sino-Synergy is a joint stock company with limited liability established in the PRC and listed on the Stock Exchange (stock code: 9663). It is principally engaged in R&D, production and sales of hydrogen fuel cell stacks and hydrogen fuel cell systems. We historically purchased fuel cell stacks and related components for our R&D and production from and sold our fuel cell systems to Sino-Synergy and its subsidiaries during the ordinary course of business under normal commercial terms and on arm's length basis. As of the Latest Practicable Date, other than the joint investment in Guohong Refire, certain after-sale maintenance services from Sino-Synergy in relation to fuel cell stacks and related components it previously supplied, and certain after-sale maintenance services to Sino-Synergy in relation to the fuel cell systems we previously supplied, there was no other business transactions between our Group and Sino-Synergy or its subsidiaries. Further, Guangdong Hongyun Hydrogen Energy Technology Co., Ltd. (廣東鴻運氫能源科技有限公司) ("**Hongyun Hydrogen Energy**"), a substantial shareholder of Sino-Synergy, was our Shareholder from our establishment in September 2015 to April 2017, and we historically collaborated with Hongyun Hydrogen Energy on a project in respect of R&D of fuel cell light buses from 2016 to 2017. For details relating to the shareholding of Hongyun Hydrogen Energy in our Company, see "History, Development and Corporate Structure — Establishment and Development of Our Company — (2) Major Shareholding Changes of Our Company Before Conversion into Joint Stock Limited Company" in this prospectus. Save as disclosed in this section, to the best knowledge of our Directors, there is no other past or present relationship (family, business, employment, trust, financing or otherwise) between (i) our Group and (ii) Sino-Synergy, its existing substantial shareholders, directors or senior management, or any of their respective associates.

In December 2018, our Company, Sino-Synergy, Guohong Refire and Yunfu Rongda Asset Management Co., Ltd. (雲浮市融達資產經營有限公司) ("**Yunfu Rongda**") entered into an investment agreement, pursuant to which (i) Sino-Synergy, our Company and Yunfu Rongda agreed to subscribe for the increased registered capital of Guohong Refire of RMB87,630,000, RMB84,190,000 and RMB77,840,260, respectively, at par value, (ii) Yunfu Rongda was granted a right to withdraw its investment in Guohong Refire on or after June 30, 2020, our Company and Sino-Synergy are required to agree on such capital withdrawal in proportion to the shareholdings of 49% and 51%, respectively, and Yunfu Rongda may choose to withdraw its investment through capital reduction where Guohong Refire shall return the investment fund to Yunfu Rongda or through equity transfers where our Company and Sino-Synergy shall jointly undertake the registered capital of Guohong Refire held by Yunfu Rongda in proportion to the shareholdings of 49% and 51%, respectively, (iii) Yunfu Rongda was entitled to a fixed post-tax return rate at 1.5% per annum but not entitled to any dividend or residual return from Guohong Refire, and (iv) Yunfu Rongda was entitled to appoint a director who would not be involved in daily operation and management of Guohong Refire, and shall only be responsible for monitoring and managing project funds. Upon completion of the capital increase of Guohong Refire in December 2018, Guohong Refire was held as to approximately 35.71% by Sino-Synergy, 34.31% by our Company and 29.98% by Yunfu Rongda. Yunfu Rongda is a limited liability company established in the PRC and an Independent Third Party. It is principally engaged in investments in public utilities, urban infrastructure and key projects. As of the Latest Practicable Date, Yunfu Rongda was a wholly-owned subsidiary of Yunfu Xinda Urban Construction Investment Co., Ltd. (雲浮市新達城市建設投資有限公司), which was ultimately controlled by the People's Government of Yunfu Municipality (雲浮市人民政府). Yunfu Rongda was granted such withdrawal right as its investment in Guohong Refire was funded by "Special Fund for Development of Advanced Equipment Manufacturing on the West

Coast of Pearl River" (珠江西岸先進裝備製造業專項資金), which, pursuant to relevant rules and polices issued by the Department of Economy and Information Technology of Guangdong Province (廣東省工業和信息化廳) (formerly known as the Committee of Industry and Information Technology of Guangdong Province (廣東省經濟和信息化委員會)) and the local government of Yunfu, Guangdong Province, require such investment to be made in the form of an investment with a pre-determined return rate coupled with a withdrawal right. The above investment arrangements were made, taking into consideration (i) the fact that Foshan and Yunfu, Guangdong Province, were two key cities in the PRC at the relevant time where the development of the fuel cell automotive industry with notable market size was encouraged, and (ii) the background of Yunfu Rongda, which could share its networks with industry players and insights on the overall local development and subsidy policies.

In December 2020, our Company, Guohong Refire, Sino-Synergy and Yunfu Rongda entered into a supplemental agreement, pursuant to which the expiry date for Yunfu Rongda to exercise its withdrawal right was extended to June 30, 2023. In April 2023, Yunfu Rongda exercised its withdrawal right through equity transfers, and our Company and Sino-Synergy entered into equity transfer agreements with Yunfu Rongda, respectively, pursuant to which our Company and Sino-Synergy agreed to acquire from Yunfu Rongda the registered capital of Guohong Refire of RMB38,141,727 and RMB39,698,533, respectively, at respective considerations of RMB38,141,727 and RMB39,698,533. Following the completion of the aforementioned transfers in December 2023, Guohong Refire has been held as to approximately 51% by Sino-Synergy and 49% by our Company since then.

Since the establishment of Guohong Refire, Sino-Synergy and our Company have been shareholders of Guohong Refire with de facto shareholdings of approximately 51% and 49%, respectively, after taking into account the arrangements pertaining to Yunfu Rongda's investment in Guohong Refire during the period when Yunfu Rongda was a registered shareholder of Guohong Refire, and Guohong Refire has been operated and managed under the joint control of Sino-Synergy and our Company based on the following reasons:

- *Control at board level:* (i) Prior to the investment by Yunfu Rongda in December 2018, pursuant to the then prevailing articles of association of Guohong Refire, Sino-Synergy had the right to appoint three directors and our Company had the right to appoint two directors, and a board resolution of Guohong Refire shall only be passed upon approval by at least two-thirds of the directors; (ii) during the period from December 2018 to December 2023 when Yunfu Rongda was a registered shareholder of Guohong Refire, pursuant to the then prevailing articles of association of Guohong Refire, Sino-Synergy had the right to appoint three directors, our Company had the right to appoint two directors and Yunfu Rongda had the right to appoint one director who would not be involved in daily operation and management of Guohong Refire and shall only be responsible for monitoring and managing project funds, and a board resolution of Guohong Refire shall only be passed upon approval by at least two-thirds of the directors; and (iii) following the exit of Yunfu Rongda as a registered shareholder of Guohong Refire in December 2023, each of Sino-Synergy and our Company has the right to appoint two directors, and a board resolution of Guohong Refire shall only be passed upon approval by at least two-thirds of the directors.

- *De facto control with respect to approval for transactions:* The senior management of Guohong Refire has comprised, among others, its general manager (whom our Company has the right to nominate) and deputy general manager (whom Sino-Synergy has the right to nominate). As such, through the substantial influence that can be exerted on the senior management of Guohong Refire by both Sino-Synergy and our Company, each of Sino-Synergy and our Company has certain degree of control over the daily operation and management of Guohong Refire. Further, in terms of the approval and settlement procedures for any financial transaction, any payment shall be subject to the joint approvals by the respective finance personnel nominated by our Company and Sino-Synergy, the absence of any of which would result in failure of such payment.

Since 2020, we have mastered the manufacturing of hydrogen fuel cell stacks and has established our own manufacturing plant for hydrogen fuel cell systems, and to the best knowledge of our Company, Sino-Synergy has expanded into the hydrogen fuel cell system market for commercial vehicles and various downstream applications beyond the transit market such that it has shifted from primarily selling hydrogen fuel cell stacks to the mass production and sales of hydrogen fuel cell systems that incorporated its own hydrogen fuel cell stacks. Therefore, our Directors and directors of Sino-Synergy believe that the purpose for which Guohong Refire was established had been fulfilled, and Guohong Refire has gradually ceased to have substantive business operation since then. As of the Latest Practicable Date, Guohong Refire had no substantive business operation except for sales of its existing inventory, and our Company has been in discussions with Sino-Synergy on liquidating Guohong Refire. In the event where Guohong Refire is to be liquidated, no additional impairment provision will be required since (i) our obligation to pay for the remaining subscribed but unpaid registered capital of Guohong Refire was not due as of the Latest Practicable Date, and under such circumstances, we only need to make additional provisions when Guohong Refire has a net liability position, (ii) we already recognized provisions for Guohong Refire's liability due to us which had been recorded as other receivables and deemed by us to be unrecoverable, and (iii) all other liabilities for which Guohong Refire is liable could be covered and repaid by Guohong Refire's own realizable assets.

During the Track Record Period, we entered into transactions with Guohong Refire during the ordinary course of business under normal commercial terms and on arm's length basis, primarily for sales of our products (such as fuel cells, fuel cell systems and related components), and purchases of components for our R&D and production (such as fuel cell stacks). Further, to support the development and operation of Guohong Refire, we, together with Sino-Synergy, provided a financial guarantee in connection with a loan of Guohong Refire in the amount of RMB250 million in 2017, and we also provided a loan of RMB5 million to Guohong Refire in 2018. Both loans were repaid in full by Guohong Refire as of the Latest Practicable Date. Besides, pursuant to the articles of association of Guohong Refire, our Company has had the right to nominate or appoint two directors, one supervisor and certain senior management of Guohong Refire, and therefore, certain employees of our Group held or hold such positions at Guohong Refire as nominated or appointed by our Company. Save as disclosed in this section, to the best knowledge of our Directors, there is no other past or present relationship (family, business, employment, trust, financing or otherwise) between (i) our Group and (ii) Guohong Refire, its existing substantial shareholders, directors or senior management, or any of their respective associates.

INDEBTEDNESS

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*)
Interest-bearing bank and other borrowings:					
– Current[(1)]	654,317	269,079	470,443	811,044	1,028,843
– Non-current[(2)]	403,736	729,091	833,025	512,923	351,439
Lease liabilities:					
– Current	15,418	15,523	18,921	19,738	20,600
– Non-current	75,294	60,863	42,483	32,093	29,134
Financial guarantee	11,760	–	–	–	–
Total	**1,160,525**	**1,074,556**	**1,364,872**	**1,375,798**	**1,430,016**

Notes:

(1) As of December 31, 2021, the current portion of the interest-bearing bank and other borrowings included RMB40.2 million due to related parties, which had been settled in 2022.

(2) As of December 31, 2021, the non-current portion of the interest-bearing bank and other borrowings included RMB80.0 million due to related parties, which had been settled in 2022.

Interest-Bearing Bank and Other Borrowings

The following table sets forth the breakdown of our interest-bearing bank and other borrowings, categorized by current and non-current classifications, as well as the security status, 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:					
Bank loans – unsecured	452,434	180,150	36,840	138,756	274,027
Current portion of long-term bank loans – secured	–	15,129	20,095	20,818	25,648
Current portion of long-term bank loans – unsecured	13,379	73,800	192,032	215,540	305,562
Current portion of long-term other borrowings – secured	188,504	–	180,000	393,533	382,302
Current portion of long-term other borrowings – sale leaseback – secured	–	–	41,476	42,397	41,304
Subtotal	**654,317**	**269,079**	**470,443**	**811,044**	**1,028,843**
Non-current:					
Bank loans – secured	–	77,500	57,500	57,500	45,000
Bank loans – unsecured	20,000	258,066	469,900	384,000	257,850
Other borrowings – sale leaseback – secured	–	–	82,840	71,423	48,589
Other borrowings – secured	383,736	393,525	222,785	–	–
Subtotal	**403,736**	**729,091**	**833,025**	**512,923**	**351,439**
Total	**1,058,053**	**998,170**	**1,303,468**	**1,323,967**	**1,380,282**

The following table sets forth the breakdown of our interest-bearing bank and other borrowings based on maturity terms in the relevant agreements as of the date 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)*
Bank loans repayable:					
Within one year	465,813	269,079	248,967	375,113	605,237
In the second year	13,333	130,266	321,400	403,700	276,100
In the third to fifth years, inclusive	6,667	195,300	203,500	35,300	26,750
Beyond five years	–	10,000	2,500	2,500	–
Subtotal	**485,813**	**604,645**	**776,367**	**816,613**	**908,087**
Other borrowings repayable:					
Within one year	188,504	–	221,476	435,931	423,607
In the second year	–	180,000	264,205	41,420	41,420
In the third to fifth years, inclusive	383,736	213,525	41,420	30,003	7,168
Subtotal	**572,240**	**393,525**	**527,101**	**507,354**	**472,195**
Total	**1,058,053**	**998,170**	**1,303,468**	**1,323,967**	**1,380,282**

As of December 31, 2021, 2022 and 2023 and May 31 and September 30, 2024, our total interest-bearing bank and other borrowings amounted to RMB1,058.1 million, RMB998.2 million, RMB1,303.5 million, RMB1,324.0 million and RMB1,380.3 million, respectively. We generally borrow loans to supplement our working capital requirements and finance our capital expenditures.

As of December 31, 2021, 2022 and 2023 and May 31 and September 30, 2024, RMB485.8 million, RMB512.0 million, RMB698.8 million, RMB738.3 million and RMB837.4 million of our interest-bearing bank and other borrowings were unsecured, and RMB572.2 million, RMB486.2 million, RMB604.7 million, RMB585.7 million and RMB542.8 million of our interest-bearing bank and other borrowings were secured by guarantee from the Company or its subsidiary, or pledge of our right-of-use assets, property, plant and equipment or equity interests in a subsidiary.

As of December 31, 2021, 2022 and 2023 and May 31 and September 30, 2024, we had other borrowings totaling RMB572.2 million, RMB393.5 million, RMB527.1 million, RMB507.4 million and RMB472.2 million, respectively. Specifically, we legally transferred 48.97% equity interests in Foshan Nanhai Cunqiu Equity Investment Co., Ltd. ("**Nanhai Cunqiu**"), an insignificant subsidiary pursuant to Rule 14A.09 of the Listing Rules, as collateral to an Independent Third Party, Guangdong Nanhai Industry Group Co., Ltd. Under this arrangement, our subsidiary, Nanhai Cunqiu, received an external funding of RMB220.5 million, and we are obliged to buy back the related equity interests in Nanhai Cunqiu at a fixed amount upon 2025. The fixed amount equals the RMB220.5 million received by Nanhai Cunqiu, plus interest expenses calculated based on the loan prime rate (LPR) announced by the PBOC on the applicable date. As of December 31, 2021, 2022 and 2023 and May 31 and September 30, 2024, the balance of the borrowing in relation to the above arrangement, including accrued interest payable, amounted to RMB233.7 million, RMB243.5 million, RMB252.8 million, RMB256.4 million and RMB259.3 million, respectively. In addition, as of December 31, 2021, 2022 and 2023 and May 31 and September 30, 2024, we also had other borrowings of RMB150.0 million, RMB150.0 million, RMB150.0 million, RMB137.1 million and RMB123.1 million, respectively, from an Independent Third Party in connection with the implementation of a funding support project agreed upon by the Management Committee of Changshu High-tech Industrial Development Zone and us, with a maturity date in 2024. Furthermore, as of December 31, 2023 and May 31 and September 30, 2024, we had other borrowings of RMB124.3 million, RMB113.8 million and RMB89.9 million, respectively, from an Independent Third Party in relation to our sale and leaseback of certain machinery and equipment, with a maturity date in 2026.

As of December 31, 2021, 2022 and 2023 and May 31 and September 30, 2024, we had bank loans amounting to RMB485.8 million, RMB604.6 million, RMB776.4 million, RMB816.6 million and RMB908.1 million, respectively. These loans were provided by commercial banks in the PRC. For more information, including interest rates, maturity profile and the carrying amount of pledged assets of our interest-bearing bank and other borrowings, see note 30 to the Accountants' Report in Appendix I to this prospectus.

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 material 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 material difficulty in obtaining or renewing bank loans, or did we experience any default in payment of bank loans and other borrowings during the Track Record Period and up to the Latest Practicable Date.

Lease Liabilities

Our lease liabilities were primarily related to leases for our office buildings, factory buildings and employee dormitories. The following table sets forth a breakdown of our lease liabilities as of the dates indicated:

	As of December 31,			As of May 31,	As of September 30,
	2021	2022	2023	2024	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*
Current	15,418	15,523	18,921	19,738	20,600
Non-current	75,294	60,863	42,483	32,093	29,134
Total	**90,712**	**76,386**	**61,404**	**51,831**	**49,734**

Our lease liabilities decreased by 15.8% from RMB90.7 million as of December 31, 2021 to RMB76.4 million as of December 31, 2022, and further decreased by 19.6% to RMB61.4 million as of December 31, 2023. Our lease liabilities further deceased by 15.6% to RMB51.8 million as of May 31, 2024, and further to RMB49.7 million as of September 30, 2024. The continued decrease in lease liabilities was mainly due to our lease payments and amortization.

Financial Guarantee

In 2017, Guohong Refire signed an agreement with one of its subsidiary and a third party lender, pursuant to which the subsidiary of Guohong Refire obtained a borrowing of RMB250.0 million from the third party lender with a fixed interest rate of 6.8% per annum and a term of maturity of three years to support the development of Guohong Refire and its subsidiary. The shareholders of Guohong Refire at that time, including our Company, signed a guarantee contract with the third party lender, pursuant to which we provided guarantee according to our shareholding ratio in Guohong Refire for all debts arising from the obligation of the loan agreement until September 18, 2020, a date which was later extended to December 31, 2022. As of December 31, 2021, we recognized loss allowance of RMB11.8 million for the gross amount of financial guarantee obligation of RMB24.5 million. In December 2022, Guohong Refire has fulfilled the repayment obligation, and our guarantee obligation was released accordingly.

As of September 30, 2024, we had unutilized banking facilities of RMB348.4 million, which were committed and unrestricted. These banking facilities have been approved and formally confirmed by the relevant banks in the associated agreements and/or confirmation letters. They can only be canceled in rare circumstances, such as bankruptcy or liquidation, which we consider unlikely to occur. Therefore, our Directors and our PRC Legal Adviser are of the view that these banking facilities are highly certain. The expiration dates for these credit facilities, indicating the end of the periods specified in the relevant agreements during which we can apply to utilize the credit facilities and withdraw funds, range from December 2024 to August 2025. The specific borrowing periods will be detailed in separate loan agreements established under these credit facilities, which will be one year or more from the date of fund withdrawal. Typically, upon expiration, we will seek to renew these credit facilities. Given our strong relationship with the banks and our historical track record of contract compliance with no defaults and successful renewals, Directors are of the view that the likelihood of continued cooperation with these banks is high.

Save as disclosed in this "Financial Information" section, we did not have any bank and other loan, or any loan capital issued and outstanding or agreed to be issued, bank overdraft, borrowing or similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchases or finance lease commitments, guarantees or other material contingent liabilities as of September 30, 2024 for our indebtedness statement. Our Directors confirm that there has not been any material change in our indebtedness since September 30, 2024 up to the date of this prospectus.

CAPITAL EXPENDITURES

Our capital expenditures primarily consist of expenditures for purchase of property, plant and equipment and software. In 2021, 2022, 2023 and the five months ended May 31, 2024, we incurred capital expenditures of RMB166.6 million, RMB126.5 million, RMB144.1 million and RMB24.2 million, respectively. The following table sets forth our capital expenditures for the periods indicated:

	Year Ended December 31,			As of May 31,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Payments of property, plant and equipment	154,765	122,003	142,120	23,703
Payments of software	11,810	4,497	1,932	564
Total	**166,575**	**126,500**	**144,052**	**24,267**

We expect to incur additional capital expenditures in 2024 primarily for acquisition of property, plant and equipment. We expect to finance such capital expenditures through operating cash flows. We may adjust our capital expenditures for any given period according to our development plans or in light of market conditions and other factors we believe to be appropriate.

CONTRACTUAL OBLIGATIONS

As of December 31, 2021, 2022 and 2023 and May 31, 2024, we had capital commitments of RMB35.4 million, RMB63.4 million and RMB51.8 million and RMB37.8 million, respectively, primarily in connection with the acquisition of property, plant and equipment. In addition, as of December 31, 2021, 2022 and 2023 and May 31, 2024, we had commitments of RMB103.2 million, RMB80.7 million and RMB99.1 million and RMB97.9 million, respectively, in relation to our capital injection obligation to a joint venture, associates and other unlisted investments.

Other than the transactions described above, as of the Latest Practicable Date, we had no other material contractual commitments.

CONTINGENT LIABILITIES

Pursuant to agreements entered into between the Group and FAW Jiefang in December 2023 and February 2024, we have offered a guarantee that FAW Jiefang will receive government subsidies of RMB206,360,000 and RMB180,880,000 before December 31, 2025 and December 31, 2024, respectively, for hydrogen fuel cell vehicles embedded with our products. According to the subsidy policy, such subsidies can be applied and received once the criteria are fulfilled. The guaranteed amount under these agreements equals to the relevant subsidies FAW Jiefang is anticipated to receive. The revenue we generated from selling relevant products to FAW Jiefang amounted to RMB346.3 million. As of May 31, 2024, the corresponding outstanding trade receivables due from FAW Jiefang was RMB391.4 million.

The management of the Group considers that it is highly probable for FAW Jiefang to receive such subsidies. In addition, for the amount that criteria has been fulfilled, the application process has already been taken with the government, and for the remaining amount, the management of the Group considers that it would be highly probable for FAW Jiefang to fulfill the criteria in forthcoming periods. Accordingly, the guarantee provision is assessed to be minimal as of December 31, 2023 and May 31, 2024.

Save as disclosed above, as of December 31, 2021, 2022 and 2023 and May 31, 2024, we did not have any material contingent liabilities. We confirm that as of the Latest Practicable Date, there had been no material changes or arrangements to our contingent liabilities.

OFF-BALANCE SHEET ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet transactions.

KEY FINANCIAL RATIOS

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

	As of or for the Year Ended December 31,			As of or for the Five Months Ended May 31,
	2021	2022	2023	2024
Gross profit margin(1)	11.8%	8.2%	20.1%	(193.3)%
Current ratio(2)	1.1	3.1	2.1	1.5
Quick ratio(3)	0.9	2.8	1.9	1.3
Gearing ratio(4)	2.1	0.5	0.7	0.9

Notes:

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

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

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

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

Gross Profit Margin

For the analysis on the gross profit margin, see "— Results of Operations — Gross Profit and Gross Profit Margin" in this section.

Current Ratio

Our current ratio increased from 1.1 as of December 31, 2021 to 3.1 as of December 31, 2022, primarily attributable to (i) an increase in trade and bills receivables due to our sales growth and the prolonged settlement by certain of our customers, and (ii) an increase in cash and cash equivalents as a result of capital injection from our Shareholders in 2022. Our current ratio decreased to 2.1 as of December 31, 2023, and further to 1.5 as of May 31, 2024. The continued decrease was mainly due to (i) a decrease in cash and cash equivalent and (ii) an increase in interest-bearing bank and other borrowings to supplement our working capital needs and finance our capital expenditures.

Quick Ratio

Similar to the reasons for the changes in our current ratio as disclosed above, our quick ratio increased from 0.9 as of December 31, 2021 to 2.8 as of December 31, 2022, and then decreased to 1.9 as of December 31, 2023, and further to 1.3 as of May 31, 2024.

Gearing Ratio

Our gearing ratio decreased from 2.1 as of December 31, 2021 to 0.5 as of December 31, 2022 primarily due to capital injection from our Shareholders in 2022. Our gearing ratio increase slightly to 0.7 as of December 31, 2023, and further decreased to 0.9 as of May 31, 2024, mainly caused by the increase in our interest-bearing bank and other borrowings.

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. During the Track Record Period, our related party transactions primarily included (i) sales of goods or services to associates of RMB15.3 million in 2022 and RMB26.0 million in 2023, (ii) provision of rental services to associates of RMB1.0 million, RMB0.9 million and RMB0.2 million in 2021, 2022 and 2023, respectively, (iii) purchase of goods or services from associates of RMB19.4 million, RMB11.1 million, RMB15.1 million and RMB0.1 million in 2021, 2022 and 2023 and the five months ended May 31, 2024, respectively, (iv) purchase of property, plant and equipment from an associate of RMB3.9 million in 2023, (v) purchase of goods and services from our joint venture, Guohong Refire, amounting to RMB2.6 million, RMB0.3 million and RMB10.6 million in 2021, 2022 and 2023, respectively, (vi) repayment of borrowings obtained from entities controlled by an entity with significant influence over the Group, which amounted to RMB29.5 million in 2021 and RMB123.8 million in 2022, and (vii) repayment for borrowings granted to key management personnel amounting to RMB2.5 million in 2021 and RMB0.1 million in 2022.

As of May 31, 2024, the outstanding balances of our transactions with related parties were all trade related in nature, including trade receivables of RMB48.4 million, prepayments and trade payables of RMB0.9 million. For details of the related party transactions, see note 41 to the Accountants' Report in Appendix I to this prospectus. Our Directors believe that the related party transactions were carried out on an arm's length basis and will not distort our results during the Track Record Period or make such results not reflective of our future performance.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

We are exposed to a variety of financial risks, including interest rate risk, foreign exchange risk, credit risk and liquidity risk. Details of the risk to which we are exposed are set out in note 44 of the Accountants' Report in Appendix I to this prospectus.

DIVIDEND

No dividend has been paid or declared by our Company during the Track Record Period. We currently do not have any specific dividend policy nor any pre-determined dividend payout ratio. The declaration and payment of any dividends in the future will be determined by our Board and subject to our Articles of Association and the PRC Company Law, and will depend on a number of factors, including our financial performance and business operation, capital requirements and contractual restrictions. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. As confirmed by our PRC Legal

Adviser, according to the PRC law, any future net profit that we make will have to be first applied to make up for our historically accumulated losses, after which we will be obliged to allocate at least 10% of our net profit to our statutory common reserve fund until the cumulative amount of the reserve fund has reached more than 50% of our registered capital. We will therefore only be able to declare dividends after (i) all our historically accumulated losses from prior fiscal years have been made up for; and (ii) we have allocated sufficient net profit to our statutory common reserve fund as described above. Based on the above, and considering that we incurred accumulated losses as of May 31, 2024, we are not able to pay any dividend before we have made up for such accumulated losses.

DISTRIBUTABLE RESERVES

As of May 31, 2024, we did not have any distributable reserves.

LISTING EXPENSES

Based on the mid-point of our indicative price range and assuming the Over-allotment Option is not exercised, the listing expenses to be borne by us are estimated to be approximately RMB76.1 million and are expected to represent approximately 11.0% of the gross proceeds of the Global Offering, comprising of (i) underwriting-related expenses, including underwriting commission and other expenses, of RMB31.1 million; and (ii) non-underwriting-related expenses of RMB45.0 million, including (a) fees and expenses of legal advisers and reporting accountant of RMB26.0 million; and (b) other fees and expenses of RMB19.0 million.

During the Track Record Period, we incurred listing expenses of RMB33.0 million, of which RMB28.1 million was charged to our consolidated income statements for the year ended December 31, 2023, while the listing expenses directly attributable to the issue of shares of RMB4.9 million was recognized in the consolidated statement of financial position as of December 31, 2023 and is expected to be accounted for as a deduction in equity upon completion of the Global Offering. We expect to incur additional listing expenses of RMB43.1 million (assuming the Over-allotment Option is not exercised and based on the mid-point of our indicative Offer Price range) will be incurred by us, approximately RMB12.1 million of which is expected to be charged to our consolidated statements of profit or loss, and approximately RMB31.0 million of which is expected to be recognized as a deduction from equity upon the Listing. The listing expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted consolidated net tangible assets attributable to the owners of the Company has been prepared in accordance with Rule 4.29 of the Listing Rules to illustrate the effect of the Global Offering on our consolidated net tangible assets attributable to owners of the Company as of May 31, 2024 as if the Global Offering had taken place on May 31, 2024.

The unaudited pro forma statement of adjusted consolidated net tangible assets 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 financial position of the Group as of May 31, 2024 or any future dates following the Global Offering.

	Consolidated net tangible assets attributable to owners of the Company as of May 31, 2024(1)	Estimated net proceeds from the Global Offering(2)	Unaudited pro forma adjusted consolidated net tangible assets(3)	Unaudited pro forma adjusted net tangible assets attributable to owners of the Company per Share(4)	
	RMB'000	*RMB'000*	*RMB'000*	*RMB*	*HK$*
Based on an Offer Price Of HK$145.00 per Share . . .	1,517,897	600,634	2,118,531	24.59	26.62
Based on an Offer Price Of HK$155.00 per Share . . .	1,517,897	643,219	2,161,116	25.09	27.16
Based on an Offer Price Of HK$165.00 per Share . . .	1,517,897	685,805	2,203,702	25.58	27.69

Notes:

(1) The consolidated net tangible assets attributable to owners of the Company as of May 31, 2024 is extracted from Accountants' Report to this prospectus, which is based on the unaudited consolidated total equity of the Company as of May 31, 2024 of approximately RMB1,461.19 million. The amount of unaudited consolidated net tangible assets attributable to the owners of the Company as of May 31, 2024 excludes other intangible assets of RMB23.45 million and non-controlling interests of RMB(80.16) million.

(2) The estimated net proceeds from the Global Offering are based on the Offer Price of HK$145.00 per Share or HK$155.00 per Share or HK$165.00 per Share, after deduction of the underwriting fees and other related expenses payable by the Company (excluding the listing expense that have been charged to profit or loss during the Track Record Period) and does not take into account of any Shares which may be issued upon the exercise of the Over-allotment Option. The estimated net proceeds from the Global Offering are converted from Hong Kong dollars into Renminbi at an exchange rate of HK$1.0 to RMB0.92371.

(3) The unaudited pro forma adjusted consolidated net tangible assets per Share is calculated based on total 86,139,291 Shares in issue after the completion of the Global Offering, representing the aggregate of the H Shares to be converted from Domestic Shares, the Domestic Shares in issue, and the 4,827,920 H Shares to be issued pursuant to the Global Offering, and does not take into account of any Shares which may be issued upon the exercise of the Over-allotment Option.

(4) For the purpose of this unaudited pro forma statement of adjusted consolidated net tangible assets, the balances stated in Renminbi are converted into Hong Kong dollars at an exchange rate of HK$1 to RMB0.92371. No representation is made that the Hong Kong dollar amounts have been, could have been or may be converted to Renminbi, or vice versa, at that rate or any other rates or at all.

(5) No adjustment has been made to reflect any trading result or other transactions of the Group entered into subsequent to May 31, 2024.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that up to the date of this prospectus, there had been no material adverse change in our financial, operational or prospects since May 31, 2024, being the date of our latest reviewed financial statements, and there is no event since May 31, 2024 that would materially affect the information as set out in the Accountants' Report set out in Appendix I to this prospectus.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors have confirmed that, as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS AND PROSPECTS

See "Business — Our Strategies" in this prospectus for a detailed description of our future plans.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK$665.9 million, after deducting underwriting commissions, fees and estimated expenses payable by us in connection with the Global Offering, and assuming an Offer Price of HK$155.00 per Share, which is the mid-point of the indicative Offer Price range stated in this prospectus. If the Offer Price is set at HK$165.00 per Share, which is the high end of the indicative Offer Price range, the net proceeds from the Global Offering will increase by approximately HK$46.2 million. If the Offer Price is set at HK$145.00 per Share, which is the low end of the indicative Offer Price range, the net proceeds from the Global Offering will decrease by approximately HK$46.3 million.

Assuming an Offer Price at the mid-point of the indicative Offer Price range, we currently intend to apply these net proceeds for the following purposes:

(1) 74.5%, or approximately HK$495.9 million, will be allocated to fund our R&D activities and production capacity expansion of our hydrogen fuel cell systems. Specifically,

(a) 4.9%, or approximately HK$32.7 million, will be allocated to fund the R&D activities (including but not limited to costs in relation to equipment upgrading and acquirement, raw material procurement, product development and testing and staff) for power-efficient and cost-effective hydrogen fuel cell systems and related key components. Specifically,

(i) 2.9%, or approximately HK$19.1 million, will be used to develop the next-generation fuel cell stacks with reduced cost and extended lifespan, which we believe could help us to stay at the forefront among industry peers;

(ii) 0.2%, or approximately HK$1.0 million, will be used to develop the next-generation high power fuel cell systems that focus on higher power output, lower cost, lower hydrogen consumption and stronger environmental adaptability to meet the demand in commercial vehicle market. We believe our next-generation high power fuel cell systems with above features could help us maintain our technological advantages; and

(iii) 1.9%, or approximately HK$12.6 million, will be used to develop high-efficiency stationary power generation fuel cell stacks, focusing on the advancement of core technology of PEM stationary power generation fuel cell stacks and related key components, which we believe will drive the improvements in the performance, efficiency, and reliability of our stationary power generation fuel cell stacks;

The following table sets forth our proposed allocation of net proceeds and the corresponding allocation basis for our R&D activities for power-efficient and cost-effective hydrogen fuel cell systems and related key components:

	Allocation basis	Net proceeds to be used (in HK$ million)		
		The next-generation fuel cell stacks with reduced cost and extended lifespan	**The next-generation high power fuel cell systems**	**High-efficiency stationary power generation fuel cell stacks**
Equipment upgrading, acquirement and installation	The allocation is based on the types and amount of equipment needs for the related R&D activities	17.8	0.4	11.3
Others	The allocation is based on our estimated miscellaneous costs for the related R&D activities	1.3	0.6	1.3
Total		**19.1**	**1.0**	**12.6**

(b) 69.6%, or approximately HK$463.2 million, will be allocated to expand our production capacity of components for hydrogen fuel cell systems. Specifically,

(i) 48.1%, or approximately HK$320.4 million, will be used to pay the expenses for the construction of production facilities for fuel cell stacks and MEAs, with a designed annual production capacity of approximately 20,000 units of fuel cell stacks and six million pieces of MEAs, respectively; and

(ii) 21.4%, or approximately HK$142.8 million, will be used to pay the expenses for the construction of production facilities for bipolar plates. We intend to purchase and install equipment and machinery for manufacturing and testing of bipolar plates with a designed annual production capacity of approximately three million pieces of bipolar plates.

(2) 15.3%, or approximately HK$101.9 million, will be allocated to fund our production capacity expansion of our hydrogen production systems. Specifically,

(a) 7.2%, or approximately HK$47.7 million, will be used to fund the production expansion of PEM water electrolysis hydrogen production systems. We intend to optimize our production facilities and equipment to enhance the production capability of our self-developed PEM water electrolysis hydrogen production systems with reliable performance, in order to meet the market needs;

(b) 4.9%, or approximately HK$32.5 million, will be used to fund the production expansion of ALK electrode. We expect to upgrade our production facilities and equipment to enhance the production capability of ALK electrode; and

(c) 3.3%, or approximately HK$21.7 million, will be used to fund the development of hydrogen production power sources. We expect to optimize our production facilities and acquire equipment to enhance the production capability of hydrogen production power sources.

(3) 7.7%, or approximately HK$51.3 million, will be used for the expansion of our overseas market footprint. We currently intend to expand our presence in Europe, Americas, and other regions. We believe our expected expansion in overseas market is commensurate with our past business strategies. Our previous investment arrangements, such as establishing a R&D base in Vancouver, Canada and setting up an office in Stuttgart, Germany have indicated our investment layout in the overseas markets. These efforts are aimed at paving the way for our future development in overseas market. Specifically,

(a) 5.8%, or approximately HK$38.9 million, will be used to support the provision of after-sales services for our overseas market. We intend to establish after-sales service offices to offer services for the target market and form after-sales service teams consisting of seasoned technicians who are familiar with the local market and language; and

(b) 1.9%, or approximately HK$12.4 million, will be used for team building to support our overseas market expansion. We expect to recruit around 30 personnel over a period of five years with various functions to ensure the ordered expansion, including selling and marketing, product solution design and etc.

(4) 2.5%, or approximately HK$16.9 million, will be used for our working capital and general corporate purposes.

The table below sets forth the expected implementation timetable of our planned use of our proceeds:

	Year Ending December 31,					
	2024	2025	2026	2027	2028	Total
	(HK$ in million)					
R&D activities and production capacity expansion of our hydrogen fuel cell systems	–	149.7	92.8	149.7	103.6	495.9
R&D activities power-efficient and cost-effective hydrogen fuel cell systems and related key components	–	32.7	–	–	–	32.7
– next-generation fuel cell stacks with reduced cost and extended lifespan	–	19.1	–	–	–	19.1
– next-generation high power fuel cell systems	–	1.0	–	–	–	1.0
– high-efficiency stationary power generation fuel cell stacks	–	12.6	–	–	–	12.6
Expansion of our production capacity of components for hydrogen fuel cell systems	–	117.1	92.8	149.7	103.6	463.2
– construction of production facilities for fuel cell stacks and MEAs	–	80.6	65.0	110.3	64.6	320.4
– construction of production facilities for bipolar plates	–	36.5	27.8	39.5	39.0	142.8
Production capacity expansion of our hydrogen production systems	–	54.2	39.0	8.7	–	101.9
– production expansion of PEM water electrolysis hydrogen production systems	–	25.0	22.7	–	–	47.7
– production expansion of ALK electrode	–	7.6	16.2	8.7	–	32.5
– development of hydrogen production power sources	–	21.7	–	–	–	21.7

	Year Ending December 31,					
	2024	2025	2026	2027	2028	Total
	(HK$ in million)					
Expansion of our overseas market footprint	1.3	6.4	10.5	14.8	18.3	51.3
– provision of after-sales services for overseas market	–	3.9	7.8	11.7	15.6	38.9
– team building	1.3	2.5	2.7	3.1	2.8	12.4
Working capital and general corporate purposes	–	4.2	4.2	4.2	4.2	16.9
Total by year	1.3	214.6	146.5	177.4	126.2	665.9

If the Over-allotment Option is exercised in full, the net proceeds that we will receive will be approximately HK$773.2 million, assuming an Offer Price of HK$155.00 per Share (being the mid-point of the indicative Offer Price range). We intend to apply the additional net proceeds to the above purposes in the proportions stated above.

The above allocation of the net proceeds from the Global Offering will be adjusted in the event that the Offer Price is fixed at a higher or lower level compared to the mid-point of the indicative Offer Price range stated in this prospectus. If the Offer Price is fixed at HK$165.00 per Share, being the high end of the stated Offer Price range, our net proceeds will be (i) increased by approximately HK$46.2 million, assuming the Over-allotment Option is not exercised; or (ii) increased by approximately HK$53.0 million, assuming the Over-allotment Option is exercised in full. In such circumstances, we currently intend to use such additional proceeds to increase the net proceeds applied for the same purposes as set out above on a *pro rata* basis. If the Offer Price is fixed at HK$145.00 per Share being the low end of the stated Offer Price range, our net proceeds will be (i) decreased by approximately HK$46.3 million, assuming the Over-allotment Option is not exercised; or (ii) decreased by approximately HK$53.0 million, assuming the Over-allotment Option is exercised in full. In such circumstances, we currently intend to reduce the net proceeds applied for the same purposes as set out above on a *pro rata* basis.

To the extent that the net proceeds are not immediately applied to the above purposes, we will only hold such funds in short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the SFO or applicable laws and regulations in other jurisdictions). We will issue an appropriate announcement if there is any material change to the above proposed use of proceeds.

HONG KONG UNDERWRITERS

China International Capital Corporation Hong Kong Securities Limited
CMB International Capital Limited
BNP Paribas Securities (Asia) Limited
China Galaxy International Securities (Hong Kong) Co., Limited
ABCI Securities Company Limited
BOCI Asia Limited
China Merchants Securities (HK) Co., Limited
Livermore Holdings Limited
Soochow Securities International Brokerage Limited
Tiger Brokers (HK) Global Limited

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis. The International Offering is expected to be fully underwritten by the International Underwriters. If, for any reason, the Offer Price is not agreed between the Joint Overall Coordinators (for themselves and on behalf of the Underwriters) and our Company, the Global Offering will not proceed and will lapse.

The Global Offering comprises the Hong Kong Public Offering of initially 482,800 Hong Kong Offer Shares and the International Offering of initially 4,345,120 International Offer Shares, subject, in each case, to reallocation on the basis as described in the section headed "Structure of the Global Offering" as well as to the Over-allotment Option (in the case of the International Offering).

UNDERWRITING ARRANGEMENTS AND EXPENSES

The Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, our Company is offering the Hong Kong Offer Shares for subscription on the terms and conditions set out in this prospectus and the Hong Kong Underwriting Agreement at the Offer Price.

Subject to (a) the Stock Exchange granting approval for the listing of, and permission to deal in, the H Shares to be issued pursuant to the Global Offering (including the H Shares which may be issued pursuant to the exercise of the Over-allotment Option and the H Shares to be converted from Domestic Shares) as mentioned herein on the Main Board of the Stock Exchange and such approval not subsequently having been revoked prior to the commencement of trading of the H Shares on the Stock Exchange and (b) certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally but not jointly to procure subscribers for, or themselves to subscribe for, their respective applicable proportions of the Hong Kong Offer Shares being offered which 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.

The Hong Kong Underwriting Agreement is conditional on, among other things, the International Underwriting Agreement having been executed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for Termination

If any of the events set out below occurs at any time prior to 8:00 a.m. on the Listing Date, the Sole Sponsor in its absolute discretion may, by giving notice to our Company, terminate the Hong Kong Underwriting Agreement with immediate effect:

(a) there develops, occurs, exists or comes into force:

(i) any event or circumstance, or series of events or circumstances (whether or not in continuation), in the nature of force majeure (including, without limitation, any acts of government, declaration of a national, regional or international emergency or war, calamity, crisis, epidemic, pandemic, outbreaks, escalation, mutation or aggravation of diseases (including, without limitation, COVID-19, Severe Acute Respiratory Syndrome (SARS), swine or avian flu, H5N1, H1N1, H7N9, Ebola virus, Middle East respiratory syndrome), economic sanctions, strikes, labour disputes, lock-outs, other industrial actions, fire, explosion, flooding, earthquake, tsunami, volcanic eruption, civil commotion, riots, rebellion, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war or state of emergency is declared), acts of God or acts of terrorism (whether or not responsibility has been claimed), paralysis in government operations, severe interruptions or delay in transportation) in or affecting Hong Kong, the PRC, the United States, the United Kingdom, Japan, Canada, Singapore or the European Union (any member thereof) or any other jurisdiction relevant to our Group (each a "**Relevant Jurisdiction**" and collectively, the "**Relevant Jurisdictions**");

(ii) any change or development involving a prospective change, or any event or circumstance or series of events or circumstances resulting or likely to result in or representing any change or development involving a prospective change, in any local, national, regional or international financial, economic, political, military, industrial, legal, fiscal, regulatory, currency, credit or market matters or 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), in or affecting any of the Relevant Jurisdictions;

(iii) any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange or the Tokyo Stock Exchange;

(iv) any general moratorium on commercial banking activities in or affecting Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent authority), New York (imposed at the U.S. Federal or New York State level or by any other competent authority), London, the PRC, the European Union (or any member thereof) or any of the other Relevant Jurisdictions (declared by the relevant authorities) or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in or affecting any of the Relevant Jurisdictions;

(v) any new law or regulation or any change or development involving a prospective change in existing laws or regulations or any change or development involving a prospective change in the interpretation or application thereof by any court or any competent authority in or affecting any of the Relevant Jurisdictions;

(vi) the withdrawal of trading privileges, in whatever form, directly or indirectly, by, or for, any of the Relevant Jurisdictions or relevant to the business operations of our Company or any member of our Group;

(vii) any change or development involving a prospective change or amendment in or affecting taxation or foreign exchange control, currency exchange rates or foreign investment regulations (including, without limitation, a material devaluation of the Hong Kong dollar or RMB against any foreign currencies or a change in the system under which the value of the Hong Kong dollar is linked to that of the United States dollar), or the implementation of any exchange control, in any of the Relevant Jurisdictions or affecting an investment in the Offer Shares;

(viii) other than with the prior written consent of the Sole Sponsor and the Joint Overall Coordinators, the issue or requirement to issue by our Company of a supplement or amendment to this prospectus, the final offering circular or other documents in connection with the offer and sale of the Offer Shares pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or upon any requirement or request of the Stock Exchange, the CSRC and/or the SFC;

(ix) any valid demand by creditors for repayment of indebtedness or an order or petition for the winding up or liquidation of any member of our Group or any composition or arrangement made by any member of our Group with its creditors or a scheme of arrangement entered into by any member of our Group or any resolution for the winding-up of any member of our Group or the appointment of a provisional liquidator, receiver or manager over all or part of the assets or undertaking of any member of our Group or anything analogous thereto occurring in respect of any member of our Group;

(x) any chief executive officer, chief financial officer, any Director, Supervisors or any member of the senior management of our Company as named in this prospectus is vacating his or her office;

(xi) any litigation, dispute, legal action or claim or regulatory or administrative investigation or action being threatened, instigated or announced against any member of our Group or any Director or senior management of our Company as named in this prospectus or any member of the Single Largest Group of Shareholders;

(xii) any contravention by any member of our Group or any Director or any member of the senior management of our Company as named in this prospectus of any applicable laws and regulations or the Listing Rules, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the PRC Company Law;

(xiii) any non-compliance of this prospectus or the CSRC filings (or any other documents used in connection with the contemplated subscription and sale of the Offer Shares) or any aspect of the Global Offering with applicable laws and regulations (including, without limitation, the Listing Rules, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the CSRC Rules (as defined in the Hong Kong Underwriting Agreement)); or

(xiv) any change or prospective change or development, or a materialisation of, any of the risks set out in the section headed "Risk Factors" in this prospectus,

which, individually or in the aggregate, in the sole and absolute opinion of the Sole Sponsor:

(i) has or will or may have a material adverse effect or any development involving a prospective material adverse effect, on or affecting the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of our Group, taken as a whole;

(ii) has or will have or may have a material adverse effect on the success or marketability of the Global Offering or the level of applications or the distribution of the Offer Shares under the Hong Kong Public Offering or the level of interest under the International Offering;

(iii) makes or will make or is likely to make it inadvisable, inexpedient, impracticable or incapable for the Hong Kong Public Offering and/or the International Offering to proceed or to market the Global Offering or the delivery or distribution of the Offer Shares on the terms and in the manner contemplated by the Offer-Related Documents (as defined below); or

(iv) has or will or may have the effect of making any material part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

(b) there has come to the notice of the Sole Sponsor that:

(i) any statement contained in any of the Hong Kong Public Offering Documents (as defined in the Hong Kong Underwriting Agreement), and/or any notices, announcements, advertisements, communications or other documents (including any announcement, circular, document or other communication pursuant to the Hong Kong Underwriting Agreement) issued or used by or on behalf of our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto (the "**Offer-Related Documents**") but excluding information relating to the Underwriters) was, when it was issued, or has become, untrue, incorrect, inaccurate, incomplete in any material respects or misleading or deceptive, or that any estimate, forecast, expression of opinion, intention or expectation contained in any of such documents is not fair and honest and based on reasonable grounds or reasonable assumptions with reference to the facts and circumstances then subsisting;

(ii) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute a material omission from, or misstatement in, any of the Offer-Related Documents;

(iii) there is a breach of, or any event or circumstance rendering untrue, incorrect, incomplete or misleading in any respect, any of the warranties given by our Company or any member of the Single Largest Group of Shareholders in the Hong Kong Underwriting Agreement or the International Underwriting Agreement, as applicable;

(iv) there is a breach of any of the obligations imposed upon our Company or any member of the Single Largest Group of Shareholders under the Hong Kong Underwriting Agreement or the International Underwriting Agreement, as applicable;

(v) there is an event, act or omission which gives or is likely to give rise to any liability of our Company or any member of the Single Largest Group of Shareholders pursuant to the indemnities given by any of them under the Hong Kong Underwriting Agreement;

(vi) there is any material adverse effect or any development involving a prospective material adverse effect, on or affecting the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of our Group, taken as a whole;

(vii) the approval of the Stock Exchange of the listing of, and permission to deal in, the H Shares in issue and to be issued pursuant to the Global Offering (including pursuant to any exercise of the Over-allotment Option) is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, cancelled, qualified (other than by customary conditions), revoked or withheld;

(viii) any person named as an expert in this prospectus (other than the Sole Sponsor) has withdrawn its consent to the issue of this prospectus with the inclusion of its reports, letters and/or legal opinions (as the case may be) and references to its name included in the form and context in which it respectively appears;

(ix) our Company withdraws this prospectus (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering;

(x) there is a prohibition on our Company for whatever reason from offering, allotting, issuing or selling any of the Offer Shares (including pursuant to any exercise of the Over-allotment Option) pursuant to the terms of the Global Offering;

(xi) any Director, Supervisor or member of senior management of our Company as named in this prospectus is being charged with an indictable offence or is prohibited by operation of law or otherwise disqualified from taking part in the management of a company; or

(xii) a material portion of the orders placed or confirmed in the bookbuilding process, or of the investment commitment made by any cornerstone investor under agreement signed with such cornerstone investor, have been withdrawn, terminated or cancelled.

Undertaking to the Stock Exchange pursuant to the Listing Rules

Pursuant to Rule 10.08 of the Listing Rules, our Company has undertaken to the Stock Exchange that no further Shares or securities convertible into equity securities of our Company (whether or not of a class already listed) may be issued or sold or transferred out of treasury or form the subject of any agreement to such an issue, or sale or transfer out of treasury within six months from the Listing Date (whether or not such issue of Shares or securities, or sale or transfer of treasury shares will be completed within six months from the Listing Date), except (a) pursuant to the Global Offering or the Over-allotment Option, (b) pursuant to the Pre-IPO Share Option Scheme, or (c) under any of the circumstances provided under Rule 10.08 of the Listing Rules.

Undertakings pursuant to the Hong Kong Underwriting Agreement

Undertaking by our Company

Pursuant to the Hong Kong Underwriting Agreement, the Company has undertaken to the Joint Overall Coordinators, the Joint Global Coordinators, the Sole Sponsor, the Capital Market Intermediaries, the Hong Kong Underwriters and each of them not to (save for the issue, offer or sale of the Offer Shares by the Company pursuant to the Global Offering (including pursuant to any exercise of the Over-allotment Option) and the issue of any Shares pursuant to the Pre-IPO Share Option Scheme), without the prior written consent of the Sole Sponsor and unless in compliance with the requirements of the Listing Rules, at any time during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the last date of the six months after the Listing Date (the "**First Six-Month Period**"):

(i) offer, allot, issue, sell, accept subscription for, contract or agree to allot, issue or sell, assign, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, right or contract to purchase, purchase any option or contract to sell, agree to grant any option, right or warrant to purchase or subscribe for, or otherwise transfer or dispose of, or agree to transfer or dispose of or create any Encumbrance (as defined under the Hong Kong Underwriting Agreement) over, either directly or indirectly, conditionally or unconditionally, any legal or beneficial interest in any H Shares or other securities of our Company, or any interests in any of the foregoing (including, but not limited to, any securities that are convertible into or exercisable or exchangeable for, or that represent the right to receive, or any warrants or other rights to purchase, any H Shares or other securities of our Company, or deposit any H Shares or other securities of our Company, as applicable, with a depository in connection with the issue of depository receipts); or

(ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership (legal or beneficial) of any H Shares or other securities of our Company, or any interest in any of the foregoing (including, without limitation, any securities that are convertible into or exchangeable or exercisable for, or that represent the right to receive, or any warrants or other rights to purchase, any H Shares or other securities of the Company); or

(iii) enter into or effect any transaction with the same economic effect as any transaction described in (i) and (ii) above; or

(iv) offer to or contract to or agree to announce, or publicly disclose that the Company will or may enter into any such transaction described in (i), (ii) and (iii) above,

in each case, whether any such transaction described in (i), (ii) and (iii) above is to be settled by delivery of the H Shares or other securities of our Company, in cash or otherwise (whether or not the issue of such Shares or other securities of our Company will be completed within the First Six-Month Period).

In the event that, during the period of six months immediately following the First Six-Month Period (the "**Second Six-Month Period**"), the Company enters into any of the transactions specified in (i), (ii) and (iii) above or offers or agrees or contracts to, or announces, or publicly discloses, any intention to, enter into any such transactions, our Company shall take all reasonable steps to ensure that it will not create a disorderly or false market in the H Shares or other securities of our Company. Each member of the Single Largest Group of Shareholders undertakes to each of the Sole Sponsor, the Joint Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries and the Hong Kong Underwriters to procure that our Company will comply with such undertakings.

Undertaking by our Single Largest Group of Shareholders

Each member of the Single Largest Group of Shareholders hereby irrevocably undertakes to each of our Company, the Joint Overall Coordinators, the Joint Global Coordinators, the Sole Sponsor, the Capital Market Intermediaries and the Hong Kong Underwriters that, without the prior written consent of the Sole Sponsor and unless in compliance with the requirements of the Listing Rules:

(a) during the First Six-Month Period, he/it will not, and he/it will procure that the relevant registered holder(s) will not: (i) offer, pledge, charge, sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any H Shares or other securities of our Company or any interest in any of the foregoing (including, but not limited to, any securities that are convertible into or exchangeable or exercisable for, or that represent the right to receive, or any warrants or other rights to purchase, any H Shares or other securities of our Company) beneficially owned by him/it as at the Listing Date (the "**Locked-up Securities**"); or (ii) 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 Locked-up Securities; or (iii) enter into any transaction with the same economic effect as any transaction described in (i) or (ii) above; or (iv) offer to or contract to or agree to or publicly disclose that the Single Largest Group of Shareholders will or may enter into any transaction described in (i), (ii) or (iii) above,

in each case, whether any such transaction described in (i), (ii) or (iii) above is to be settled by delivery of such H Shares or other securities of our Company, in cash or otherwise (whether or not the settlement or delivery of such H Shares or other securities will be completed within the First Six-Month Period);

(b) during the First Six-Month Period and the Second Six-Month Period, each member of the Single Largest Group of Shareholders will: (i) if and when he/it or the relevant registered holder(s) pledges or charges any Locked-up Securities pursuant to paragraph (a) above, immediately inform our Company and the Sole Sponsor in writing of such pledge or charge together with the number of Locked-up Securities so pledged or charged; and (ii) if and when he/it or the relevant registered holder(s) receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged Locked-up Securities will be disposed of, immediately inform our Company and the Sole Sponsor in writing of such indications.

Our Company has undertaken to each of the Sole Sponsor, the Joint Overall Coordinators, the Hong Kong Underwriters and the Capital Market Intermediaries that upon receiving such information in writing from the Single Largest Group of Shareholders, it will, as soon as practicable and if required pursuant to the Listing Rules, notify the Stock Exchange and make a public disclosure in relation to such information by way of an announcement.

Hong Kong Underwriters' Interests in our Company

Save for their respective obligations under the Hong Kong Underwriting Agreement, as of the Latest Practicable Date, none of the Hong Kong Underwriters was interested, legally or beneficially, directly or indirectly, in any H Shares or any securities of our Company or had any right or option (whether legally enforceable or not) to subscribe for or purchase, or to nominate persons to subscribe for or purchase, any H Shares or any securities of our Company.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the H Shares as a result of fulfilling their respective obligations under the Underwriting Agreements.

The International Offering

International Underwriting Agreement

In connection with the International Offering, our Company and each member of our Single Largest Group of Shareholders expect to enter into the International Underwriting Agreement with the Joint Overall Coordinators and the International Underwriters on or around the Price Determination Date. Under the International Underwriting Agreement and subject to the Over-allotment Option, the International Underwriters would, subject to certain conditions set out therein, agree severally but not jointly to procure subscribers for, or themselves to subscribe for, their respective applicable proportions of the International Offer Shares initially being offered pursuant to the International Offering. It is expected that the International Underwriting Agreement may be terminated on similar grounds to the Hong Kong Underwriting Agreement. Potential investors should note that in the event that the International Underwriting Agreement is not entered into or terminated, the Global Offering will not proceed. See "Structure of the Global Offering — The International Offering" in this prospectus.

Over-allotment Option

Our Company is expected to grant the Over-allotment Option to the International Underwriters, exercisable by the Stabilizing Manager (for itself and on behalf of the International Underwriters) at any time from the date of the International Underwriting Agreement until 30 days after the last day for lodging applications under the Hong Kong Public Offering, pursuant to which our Company may be required to issue up to an aggregate of 724,180 H Shares, representing not more than 15% of the number of the Offer Shares initially available under the Global Offering, at the Offer Price, to cover over-allocations in the International Offering, if any. See "Structure of the Global Offering — Over-allotment Option" for further details.

Commissions and Expenses

The Underwriters and the Capital Market Intermediaries will receive an underwriting commission of 3.00% of the aggregate Offer Price of all the Offer Shares (including any Offer Shares to be issued pursuant to the exercise of the Over-allotment Option) (the "**Fixed Fee**"), out of which they will pay any sub-underwriting commissions and other fees.

Our Company may, at our sole and absolute discretion, pay to one or more Underwriters or the Capital Market Intermediaries an incentive fee of up to 1.5% of the aggregate Offer Price of all the Offer Shares (including any Offer Shares to be issued pursuant to the exercise of the Over-allotment Option) (the "**Discretionary Fee**"). The ratio of the Fixed Fee and the Discretionary Fee payable to all Underwriters is therefore approximately 60:40.

For any unsubscribed Hong Kong Offer Shares reallocated to the International Offering, the underwriting commission will not be paid to the Hong Kong Underwriters but will instead be paid, at the rate applicable to the International Offering, to the relevant International Underwriters.

The aggregate underwriting commissions payable by our Company to the Underwriters in relation to the Global Offering (assuming an Offer Price of HK$155.00 per Offer Share (which is the mid-point of the Offer Price range), the full payment of the discretionary incentive fee and the full exercise of the Over-allotment Option) will be approximately HK$38.73 million.

The aggregate underwriting commissions and incentive fees together with the Stock Exchange listing fees, the AFRC transaction levy, the SFC transaction levy and the Stock Exchange trading fee, legal and other professional fees and printing and all other expenses relating to the Global Offering are estimated to be approximately HK$87.36 million (assuming an Offer Price of HK$155.00 per Offer Share (which is the mid-point of the Offer Price range), the full payment of the discretionary incentive fee and the full exercise of the Over-allotment Option) and will be paid by our Company.

Sole Sponsor's Fee

An amount of US$1,000,000 is payable by our Company as sponsor fee to the Sole Sponsor.

Indemnity

Our Single Largest Group of Shareholders has agreed to indemnify the Hong Kong Underwriters for certain losses which they may suffer or incur, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by any of our Company and our Single Largest Group of Shareholders of the Hong Kong Underwriting Agreement.

ACTIVITIES BY SYNDICATE MEMBERS

The underwriters of the Hong Kong Public Offering and the International Offering (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 or stabilizing 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, loan financing, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In the ordinary course of their various business activities, the Syndicate Members and their respective affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers. Such investment and trading activities may involve or relate to assets, securities, co-investments and/or instruments of or with our Company and/or persons and entities with relationships with our Company and may also include swaps and other financial instruments entered into for hedging purposes in connection with our Company's loans and other debt.

In relation to the H Shares, the activities of the Syndicate Members and their affiliates could include acting as agent for buyers and sellers of the H Shares, entering into transactions with those buyers and sellers in a principal capacity, including as a lender to initial purchasers of the H Shares (which financing may be secured by the H Shares) in the Global Offering, proprietary trading in the 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 as their underlying assets, assets including the H Shares. Such transactions may be carried out as bilateral agreements or trades with selected counterparties. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the H Shares, which may have a negative impact on the trading price of the 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 the H Shares, in baskets of securities or indices including the H Shares, in units of funds that may purchase the 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 the H Shares as 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 the H Shares in most cases.

All such activities may occur both during and after the end of the stabilizing period described in the section headed "Structure of the Global Offering". Such activities may affect the market price or value of the H Shares, the liquidity or trading volume in the H Shares and the volatility of the price of the 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 (other than the Stabilizing Manager or its affiliates or any person acting for it) 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.

Certain of the Syndicate Members or their respective affiliates have provided from time to time, and expect to provide in the future, investment banking, loan financing and other services to our Company and each of its affiliates for which such Syndicate Members or their respective affiliates have received or will receive customary fees and commissions.

In addition, the Syndicate Members or their respective affiliates may provide financing to investors to finance their subscriptions of Offer Shares in the Global Offering.

SOLE SPONSOR'S INDEPENDENCE

The Sole Sponsor satisfies the independence criteria set out in Rule 3A.07 of the Listing Rules.

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. China International Capital Corporation Hong Kong Securities Limited is the Sole Sponsor and the Joint Overall Coordinator of the Global Offering.

The Listing of the H Shares on the Stock Exchange is sponsored by the Sole Sponsor. The Sole Sponsor has made an application on behalf of our Company to the Stock Exchange for the listing of, and permission to deal in, the H Shares to be issued as mentioned in this prospectus.

4,827,920 Offer Shares (subject to reallocation and the Over-allotment Option) will initially be made available under the Global Offering comprising:

(a) the Hong Kong Public Offering of initially 482,800 H Shares (subject to reallocation) in Hong Kong as described in "— The Hong Kong Public Offering" in this section below; and

(b) the International Offering of initially 4,345,120 H Shares (subject to reallocation and the Over-allotment Option) outside the United States (including to professional and institutional investors within Hong Kong) in offshore transactions in reliance on Regulation S, as described in "— The International Offering" in this section below.

Investors may either:

(i) apply for Hong Kong Offer Shares under the Hong Kong Public Offering; or

(ii) apply for or indicate an interest for International Offer Shares under the International Offering, but may not do both.

The Offer Shares will represent approximately 5.60% of the enlarged issue share capital of our Company immediately after completion of the Global Offering, assuming the Over-allotment Option is not exercised. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 6.39% of the enlarged issued share capital of our Company immediately following the completion of the Global Offering and the issue of Offer Shares pursuant to the Over-Allotment Option.

References in this prospectus to applications, application monies or the procedure for applications relate solely to the Hong Kong Public Offering.

THE HONG KONG PUBLIC OFFERING

Number of Offer Shares Initially Offered

Subject to reallocation as mentioned below, our Company is initially offering 482,800 H Shares (subject to reallocation) for subscription by the public in Hong Kong at the Offer Price, representing approximately 10.00% of the total number of Offer Shares initially available under the Global Offering. Subject to reallocation as mentioned below, the number of Offer Shares initially offered under the Hong Kong Public Offering, subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, will represent approximately 0.56% of the enlarged issued share capital of our Company immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised).

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 set out in "— Conditions of the Global Offering" in this section below.

Allocation

Allocation of Offer Shares to investors under the Hong Kong Public Offering will be based solely 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. Such allocation could, where appropriate, consist of balloting, which could 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 Hong Kong Offer Shares available under the Hong Kong Public Offering (after taking into account any reallocation referred to below) will be divided into two pools: pool A and pool B (with any odd lot being allocated to pool A). Pool A will initially comprise 241,400 Hong Kong Offer Shares and pool B will initially comprise 241,400 Hong Kong Offer Shares, both of which are available on a fair basis to successful applicants. The Hong Kong Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of HK$5 million (excluding the brokerage, the AFRC transaction levy, the SFC transaction levy and the Stock Exchange trading fee payable) or less. The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of more than HK$5 million (excluding the brokerage, the AFRC transaction levy, the SFC transaction levy and the Stock Exchange trading fee payable) and up to the total value in pool B.

Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If any Hong Kong Offer Shares in one (but not both) of the pools are unsubscribed, such unsubscribed Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of the immediately preceding paragraph only, the "price" for 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 and not from both pools. Multiple or suspected multiple applications under the Hong Kong Public Offering and any application for more than 241,400 Hong Kong Offer Shares (being approximately 50% of the total number of Offer Shares initially available under the Hong Kong Public Offering) is liable to be rejected.

Reallocation

The allocation of the Offer Shares between the Hong Kong Public Offering and the International Offering is subject to reallocation. Paragraph 4.2 of Practice Note 18 of the Listing Rules requires a clawback mechanism to be put in place which would have the effect of increasing the number of Offer Shares under the Hong Kong Public Offering to a certain percentage of the total number of Offer Shares offered under the Global Offering if certain prescribed total demand levels are reached.

If the International Offering is fully subscribed or oversubscribed and the number of Offer Shares validly applied for under the Hong Kong Public Offering represents (a) 15 times or more but less than 50 times, (b) 50 times or more but less than 100 times, and (c) 100 times or more of the total number of Offer Shares initially available under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering. As a result of such reallocation, the total number of Offer Shares available under the Hong Kong Public Offering will be increased to 1,448,380 Offer Shares (in the case of (a)), 1,931,180 Offer Shares (in the case of (b)), and 2,413,960 Offer Shares (in the case of (c)), representing 30%, 40% and 50% of the total number of Offer Shares initially available under the Global Offering, respectively (before any exercise of the Over-allotment Option), reallocation being referred to in this prospectus as "Mandatory Reallocation".

In each case, 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 Offering will be correspondingly reduced in such manner as the Joint Overall Coordinators deem appropriate.

In addition to any mandatory reallocation required as described above, the Offer Shares to be offered in the Hong Kong Public Offering and the Offer Shares to be offered in the International Offering may, in certain circumstances, be reallocated between these offerings at the discretion of the Joint Overall Coordinators. The Joint Overall Coordinators may, according to the relevant Listing Rules and the Guide for New Listing Applicants, reallocate Offer Shares initially allocated for the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering. In particular, if (i) the International

Offering is not fully subscribed and the Hong Kong Public Offering is fully subscribed or oversubscribed; or (ii) the International Offering is fully subscribed or oversubscribed and the Hong Kong Public Offering is fully subscribed or oversubscribed with the number of Offer Shares validly applied for in the Hong Kong Public Offering representing less than 15 times of the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, the Joint Overall Coordinators have the authority to reallocate International Offer Shares originally included in the International Offering to the Hong Kong Public Offering in such number as it deems appropriate, provided that in accordance with paragraph 9 of Chapter 4.14 of the Guide for New Listing Applicants, (i) the number of International Offer Shares reallocated to the Hong Kong Public Offering should not exceed 482,800 Offer Shares, increasing the total number of Offer Shares available under the Hong Kong Public Offering to 965,600 Offer Shares, representing approximately 20% of the Offer Shares initially available under the Global Offering; and (ii) the final Offer Price should be fixed at the bottom end of the indicative Offer Price range (i.e. HK$145.00 per Offer Share) stated in this prospectus.

If the Hong Kong Public Offering is not fully subscribed for, the Joint Overall Coordinators have the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Joint Overall Coordinators deem appropriate.

Details of any reallocation of the Offer Shares between the Hong Kong Public Offering and the International Offering will be disclosed in the results announcement which is expected to be published on Thursday, December 5, 2024.

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 taken up, or indicated an interest for, any International Offer Shares under the International Offering. Such applicant's application is liable to be rejected if such undertaking and/or confirmation is/are breached and/or untrue (as the case may be) or if he has been or will be placed or allocated International Offer Shares under the International Offering.

Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum Offer Price of HK$165.00 per Offer Share in addition to the brokerage, the AFRC transaction levy, the SFC transaction levy and the Stock Exchange trading fee payable on each Offer Share, amounting to a total of HK$3,333.28 for one board lot of 20 Shares. If the Offer Price, as finally determined in the manner described in the paragraph headed "— Pricing and Allocation" in this section below, is less than the maximum Offer Price of HK$165.00 per Offer Share, appropriate refund payments (including the brokerage, the AFRC transaction levy, the SFC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. See "How to Apply for Hong Kong Offer Shares" for further details.

THE INTERNATIONAL OFFERING

Number of International Offer Shares initially offered

The International Offering will consist of an offering of initially 4,345,120 H Shares being offered by our Company and representing 90% of the total number of Offer Shares initially available under the Global Offering (subject to reallocation and the Over-allotment Option). The number of Offer Shares initially offered under the International Offering, subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, will represent approximately 5.04% of the total Shares in issue immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised).

Allocation

The International Offering will include selective marketing of H Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares in Hong Kong and other jurisdictions outside the United States 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 that regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the "book-building" process described in the paragraph headed "— Pricing and Allocation" in this section below and based on a number of factors, including the level and timing of demand, the 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 H Shares and/or hold or sell its H Shares after the Listing. Such allocation is intended to result in a distribution of the H 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 the Shareholders as a whole.

The Joint Overall Coordinators (for themselves and on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Joint Overall Coordinators so as to allow it to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any allocation of Offer Shares under the Hong Kong Public Offering.

Reallocation

The total number of Offer Shares to be issued pursuant to the International Offering may change as a result of the clawback arrangement described in the paragraph headed "— The Hong Kong Public Offering — Reallocation" in this section above, the exercise of the Over-allotment Option in whole or in part and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering.

OVER-ALLOTMENT OPTION

In connection with the Global Offering, our Company is expected to grant the Over-allotment Option to the International Underwriters, exercisable by the Stabilizing Manager (for itself and on behalf of the International Underwriters).

Pursuant to the Over-allotment Option, the International Underwriters will have the right, exercisable by the Stabilizing Manager (for itself and on behalf of the International Underwriters) at any time from the date of the International Underwriting Agreement until 30 days after the last day for lodging applications under the Hong Kong Public Offering, to require our Company to issue up to an aggregate of 724,180 H Shares, representing not more than 15% of the total number of Offer Shares initially available under the Global Offering, at the Offer Price under the International Offering to cover over-allocations in the International Offering, if any.

If the Over-allotment Option is exercised in full, the additional Offer Shares to be issued pursuant thereto will represent approximately 0.83% of the total Shares in issue immediately following the completion of the Global Offering and the issue of Offer Shares pursuant to the Over-allotment Option. If the Over-allotment Option is exercised, an announcement will be made.

STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the securities in the secondary market during a specified period of time, to retard and, if possible, prevent a decline in the initial public market price of the securities below the offer price. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements, including those of Hong Kong. In Hong Kong, the price at which stabilization is effected is not permitted to exceed the Offer Price.

In connection with the Global Offering, the Stabilizing Manager (or its affiliates or any person acting for it), on behalf of the Underwriters, may over-allocate or effect transactions with a view to stabilizing or supporting the market price of the H Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. However, there is no obligation on the Stabilizing Manager (or its affiliates or any person acting for it) to conduct any such stabilizing action. Such stabilizing action, if taken: (a) will be conducted at the absolute discretion of the Stabilizing Manager (or its affiliates or any person acting for it) and in what the Stabilizing Manager reasonably regards as the best interest of our Company; (b) may be discontinued at any time; and (c) is required to be brought to an end within 30 days of the last day for lodging applications under the Hong Kong Public Offering.

Stabilization action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules of the SFO includes: (a) over-allocating for the purpose of preventing or minimizing any reduction in the market price of the H Shares, (b) selling or agreeing to sell the H Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price of the H Shares, (c) purchasing, or agreeing to purchase, the H Shares pursuant to the Over-allotment Option in order to close out any position established under paragraph (a) or (b) above, (d) purchasing, or agreeing to purchase, any of the H Shares for the sole purpose of preventing or minimizing any reduction in the market price of the H Shares, (e) selling or agreeing to sell any H Shares in order to liquidate any position established as a result of those purchases and (f) offering or attempting to do anything as described in paragraph (b), (c), (d) or (e) above.

Specifically, prospective applicants for and investors in the Offer Shares should note that:

(a) the Stabilizing Manager (or its affiliates or any person acting for it) may, in connection with the stabilizing action, maintain a long position in the H Shares;

(b) there is no certainty as to the extent to which and the time or period for which the Stabilizing Manager (or its affiliates or any person acting for it) will maintain such a long position;

(c) liquidation of any such long position by the Stabilizing Manager (or its affiliates or any person acting for it) and selling in the open market may have an adverse impact on the market price of the H Shares;

(d) no stabilizing action can be taken to support the price of the H Shares for longer than the stabilization period, which will begin on the Listing Date, and is expected to expire on the 30th day after the last day for lodging applications under the Hong Kong Public Offering. After this date, when no further stabilizing action may be taken, demand for the H Shares, and therefore the price of the H Shares, could fall;

(e) the price of the H Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilizing action; and

(f) stabilizing bids or transactions effected in the course of the stabilizing action may be made at any price at or below the Offer Price and can, therefore, be done at a price below the price paid by applicants for, or investors in, the Offer Shares.

In order to effect stabilization actions, the Stabilizing Manager will arrange cover of up to an aggregate of 724,180 H Shares, representing up to 15% of the initial Offer Shares, through delayed delivery arrangements with investors who have been allocated Offer Shares in the International Offering. The delayed delivery arrangements (if specifically agreed by an investor) relate only to the delay in the delivery of the Offer Shares to such investor and the Offer Price for the Offer Shares allocated to such investor will be fully paid before the Listing Date.

Both the size of such cover and the extent to which the Over-allotment Option can be exercised will depend on whether arrangements can be made with investors such that a sufficient number of H Shares can be delivered on a delayed basis. If no investor in the International Offering agrees to the delayed delivery arrangements, no stabilizing actions will be undertaken by the Stabilizing Manager and the Over-allotment Option will not be exercised.

Our Company will ensure or procure that an announcement in compliance with the Securities and Futures (Price Stabilizing) Rules of the SFO will be made within seven days of the expiration of the stabilization period.

Over-Allocation

Following any over-allocation of H Shares in connection with the Global Offering, the Stabilizing Manager (or its affiliates or any person acting for it) may cover such over-allocations by exercising the Over-allotment Option in full or in part, by using H Shares purchased by the Stabilizing Manager (or its affiliates or any person acting for it) in the secondary market at prices that do not exceed the Offer Price, or by a combination of these methods.

PRICING AND ALLOCATION

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or about Wednesday, December 4, 2024 and, in any event, no later than 12:00 noon on Wednesday, December 4, 2024, by agreement between the Joint Overall Coordinators (for themselves and on behalf of the Underwriters) and our Company, and the number of Offer Shares to be allocated under the various offerings will be determined shortly thereafter.

The Offer Price will not be more than HK$165.00 per Offer Share and is expected to be not less than HK$145.00 per Offer Share, unless otherwise announced, as further explained below. Applicants under the Hong Kong Public Offering must pay, on application, the maximum Offer Price of HK$165.00 per Offer Share plus brokerage of 1.0%, AFRC transaction levy of 0.00015%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.00565%, amounting to a total of HK$3,333.28 for one board lot of 20 Shares. **Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the minimum Offer Price stated in this prospectus.**

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering 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 about, the last day for lodging applications under the Hong Kong Public Offering.

The Joint Overall Coordinators (for themselves and on behalf of the Underwriters) may, where it deems appropriate, based on the level of interest expressed by prospective investors during the book-building process in respect of the International Offering, and with the consent of our Company, reduce the number of Offer Shares offered and/or the Offer Price range below that stated in this prospectus at any time on or 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 last day for lodging applications under the Hong Kong Public Offering, cause to be published on the websites of our Company and the Hong Kong Stock Exchange at **www.refire.com** and **www.hkexnews.hk**, respectively, notices of the reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range. Upon the issue of such a notice and supplemental prospectus, the revised number of Offer Shares and/or the Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Joint Overall Coordinators (for themselves and on behalf of the Underwriters) and our Company, will be fixed within such revised Offer Price range.

Our Company will also, as soon as practicable following the decision to make such change, issue a supplemental prospectus or a new prospectus updating investors of the change in the number of Offer Shares being offered under the Global Offering and/or the Offer Price, and giving investors at least three business days to consider the new information. The supplemental or new prospectus should include at least the following: updated (i) Offer Price and market capitalization; (ii) listing timetable and underwriting obligations; (iii) price/earning multiple, unaudited pro forma and adjusted net tangible assets; and (iv) use of proceeds and working capital adequacy confirmation based on revised proceeds.

Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the Offer Price range may not be made until the last day for lodging applications under the Hong Kong Public Offering. Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as currently set out in this prospectus, and any other financial information which may change as a result of any such reduction. In the absence of any such notice so published, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon by the Joint 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 initially offered in the Global Offering (other than pursuant to the exercise of the Over-allotment Option and/or reallocation mechanism as disclosed in this prospectus), 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, our Company is required to cancel the Global Offering and relaunch the offer and issue a supplemental prospectus or a new prospectus. The Global Offering must first be canceled and subsequently relaunched on FINI pursuant to the supplemental prospectus.

In the event of a reduction in the number of Offer Shares, the Hong Kong Offer Shares and the International Offer Shares may be reallocated as between the Hong Kong Public Offering and International Offering at the discretion of the Joint Overall Coordinators, provided that the number of the initial Hong Kong Offer Shares shall not be less than 10% of the total number of Offer Shares in the Global Offering (assuming the Over-allotment Option is not exercised).

The final Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering, the basis of allocations of the Hong Kong Offer Shares and the results of allocations in the Hong Kong Public Offering are expected to be made available through a variety of channels in the manner described in "How to Apply for Hong Kong Offer Shares — B. Publication of Results".

UNDERWRITING

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms and conditions of the Hong Kong Underwriting Agreement and is subject to, among other things, the Joint Overall Coordinators (for themselves and on behalf of the Underwriters) and our Company agreeing on the Offer Price.

Our Company expects to enter into the International Underwriting Agreement relating to the International Offering on the Price Determination Date.

These underwriting arrangements, including the Underwriting Agreements, are summarized in "Underwriting".

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Offer Shares will be conditional on:

(a) the Stock Exchange granting approval for the listing of, and permission to deal in, the H Shares to be issued pursuant to the Global Offering (including the H Shares which may be issued pursuant to the exercise of the Over-allotment Option and the H Shares to be converted from Domestic Shares) as mentioned herein on the Main Board of the Stock Exchange and such approval not subsequently having been revoked prior to the commencement of trading of the H Shares on the Stock Exchange;

(b) the Offer Price having been agreed between the Joint Overall Coordinators (for themselves and on behalf of the Underwriters) and our Company on or about the Price Determination Date;

(c) the execution and delivery of the International Underwriting Agreement on or about the Price Determination Date; and

(d) 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 and remaining 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 respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times).

If, for any reason, the Offer Price is not agreed between the Joint Overall Coordinators (for themselves and on behalf of the Underwriters) and our Company by 12:00 noon on Wednesday, December 4, 2024, the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the dates and times specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by our Company on the websites of our Company and the Stock Exchange at **www.refire.com** and **www.hkexnews.hk**, respectively, on the next day following such lapse. In such a situation, all application monies will be returned, without interest, on the terms set out in the section headed "How to Apply for Hong Kong Offer Shares — D. Despatch/Collection of H Share Certificates and Refund of Application Monies". In the meantime, all application monies will be held in separate bank account(s) with the receiving bank or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

H Share certificates for the Offer Shares will only become valid evidence of title at 8:00 a.m. on Friday, December 6, 2024, provided that the Global Offering has become unconditional in all respects at or before that time.

DEALINGS IN THE H SHARES

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Friday, December 6, 2024, it is expected that dealings in the H Shares on the Hong Kong Stock Exchange will commence at 9:00 a.m. on Friday, December 6, 2024.

The H Shares will be traded in board lots of 20 Shares each and the stock code of the H Shares will be 2570.

IMPORTANT NOTICE TO INVESTORS OF HONG KONG OFFER SHARES

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 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** under the "*HKEXnews > New Listings > New Listing Information*" section, and our website at **www.refire.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.

Set out below are procedures through which you can apply for the Hong Kong Offer Shares electronically. We will not provide any physical channels to accept any application for the Hong Kong Offer Shares by the public.

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.

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; and
- 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 chief executive of our Company or any of his/her close associates.

2. Application Channels

The Hong Kong Public Offering period will begin at 9:00 am on Thursday, November 28, 2024 and end at 12:00 noon on Tuesday, December 3, 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	**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 28, 2024 to 11:30 a.m. on Tuesday, December 3, 2024. The latest time for completing full payment of application monies will be 12:00 noon on Tuesday, December 3, 2024.
HKSCC EIPO channel.	Your **broker** or **custodian** who is a HKSCC Participant will submit an EIPO application 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 authorized 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, a 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 account holders on FINI is capped at 4 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 the company;
   - control more than half of the voting power of the company; or
   - hold more than half of the issued share capital of the 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 Joint Overall Coordinators, as our agent, 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	:	20 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$165.00 per Share. 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.

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 authorized 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$*
20	3,333.28	400	66,665.61	6,000	999,984.16	80,000	13,333,122.00
40	6,666.56	500	83,332.01	7,000	1,166,648.18	90,000	14,999,762.26
60	9,999.84	600	99,998.41	8,000	1,333,312.20	100,000	16,666,402.50
80	13,333.13	700	116,664.82	9,000	1,499,976.23	120,000	19,999,683.00
100	16,666.40	800	133,331.22	10,000	1,666,640.26	140,000	23,332,963.50
120	19,999.68	900	149,997.62	20,000	3,333,280.50	160,000	26,666,244.00
140	23,332.96	1,000	166,664.03	30,000	4,999,920.76	180,000	29,999,524.50
160	26,666.24	2,000	333,328.06	40,000	6,666,561.00	200,000	33,332,805.00
180	29,999.52	3,000	499,992.08	50,000	8,333,201.26	220,000	36,666,085.50
200	33,332.80	4,000	666,656.10	60,000	9,999,841.50	241,400(1)	40,232,695.64
300	49,999.21	5,000	833,320.13	70,000	11,666,481.76		

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

(2) The amount payable is inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) and the SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy are 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 for any International Offer Shares.

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 Joint 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 our Company, the Sole Sponsor, the Joint Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, the Capital Market Intermediaries, any of their respective directors, supervisors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering (the "**Relevant Persons**"), 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 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 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 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 Joint 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.

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 **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 "search by ID" function.	24 hours, from 11:00 p.m. Thursday, December 5, 2024 to 12:00 midnight Wednesday, December 11, 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 provider at **www.iporesults.com.hk** (alternatively: **www.eipo.com.hk/eIPOAllotment**).	
	The Stock Exchange's website at **www.hkexnews.hk** and our website at **www.refire.com** which will provide links to the above mentioned websites of the H Share Registrar.	at or before 11:00 p.m. on Thursday, December 5, 2024
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., from Friday, December 6, 2024 to Wednesday, December 11, 2024 (Hong Kong time) on a business day

For those applying through **HKSCC EIPO** channel, you may also check with your broker or custodian from 6:00 p.m. on Wednesday, December 4, 2024 (Hong Kong time).

HKSCC Participants can log into FINI and review the allotment result from 6:00 p.m. on Wednesday, December 4, 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 Offering, 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.refire.com** by no later than 11:00 p.m. on Thursday, December 5, 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 Joint 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 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. Applications for Hong Kong Offer Shares — *5. Multiple Applications Prohibited*" in this section on what constitutes multiple applications;
- your application instruction is incomplete;
- 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 Joint Overall Coordinators believe that by accepting your application, it or we would violate applicable securities or other laws, rules or regulations.

5. If there is money settlement failure for allotted 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 Offering. 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 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, December 6, 2024, (Hong Kong time), provided that the Global Offer has become unconditional and the right of termination described in the section headed "Underwriting" has not been exercised. Investors who trade 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/collection of H Share certificate		
For physical share certificates of equal or over 100,000 Hong Kong Offer Shares issued under your own name	Collection in person at 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, December 6, 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 authorization from your corporation stamped with your corporation's chop.	

	White Form eIPO service	HKSCC EIPO channel
	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	
For physical share certificates of less than 100,000 Hong Kong Offer Shares issued under your own name	Your Share certificate(s) will be sent to the address specified in your application instructions by ordinary post at your own risk **Time:** Thursday, December 5, 2024	

Refund mechanism for surplus application monies paid by you

Date	Friday, December 6, 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

	White Form eIPO service	HKSCC EIPO channel
Application monies paid 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	

Except in the event of any Bad 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.

E. SEVERE WEATHER ARRANGEMENTS

The Opening and Closing of the Application Lists

The application lists will not open or close on Tuesday, December 3, 2024 if, there is/are:

- a No. 8 typhoon warning signal or above;
- a black rainstorm warning signal; and/or
- Extreme Conditions,

(collectively, "**Bad Weather Signals**"),

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, December 3, 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 **Bad** 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.refire.com** of the revised timetable.

If a **Bad** Weather Signal is hoisted on Thursday, December 5, 2024, the H Share Registrar will make appropriate arrangements for the delivery of the share certificates to the CCASS Depository's service counter so that they would be available for trading on Friday, December 6, 2024.

If a **Bad** Weather Signal is hoisted on Thursday, December 5, 2024:

- for physical H share certificates of less than 100,000 offer shares issued under your own name, despatch will be made by ordinary post when the post office re-opens after the **Bad** Weather Signal is lowered or cancelled (e.g. in the afternoon of Thursday, December 5, 2024 or on Friday, December 6, 2024).

If a **Bad** Weather Signal is hoisted on Friday, December 6, 2024:

- for physical H share certificates of equal or over 100,000 offer shares issued under your own name, you may pick them up from the H Share Registrar's office after the **Bad** Weather Signal is lowered or cancelled (e.g. in the afternoon of Friday, December 6, 2024 or on Monday, December 9, 2024).

Prospective investors should be aware that if they choose to receive physical share certificates issued in their own name, there may be a delay in receiving the share certificates.

F. ADMISSION OF THE 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 adviser 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 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 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 Group;

- 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 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 advisers, receiving banks and overseas principal share registrar;

- HKSCC or HKSCC Nominees, who will use the personal data and may transfer the personal data to the H Share Registrar, in each case 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 on the financial information of Shanghai REFIRE Group Limited, prepared for the purpose of incorporation in this prospectus received from the reporting accountants of our Company, Ernst & Young, Certified Public Accountants, Hong Kong.

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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SHANGHAI REFIRE GROUP LIMITED AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED

Introduction

We report on the historical financial information of Shanghai REFIRE Group Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-3 to I-107, which comprises the consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2021, 2022 and 2023 and the five months ended 31 May 2024 (the "Relevant Periods"), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2021, 2022 and 2023 and 31 May 2024 and material accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-3 to I-107 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 28 November 2024 (the "Prospectus") in connection with the initial listing of the 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 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group and the Company as at 31 December 2021, 2022 and 2023 and 31 May 2024 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Review of interim comparative financial information

We have reviewed the interim comparative financial information of the Group which comprises the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the five months ended 31 May 2023 and other explanatory information (the "Interim Comparative Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Interim Comparative Financial Information in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim 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 Interim 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 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-3 have been made.

Dividends

We refer to note 11 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

Ernst & Young
Certified Public Accountants
Hong Kong
28 November 2024

I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

		Year ended 31 December			Five months ended 31 May	
	Notes	**2021**	**2022**	**2023**	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (*Unaudited*)	*RMB'000*
REVENUE	*5*	524,109	604,648	895,278	88,068	12,521
Cost of sales		(462,324)	(554,825)	(715,662)	(92,033)	(36,722)
Cost of sales of goods and services		(414,653)	(472,712)	(683,897)	(75,563)	(28,246)
Impairment losses on inventories	*21*	(47,671)	(82,113)	(31,765)	(16,470)	(8,476)
Gross profit		61,785	49,823	179,616	(3,965)	(24,201)
Other income and gains	*5*	53,950	59,792	59,825	15,421	19,532
Selling and marketing expenses		(90,475)	(102,826)	(134,833)	(36,702)	(43,076)
Administrative expenses		(218,227)	(242,695)	(339,670)	(103,914)	(196,575)
Research and development expenses		(230,891)	(198,688)	(220,880)	(99,498)	(90,281)
Fair value gains/(losses) on financial assets at fair value through profit or loss, net		436	881	(3,120)	(18)	(2,171)
Fair value loss on a derivative financial instrument		(607)	(19,681)	–	–	–
Impairment losses on financial assets and a financial guarantee obligation, net		(144,636)	(15,459)	(63,965)	(18,881)	(41,455)
Other expenses		(23,363)	(6,156)	(4,960)	(672)	(2,542)
Finance costs	*7*	(50,058)	(49,019)	(47,926)	(18,345)	(24,906)
Share of losses of:						
A joint venture	*16*	(5,750)	(18,750)	–	–	–
Associates	*17*	(2,466)	(2,695)	(3,855)	(2,680)	(5,721)
LOSS BEFORE TAX	*6*	(650,302)	(545,473)	(579,768)	(269,254)	(411,396)
Income tax (expense)/credit	*10*	(3,990)	(626)	2,237	2,551	1,965
LOSS FOR THE YEAR/PERIOD		(654,292)	(546,099)	(577,531)	(266,703)	(409,431)
Loss attributable to:						
Owners of the parent		(572,802)	(505,966)	(529,472)	(247,137)	(394,115)
Non-controlling interests		(81,490)	(40,133)	(48,059)	(19,566)	(15,316)
		(654,292)	(546,099)	(577,531)	(266,703)	(409,431)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT						
Basic and diluted (RMB)	*12*	(8.81)	(6.73)	(6.51)	(3.04)	(4.85)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December			Five months ended 31 May	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
LOSS FOR THE YEAR /PERIOD	(654,292)	(546,099)	(577,531)	(266,703)	(409,431)
OTHER COMPREHENSIVE INCOME					
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:					
Equity investments designated at fair value through other comprehensive income:					
Changes in fair value	(7)	513	(3,834)	(1,389)	(1,254)
Income tax effect	2	(128)	958	347	–
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	(5)	385	(2,876)	(1,042)	(1,254)
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:					
Exchange differences:					
Exchange differences on translation of foreign operations	(1,832)	2,491	3,673	390	(4,576)
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	(1,832)	2,491	3,673	390	(4,576)
OTHER COMPREHENSIVE INCOME FOR THE YEAR/PERIOD, NET OF TAX	(1,837)	2,876	797	(652)	(5,830)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD	(656,129)	(543,223)	(576,734)	(267,355)	(415,261)
Attributable to:					
Owners of the parent	(574,451)	(503,620)	(529,577)	(247,924)	(399,323)
Non-controlling interests	(81,678)	(39,603)	(47,157)	(19,431)	(15,938)
	(656,129)	(543,223)	(576,734)	(267,355)	(415,261)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December			As at 31 May
		2021	2022	2023	2024
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS					
Property, plant and equipment	*13*	421,484	417,284	452,801	430,649
Right-of-use assets	*14*	104,690	87,870	69,419	100,356
Other intangible assets	*15*	33,584	30,201	22,456	23,448
Investment in a joint venture	*16*	–	–	–	–
Investments in associates	*17*	51,590	78,689	99,522	131,051
Equity investments designated at fair value through other comprehensive income	*19*	17,357	19,887	47,656	46,076
Financial assets at fair value through profit or loss	*24*	6,436	6,521	44,401	52,230
Trade receivables	*22*	269,685	254,624	403,933	309,212
Contract assets	*22*	–	–	30,785	17,066
Prepayments, other receivables and other assets	*23*	19,543	63,172	67,892	50,097
Deferred tax assets	*20*	9,342	10,669	12,919	14,967
Total non-current assets		933,711	968,917	1,251,784	1,175,152
CURRENT ASSETS					
Inventories	*21*	259,968	276,934	239,872	336,364
Trade and bills receivables	*22*	923,550	1,265,529	1,583,395	1,618,631
Prepayments, other receivables and other assets	*23*	100,794	102,513	296,268	218,691
Financial assets at fair value through profit or loss	*24*	–	335,797	–	–
Time deposits	*25*	–	52,086	–	–
Restricted cash	*25*	–	59,902	746	28
Cash and cash equivalents	*25*	276,220	1,079,456	664,510	435,710
Total current assets		1,560,532	3,172,217	2,784,791	2,609,424
CURRENT LIABILITIES					
Trade and bills payables	*26*	561,533	566,255	650,741	626,013
Other payables and accruals	*27*	78,665	102,416	141,315	174,717
Contract liabilities	*28*	20,206	15,069	12,740	35,552
Derivative financial instrument	*29*	–	37,423	–	–
Interest-bearing bank and other borrowings	*30*	654,317	269,079	470,443	811,044
Lease liabilities	*14*	15,418	15,523	18,921	19,738
Tax payable		11,138	3,447	1,056	1,104
Deferred income	*31*	3,029	–	963	932
Provision	*32*	29,356	18,855	21,080	21,102
Total current liabilities		1,373,662	1,028,067	1,317,259	1,690,202
NET CURRENT ASSETS		186,870	2,144,150	1,467,532	919,222
TOTAL ASSETS LESS CURRENT LIABILITIES		1,120,581	3,113,067	2,719,316	2,094,374

continued/...

		As at 31 December			As at 31 May
	Notes	**2021**	**2022**	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT LIABILITIES					
Contract liabilities	*28*	5,023	4,021	13,841	12,466
Derivative financial instrument	*29*	17,742	–	–	–
Interest-bearing bank and other borrowings	*30*	403,736	729,091	833,025	512,923
Lease liabilities	*14*	75,294	60,863	42,483	32,093
Deferred income	*31*	58,037	60,047	58,284	54,398
Provision	*32*	24,294	19,913	21,219	21,307
Total non-current liabilities		584,126	873,935	968,852	633,187
Net assets		536,455	2,239,132	1,750,464	1,461,187
EQUITY					
Equity attributable to owners of the parent					
Share capital	*33*	64,996	81,311	81,311	81,311
Reserves	*35*	501,028	2,190,237	1,743,089	1,460,034
		566,024	2,271,548	1,824,400	1,541,345
Non-controlling interests		(29,569)	(32,416)	(73,936)	(80,158)
Total equity		536,455	2,239,132	1,750,464	1,461,187

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2021

	Attributable to owners of the parent									
	Share capital	Share premium and other reserve*	Share-based payment reserve*	Statutory surplus reserve*	Fair value reserve of financial assets at fair value through other comprehensive income*	Exchange fluctuation reserve*	Accumulated losses*	Total	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 33	*Note 35*	*Note 35*	*Note 35*		*Note 35*				
As at 1 January 2021	64,996	1,624,854	46,126	215	472	583	(558,395)	1,178,851	(26,380)	1,152,471
Loss for the year	–	–	–	–	–	–	(572,802)	(572,802)	(81,490)	(654,292)
Other comprehensive income for the year:										
Changes in equity investments designated at fair value through other comprehensive income, net of tax	–	–	–	–	(5)	–	–	(5)	–	(5)
Exchange differences related to foreign operations	–	–	–	–	–	(1,644)	–	(1,644)	(188)	(1,832)
Total comprehensive income for the year	–	–	–	–	(5)	(1,644)	(572,802)	(574,451)	(81,678)	(656,129)
Share-based payments *(note 34)*	–	–	29,704	–	–	–	–	29,704	1,622	31,326
Capital injection from non-controlling shareholders	–	2,048	–	–	–	–	–	2,048	15,452	17,500
Acquisition of non-controlling interests	–	(70,128)	–	–	–	–	–	(70,128)	61,415	(8,713)
Appropriation to statutory surplus reserve	–	–	–	795	–	–	(795)	–	–	–
As at 31 December 2021	64,996	1,556,774	75,830	1,010	467	(1,061)	(1,131,992)	566,024	(29,569)	536,455

continued/...

Year ended 31 December 2022

	Attributable to owners of the parent									
	Share capital	Share premium and other reserve*	Share-based payment reserve*	Statutory surplus reserve*	Fair value reserve of financial assets at fair value through other comprehensive income*	Exchange fluctuation reserve*	Accumulated losses*	Total	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 33	*Note 35*	*Note 35*	*Note 35*		*Note 35*				
As at 1 January 2022	64,996	1,556,774	75,830	1,010	467	(1,061)	(1,131,992)	566,024	(29,569)	536,455
Loss for the year	–	–	–	–	–	–	(505,966)	(505,966)	(40,133)	(546,099)
Other comprehensive income for the year:										
Changes in equity investments designated at fair value through other comprehensive income, net of tax	–	–	–	–	385	–	–	385	–	385
Exchange differences related to foreign operations	–	–	–	–	–	1,961	–	1,961	530	2,491
Total comprehensive income for the year	–	–	–	–	385	1,961	(505,966)	(503,620)	(39,603)	(543,223)
Share-based payments *(note 34)*	–	–	26,343	–	–	–	–	26,343	751	27,094
Shareholders' capital injection	16,315	2,166,486	–	–	–	–	–	2,182,801	36,005	2,218,806
Appropriation to statutory surplus reserve	–	–	–	393	–	–	(393)	–	–	–
As at 31 December 2022	81,311	3,723,260	102,173	1,403	852	900	(1,638,351)	2,271,548	(32,416)	2,239,132

continued/...

Year ended 31 December 2023

	Attributable to owners of the parent										
	Share capital	Capital and other reserve*	Share-based payment reserve*	Statutory surplus reserve*	Fair value reserve of financial assets at fair value through other comprehensive income*	Exchange fluctuation reserve*	Accumulated losses*	Special reserve*	Total	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 33	*Note 35*	*Note 35*	*Note 35*		*Note 35*					
As at 1 January 2023	81,311	3,723,260	102,173	1,403	852	900	(1,638,351)	–	2,271,548	(32,416)	2,239,132
Loss for the year	–	–	–	–	–	–	(529,472)	–	(529,472)	(48,059)	(577,531)
Other comprehensive income for the year:											
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	–	–	–	–	(2,876)	–	–	–	(2,876)	–	(2,876)
Exchange differences related to foreign operations	–	–	–	–	–	2,771	–	–	2,771	902	3,673
Total comprehensive income for the year	–	–	–	–	(2,876)	2,771	(529,472)	–	(529,577)	(47,157)	(576,734)
Share-based payments *(note 34)*	–	–	82,620	–	–	–	–	–	82,620	4,446	87,066
Shareholders' capital injection	–	–	–	–	–	–	–	–	–	1,000	1,000
Appropriation and utilisation of special reserve, net	–	–	–	–	–	–	(2,169)	2,169	–	–	–
Deemed disposal of non-controlling interests	–	(191)	–	–	–	–	–	–	(191)	191	–
As at 31 December 2023	81,311	3,723,069	184,793	1,403	(2,024)	3,671	(2,169,992)	2,169	1,824,400	(73,936)	1,750,464

continued/...

For the five months ended 31 May 2023 (unaudited)

	Attributable to owners of the parent										
	Share capital	Capital and other reserve*	Share-based payment reserve*	Statutory surplus reserve*	Fair value reserve of financial assets at fair value through other comprehensive income*	Exchange fluctuation reserve*	Accumulated deficits*	Special reserve*	Total	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 33	*Note 35*	*Note 35*	*Note 35*		*Note 35*					
As at 1 January 2023	81,311	3,723,260	102,173	1,403	852	900	(1,638,351)	–	2,271,548	(32,416)	2,239,132
Loss for the period	–	–	–	–	–	–	(247,137)	–	(247,137)	(19,566)	(266,703)
Other comprehensive income for the period:											
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	–	–	–	–	(1,042)	–	–	–	(1,042)	–	(1,042)
Exchange differences related to foreign operations	–	–	–	–	–	255	–	–	255	135	390
Total comprehensive income for the period	–	–	–	–	(1,042)	255	(247,137)	–	(247,924)	(19,431)	(267,355)
Share-based payments *(note 34)*	–	–	18,575	–	–	–	–	–	18,575	548	19,123
Appropriation and utilisation of special reserve, net	–	–	–	–	–	–	(904)	904	–	–	–
Deemed disposal of non-controlling interests	–	(191)	–	–	–	–	–	–	(191)	191	–
As at 31 May 2023 (unaudited)	81,311	3,723,069	120,748	1,403	(190)	1,155	(1,886,392)	904	2,042,008	(51,108)	1,990,900

For the five months ended 31 May 2024

	Attributable to owners of the parent										
	Share capital	Capital and other reserve*	Share-based payment reserve*	Statutory surplus reserve*	Fair value reserve of financial assets at fair value through other comprehensive income*	Exchange fluctuation reserve*	Accumulated deficits*	Special reserve*	Total	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 33	*Note 35*	*Note 35*	*Note 35*		*Note 35*					
As at 1 January 2024	81,311	3,723,069	184,793	1,403	(2,024)	3,671	(2,169,992)	2,169	1,824,400	(73,936)	1,750,464
Loss for the period	–	–	–	–	–	–	(394,115)	–	(394,115)	(15,316)	(409,431)
Other comprehensive income for the period:											
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	–	–	–	–	(1,254)	–	–	–	(1,254)	–	(1,254)
Exchange differences related to foreign operations	–	–	–	–	–	(3,954)	–	–	(3,954)	(622)	(4,576)
Total comprehensive income for the period	–	–	–	–	(1,254)	(3,954)	(394,115)	–	(399,323)	(15,938)	(415,261)
Share-based payments *(note 34)*	–	–	116,268	–	–	–	–	–	116,268	1,216	117,484
Shareholders' capital injection	–	–	–	–	–	–	–	–	–	8,500	8,500
Transfer of fair value reserve upon the disposal of equity investments at fair value through other comprehensive income	–	–	–	–	114	–	(114)	–	–	–	–
Appropriation and utilisation of special reserve, net	–	–	–	–	–	–	(1,123)	1,123	–	–	–
As at 31 May 2024	81,311	3,723,069	301,061	1,403	(3,164)	(283)	(2,565,344)	3,292	1,541,345	(80,158)	1,461,187

* These reserve accounts represent the total consolidated reserves of RMB501,028,000 and RMB2,190,237,000 and RMB1,743,089,000 and RMB1,960,697,000 and RMB1,460,034,000 in the consolidated statements of financial position as at 31 December 2021, 2022 and 2023 and 31 May 2023 and 2024, respectively.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December			Five months ended 31 May	
		2021	2022	2023	2023	2024
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Loss before tax		(650,302)	(545,473)	(579,768)	(269,254)	(411,396)
Adjustments for:						
Depreciation of property, plant and equipment	6, 13	61,370	78,352	92,792	35,160	37,423
Depreciation of right-of-use assets	6, 14	18,577	20,138	18,151	8,155	7,718
Amortisation of other intangible assets	6, 15	6,519	7,880	9,677	4,298	4,238
Share-based payment expenses	6, 34	31,326	27,094	87,066	19,123	117,484
Share of losses of:						
A joint venture		5,750	18,750	–	–	–
Associates		2,466	2,695	3,855	2,680	5,721
Impairment losses on financial assets and a financial guarantee obligation, net	6	144,636	15,459	63,965	18,881	41,455
Impairment losses on intangible assets	6, 15	2,446	–	–	–	–
Impairment losses on property, plant and equipment	6, 13	10,418	–	–	–	–
Write-down of inventories to net realisable value	6, 21	47,671	82,113	31,765	16,470	8,476
Finance costs	7	50,058	49,019	47,926	18,345	24,906
Interest income	5	(7,472)	(18,021)	(16,166)	(6,673)	(2,500)
Investment income from structured deposits	5	–	(920)	(1,269)	(495)	–
Fair value (gains)/losses on financial assets at fair value through profit or loss	6	(436)	(881)	3,120	18	2,171
Fair value loss on a derivative financial instrument	6	607	19,681	–	–	–
Gain on deemed disposal of equity of associates	5	(6,234)	(3,594)	–	–	–
Gains on disposal of associates	5	(6,937)	–	(2,010)	–	(950)
Government grants and subsidies credited to the statement of profit or loss		(8,229)	(11,790)	(11,400)	(3,849)	(4,259)
Warranty provision	6	11,937	11,108	18,461	2,358	1,221
Losses on disposal of items of property, plant and equipment	6	–	1,137	512	–	910
Loss on disposal of a derivative financial instrument	6	–	–	719	719	–
Loss/(gain) on a lease term termination	6, 14	25	–	(40)	(40)	–
Anti-dilution compensation to investors	6	–	3,869	–	–	–
		(285,804)	(243,384)	(232,644)	(154,104)	(167,382)

continued/...

	Year ended 31 December			Five months ended 31 May	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
(Increase)/decrease in inventories	(109,563)	(99,079)	5,297	(105,743)	(104,964)
Increase in deferred income	24,904	10,771	10,600	3,575	342
(Increase)/decrease in restricted cash	–	(59,902)	59,156	7,293	718
Decrease/(increase) in trade and bills receivables	(476,725)	(353,828)	(527,533)	(55,531)	17,845
Decrease/(increase) in contract assets	–	–	(31,380)	(28,153)	13,998
Decrease/(increase) in prepayments, other receivables and other assets	51,693	(2,782)	(128,823)	80,625	74,235
Increase in other payables and accruals	29,902	23,751	37,324	(33,487)	24,362
(Decrease)/increase in trade and bills payables	(15,495)	4,722	84,486	(142,928)	(25,999)
Increase/(decrease) in contract liabilities	5,611	(6,139)	7,491	(7,628)	21,437
Increase/(decrease) in provision	2,786	(8,482)	(14,930)	(2,813)	(1,111)
Cash used in operations	(772,691)	(734,352)	(730,956)	(438,894)	(146,519)
Interest received	7,472	15,935	14,955	6,275	2,500
Income tax paid	(2,992)	(9,644)	(2,404)	(1,524)	(35)
Net cash flows from operating activities	(768,211)	(728,061)	(718,405)	(434,143)	(144,054)

continued/...

	Note	Year ended 31 December			Five months ended 31 May	
		2021	2022	2023	2023	2024
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from disposal of items of property, plant and equipment		–	3,087	4,530	11	1,825
Purchases of items of property, plant and equipment and leasehold land		(154,765)	(122,003)	(142,120)	(47,646)	(23,703)
Purchase of other intangible assets		(11,810)	(4,497)	(1,932)	(191)	(564)
Acquisition of a subsidiary	*37*	–	–	–	–	(4,186)
Settlement of a derivative financial instrument		–	–	(38,142)	–	–
Maturity of financial assets at fair value through profit or loss		–	840,920	337,066	155,495	–
Investment in a joint venture		–	(24,500)	–	–	–
Investments in associates		(12,000)	(26,200)	(35,250)	(10,050)	(39,000)
Disposal of an associate		10,000	–	8,250	–	–
Disposal of a financial assets at fair value through other comprehensive income		–	–	–	–	686
Investments in financial assets at fair value through profit or loss		(6,000)	(1,175,000)	(41,000)	–	(10,000)
Investments in financial assets at fair value through other comprehensive income		(10,890)	(2,147)	(27,895)	(17,895)	(360)
Disposal of time deposits		–	–	53,297	–	–
Placement in time deposits		–	(50,000)	–	–	–
Net cash flows from investing activities		(185,465)	(560,340)	116,804	79,724	(75,302)
CASH FLOWS FROM FINANCING ACTIVITIES						
Acquisition of non-controlling interests		(8,713)	–	–	–	–
Capital injection from non-controlling shareholders		17,500	36,005	1,000	–	8,500
Capital injection from the Company's shareholders		–	2,182,801	–	–	–
Anti-dilution compensation payments to investors		–	(3,869)	–	–	–
Lease payments		(18,316)	(21,801)	(19,195)	(9,797)	(10,739)
New interest-bearing bank and other borrowings		636,128	624,000	561,059	304,800	113,000
Repayment of interest-bearing bank and other borrowings		(236,667)	(693,626)	(265,383)	(153,156)	(103,233)
Payments on listing expenditures		–	–	(2,318)	–	(43)
Deposit paid for supplier chain financing		–	–	(60,000)	–	–
Interest paid		(21,578)	(35,119)	(33,751)	(9,295)	(13,008)
Net cash flows from financing activities		368,354	2,088,391	181,412	132,552	(5,523)

continued/...

	Note	Year ended 31 December			Five months ended 31 May	
		2021	2022	2023	2023	2024
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(585,322)	799,990	(420,189)	(221,867)	(224,879)
Cash and cash equivalents at beginning of year/period		862,206	276,220	1,079,456	1,079,456	664,510
Effect of foreign exchange rate changes, net		(664)	3,246	5,243	980	(3,921)
Cash and cash equivalents at end of year/period		276,220	1,079,456	664,510	858,569	435,710
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Cash and bank balances	*25*	276,220	1,191,444	665,256	963,662	435,738
Less: Time deposits	*25*	–	52,086	–	52,484	–
Restricted cash	*25*	–	59,902	746	52,609	28
Cash and cash equivalents as stated in the statements of cash flows and statements of financial position		276,220	1,079,456	664,510	858,569	435,710

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at 31 December			As at 31 May
		2021	2022	2023	2024
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	13	1,179	5,221	9,100	8,127
Right-of-use assets	14	1,151	70,299	52,855	45,712
Other intangible assets	15	283	1,240	1,045	945
Equity investments designated at fair value through other comprehensive income	19	13,239	13,859	42,106	40,808
Financial assets at fair value through profit or loss	24	6,436	6,521	24,079	22,116
Investments in subsidiaries	18	1,578,313	2,596,725	3,211,747	3,291,427
Investments in associates	17	40,158	63,321	91,232	104,817
Total non-current assets		1,640,759	2,757,186	3,432,164	3,513,952
CURRENT ASSETS					
Trade and bills receivables	22	70,036	221,974	412,315	389,126
Prepayments, other receivables and other assets	23	2,891	11,751	35,375	31,636
Due from subsidiaries	41	91,240	863,659	488,943	475,046
Financial assets at fair value through profit or loss	24	–	280,689	–	–
Cash and cash equivalents	25	31,145	67,464	27,060	10,702
Total current assets		195,312	1,445,537	963,693	906,510
CURRENT LIABILITIES					
Trade and bills payables	26	17,442	138,865	311,465	297,947
Other payables and accruals	27	5,188	20,783	23,549	25,285
Due to subsidiaries	41	177	97,179	273,361	348,934
Lease liabilities	14	201	13,568	17,859	18,295
Derivative financial instrument	29	–	37,423	–	–
Provision	32	11,760	–	–	–
Total current liabilities		34,768	307,818	626,234	690,461
NET CURRENT ASSETS		160,544	1,137,719	337,459	216,049
TOTAL ASSETS LESS CURRENT LIABILITIES		1,801,303	3,894,905	3,769,623	3,730,001
NON-CURRENT LIABILITIES					
Lease liabilities	14	994	58,925	41,067	31,589
Deferred income	31	–	–	2,400	2,400
Provision	32	5,750	–	–	–
Derivative financial instrument	29	17,742	–	–	–
Total non-current liabilities		24,486	58,925	43,467	33,989
Net assets		1,776,817	3,835,980	3,726,156	3,696,012
EQUITY					
Share capital	33	64,996	81,311	81,311	81,311
Reserves	35	1,711,821	3,754,669	3,644,845	3,614,701
Total equity		1,776,817	3,835,980	3,726,156	3,696,012

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE AND GROUP INFORMATION

Shanghai REFIRE Group Limited, formerly known as Hangzhou Refire Technology Co., Ltd. (the "Company"), was incorporated as a limited liability company on 18 September 2015. The registered office of the Company is located at Room 1004, 1/F, Unit 1, 1555 Jingyuan Road, Jiading District, Shanghai, the People's Republic of China (the "PRC"). On 11 September 2020, the Company was converted into a joint stock company with limited liability.

The Company is an investment holding company. During the Relevant Periods, the Company and its subsidiaries (collectively, the "Group") were involved in the following principal activities:

- research and development, production and sale of hydrogen fuel cell systems, components and hydrogen production systems and related components
- provision of hydrogen fuel cell engineering and technical services

As at the end of the Relevant Periods, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies, the particulars of the major subsidiaries are set out below:

Name	*Notes*	Place and date of incorporation/ registration and operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
			('000)	*%*	*%*	
Shanghai REFIRE Technology Co., Ltd. 上海重塑能源科技有限公司	*(1), (3)*	PRC/Chinese Mainland/ 17 December 2014	RMB3,000,000	100	–	Research and development ("R&D") manufacture and sale of fuel cell systems
Shanghai REFIRE Prismatic Hydrogen Technology Co., Ltd. 上海重塑斑斕氫能科技有限公司	*(4), (5)*	PRC/Chinese Mainland/26 June 2023	RMB10,000	80	–	Technology development and sale of components
Beijing XCELL Technology Co., Ltd. 北京重理能源科技有限公司	*(4), (5)*	PRC/Chinese Mainland/ 26 October 2016	RMB9,700	72.16	–	Technology development and sale of new energy technology
Changde REFIRE Surge New Materials Technology Co., Ltd. 常德重塑澎湃新材料科技有限公司	*(4), (5)*	PRC/Chinese Mainland/1 April 2023	RMB12,500	70	–	Technology development and sale of components
Shanghai PANDO Electric Technology Co., Ltd. 上海磐動電氣科技有限公司	*(4), (5)*	PRC/Chinese Mainland/ 22 January 2018	RMB51,724	51	–	R&D and sale of fuel cell components
PANDO (Zhejiang) Electric Technology Co., Ltd. 磐動(浙江)電氣科技有限公司	*(4), (5)*	PRC/Chinese Mainland/ 13 September 2021	RMB50,000	51	–	Manufacture and sale of fuel cell parts
Jiangsu REFIRE Technology Co., Ltd. 江蘇重塑能源科技有限公司	*(1), (3)*	PRC/Chinese Mainland/ 23 November 2018	RMB350,000	–	100	Manufacture and sale of fuel cell systems
Xiangyang REFIRE Technology Co., Ltd. 襄陽重塑能源科技有限公司	*(4)*	PRC/Chinese Mainland/ 27 November 2020	RMB10,000	–	100	Technology development and sale of fuel cell systems

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Name	Notes	Place and date of incorporation/ registration and operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
			('000)	%	%	
Tianjin Bohai REFIRE Technology Co., Ltd. 天津渤海重塑能源科技有限公司	(4)	PRC/Chinese Mainland/23 July 2021	RMB10,000	–	100	Technology development and sale of fuel cell systems
Zhejiang REFIRE Technology Co., Ltd. 浙江重塑能源科技有限公司	(4)	PRC/Chinese Mainland/ 2 September 2021	RMB30,000	–	100	Manufacture and sale of fuel cell systems
Guangdong REFIRE Technology Co., Ltd. 廣東重塑能源科技有限公司	(4)	PRC/Chinese Mainland/24 April 2018	RMB69,000	–	100	Manufacture and sale of fuel cell parts
Shaanxi Daqin REFIRE Technology Co., Ltd. 陝西大秦重塑能源科技有限公司	(4)	PRC/Chinese Mainland/ 27 December 2021	RMB100,000	–	100	Technology development and sale of fuel cell systems
Zhengzhou REFIRE Technology Co., Ltd. 鄭州重塑能源科技有限公司	(4)	PRC/Chinese Mainland/ 24 December 2021	RMB10,000	–	100	Manufacture and sale of fuel cell systems
Shanghai Ruisu Technology Co., Ltd. 上海芮塑科技有限公司	(4)	PRC/Chinese Mainland/12 July 2018	RMB100,000	–	100	Investment holding
Guangzhou Hydrogen Technology Co., Ltd. 廣州氫馳科技有限公司	(4), (5)	PRC/Chinese Mainland/17 July 2019	RMB10,000	–	60	Sale of fuel cell system
Foshan Nanhai Cunqiu Equity Investment Co., Ltd. 佛山市南海區存秋股權投資有限公司	(4), (6)	PRC/Chinese Mainland/16 March 2020	RMB1,260,000	–	100	Investment holding
Guangdong Discovery Motors Co., Ltd. 廣東探索汽車有限公司	(4)	PRC/Chinese Mainland/ 31 December 2018	RMB441,500	–	100	Sale of fuel cell system
Unilia (Guangdong) Fuel Cells Inc. 韻量燃料電池(廣東)有限公司	(4), (5)	PRC/Chinese Mainland/27 August 2020	RMB14,178	–	80.9	R&D, manufacture and sale of fuel cell stacks
Unilia (Shanghai) Fuel Cells Inc. 上海韻量新能源科技有限公司	(2), (3), (5)	PRC/Chinese Mainland/23 May 2017	RMB100,000	–	80.9	R&D, manufacture and sale of fuel cell stacks
Shanghai Unilia Hydrogen Technology Ltd. 上海韻量氫能科技有限公司	(4), (5)	PRC/Chinese Mainland/ 23 December 2021	RMB10,000	–	80.9	Technology development and manufacture of fuel cell stacks and core components
Shanghai Unilia Technologies Inc. 上海量韻科技有限公司	(4), (5)	PRC/ Chinese Mainland/ 16 November 2018	RMB60,000	–	80.9	Investment holding

continued/...

Name	Notes	Place and date of incorporation/ registration and operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
			('000)	%	%	
Zhejiang Unilia Hydrogen Technology Ltd. 浙江韻量氫能科技有限公司	(4), (5)	PRC/Chinese Mainland/ 31 March 2022	RMB50,000	–	80.9	Technology development and manufacture of bipolar plates, the core components of fuel cells
Foshan Diyi Element New Energy Technology Co., Ltd. 佛山迪一元素新能源科技有限公司	(4), (5)	PRC/Chinese Mainland/ 5 December 2022	RMB120,000	45	10	Manufacture and sale of fuel cell systems
Unilia (Hong Kong) Fuel Cells Ltd.	(4), (5)	Hong Kong/ 4 January 2019	RMB2,722	–	80.9	Investment holding
Unilia (Canada) Fuel Cell Inc.	(4), (5)	Canada/8 September 2017	CAD9,759.3	–	80.9	R&D of fuel cell stack technology
REFIRE Europe GmbH	(4)	Germany/ 23 June 2023	EUR25	100	–	R&D and sales of products and the provision of services in the field of fuel cells and hydrogen technology in Europe
Jia Hydrogen (Shanghai) Industrial Co., Ltd. 嘉氫(上海)實業有限公司	(4)	PRC/Chinese Mainland/ 20 October 2017	RMB50,000	100	–	Operating hydrogenation station
Jia Hydrogen One (Shanghai) Energy Technology Co., Ltd. 嘉氫一(上海)能源科技有限公司	(4)	PRC/Chinese Mainland/ 27 November 2017	RMB10,000	100	–	Operating hydrogenation station

The English names of all group companies registered in the PRC represent the best efforts made by the management of the Company to translate the Chinese names of these companies as they do not have official English names.

Notes:

(1) The statutory financial statements for the years ended 31 December 2021 and 2022 prepared in accordance with China Accounting Standards for Business Enterprises and regulations have been audited by Baker Tilly China Certified Public Accountants (天職國際會計師事務所(特殊普通合夥)), which is a certified public accounting firm registered in the PRC.

(2) The statutory financial statements for the year ended 31 December 2022 prepared in accordance with China Accounting Standards for Business Enterprises have been audited by Baker Tilly China Certified Public Accountants (天職國際會計師事務所(特殊普通合夥)), which is a certified public accounting firm registered in the PRC.

(3) The statutory financial statements for the year ended 31 December 2023 prepared in accordance with China Accounting Standards for Business Enterprises have been audited by Beijing Sino-West Global Accountants (北京中西環球會計師事務所), which is a certified public accounting firm registered in the PRC.

(4) No audited financial statements have been prepared for these entities since their dates of incorporation.

(5) These companies are subsidiaries of non-wholly-owned subsidiaries of the Company and, accordingly, are accounted for as subsidiaries by virtue of the Company having control over them.

(6) The Group legally transferred 48.97% equity interests in Foshan Nanhai Cunqiu Equity Investment Co., Ltd. as collateral to trust financing companies on 15 March 2020. Under arrangements, the Group was obliged to purchase the related equity interests at a fixed amount on a future date upon repayment of the borrowings from the trust financing companies.

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise all standards and interpretations approved by the International Accounting Standards Board (the "IASB"). All IFRSs effective for the accounting period commencing from 1 January 2024, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods. They have been prepared under the historical cost convention, except for a derivative financial instrument, structured deposits, private equity funds and equity investments which have been measured at fair value.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the Relevant Periods. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve, and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in the Historical Financial Information. The Group intends to apply these new and revised IFRSs, if applicable, when they become effective.

Amendments to IAS 21	*Lack of Exchangeability*[1]
Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instrument*[2]
IFRS 18	*Presentation and Disclosure in Financial Statements*[3]
IFRS 19	*Subsidiaries without Public Accountability: Disclosures*[3]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]

[1] Effective for annual periods beginning on or after 1 January 2025

[2] Effective for annual periods beginning on or after 1 January 2026

[3] Effective for annual periods beginning on or after 1 January 2027

[4] No mandatory effective date yet determined but available for adoption

The Group has already commenced an assessment of the impact of the new and revised IFRSs, which are relevant to the Group's operations. According to the preliminary assessment made by the directors, no significant impact on the financial performance and financial position of the Group is expected when the new and revised IFRSs become effective.

2.3 MATERIAL ACCOUNTING POLICIES

Investments in associates and a joint venture

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint ventures. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and a joint venture are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and other comprehensive income of associates and a joint venture is included in the consolidated statement of profit or loss and consolidated statement of other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or a joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or a joint venture are eliminated to the extent of the Group's investments in the associates or a joint venture, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or a joint venture is included as part of the Group's investments in associates or a joint venture.

If an investment in an associate becomes an investment in joint ventures or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint ventures, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint ventures upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Fair value measurement

The Group measures its derivative financial instrument, structured deposits, equity investments and private equity funds at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, contract assets, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group; and the sponsoring employers of the post-employment benefit plan;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	3% to 5%
Leasehold improvements	Over the shorter of the lease terms and 16%
Vehicles	19% to 25%
Machinery	9% to 33%
Office equipment and electronic devices	9% to 33%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each of the reporting periods.

Software

Purchased software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful lives of 5 to 10 years, which is mainly determined by reference to the licensed period of the purchased software.

Patents and licences

Purchased patents and licences are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful life of 5 to 8 years, which is mainly determined by reference to the period during which such assets are expected to bring economic benefits to the Group.

Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	50 years
Plant and properties	1.5 to 8 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that is considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At the end of each of the reporting periods, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 360 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade receivables and contract assets that contain a significant financing component and lease receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, other payables and accruals, a derivative financial instrument, lease liabilities and interest-bearing bank and other borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables, and interest-bearing bank and other borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets"; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments

Initial recognition and subsequent measurement

The derivative financial instrument is initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at the end of each reporting period. Change in fair value of the derivative financial instrument is recognised in the statement of profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

The Group provides for warranties in relation to the sale of hydrogen fuel cell systems, components and hydrogen production systems for general repairs of defects occurring during the warranty period. Provisions for these assurance-type warranties granted by the Group are initially recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate. The warranty-related cost is revised annually.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and a joint venture, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and a joint venture, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Where the Group receives government loans granted with no interest for the industrial support, the initial carrying amount of the government loans is determined using the effective interest rate method, as further explained in the accounting policy for "Financial liabilities" above. The benefit of the government loans granted with no or at a below-market rate of interest, which is the difference between the initial carrying value of the loans and the proceeds received, is treated as a government grant and released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

(a) Sale of hydrogen fuel cell systems, components and hydrogen production systems

The Group manufactures and sells hydrogen fuel cell systems, components and hydrogen production systems in the market. Revenue from sales of hydrogen fuel cell systems, components and hydrogen production systems is recognised at the point in time when control of the products has transferred, being when the products are delivered to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Certain sales contracts have back-to-back terms that the settlement of trade receivables from the customer associated with the customer's receipt of subsidies from the government, which give rise to variable consideration.

(b) Provision of hydrogen fuel cell engineering and technical services and others

The Group recognises revenue from the hydrogen fuel cell engineering and technical services at a point in time when the relevant services are rendered and acknowledged for receipt by the customers. Contract costs include contract fulfilment costs. Costs incurred for provision of hydrogen fuel cell engineering and technical services are recognised as contract fulfilment costs, which is recognised as the cost of sales when recognising revenue. If the carrying amount of the contract costs is higher than the remaining consideration expected to be obtained by rendering of the service net of the estimated cost to be incurred, the Group makes provision for impairment on the excess portion and recognises it as asset impairment losses.

Revenue from provision of separate after-sales services is recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract assets

If the Group performs by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets. They are reclassified to trade receivables when the right to the consideration becomes unconditional.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Share-based payments

Several employee incentive schemes and a Pre-IPO share option scheme are operated for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair values for the employee incentive schemes are determined by a third party valuer based on investors' recent transaction price and independent valuation. The fair value for the Pre-IPO share option scheme is determined by an external valuer using a binomial model. Further details of which are given in note 34 to the financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Other employee benefits

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for certain of its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in Chinese Mainland are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Foreign currencies

The Historical Financial Information is presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries, a joint venture and associates are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB the weighted at average exchange rates for the year.

3. MATERIAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Measurement of variable consideration in sales contracts

Certain sales contracts have back-to-back terms that the settlement of trade receivables from certain customer is associated with the customer's receipt of subsidies from the government, which gives rise to variable consideration. Based on the assessment of credit risk of the customer and collectability of government subsidies by the customer, the Group considered it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur for current sales contracts. However, this judgement may be reviewed and revised if the industry market environment or conditions change in the future.

Identifying whether a significant financing component exists in sales contracts

According to the current market practice, as China's hydrogen fuel cell vehicle industry is still in the early stage of development and is highly affected by the government subsidy policies, therefore the Group's customers, i.e. hydrogen fuel cell commercial vehicle manufacturers, typically sell and charge prices to their customers after deducting applicable subsidies at the time of sale before receiving government subsidies. The Group's customers, i.e. hydrogen fuel cell commercial vehicle manufacturers, can collect the relevant subsidies from the government, but this usually takes a lengthy period of time, typically more than two years. Therefore, the Group granted similar credit terms to major customers explicitly or implicitly to align with current market practice.

The management of the Group determined that such contracts currently do not contain a significant financing component based on the industry market environment and conditions. However, this judgement may be reviewed and revised if the industry market environment or conditions change in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Share-based payments

Several employee incentive schemes and a Pre-IPO share option scheme are operated for the purpose of providing incentives to the Company's directors and the Group's employees. The grant date fair values of the shares of the employee incentive schemes are determined based on investors' recent capital injection price and independent valuation. The fair value for the Pre-IPO share option scheme is determined by an external valuer using a binomial model. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. However, this estimate may be revised if the number of equity instruments that will ultimately vest changes in the future. Further details are contained in note 34 to the Historical Financial Information.

Provision for expected credit losses on trade receivables, commercial acceptance bills receivables and contract assets, other receivables and a financial guarantee obligation

Provision for impairment of trade receivables is made based on an assessment of expected credit losses on trade receivables. The assessment of expected credit losses requires management's judgement and estimates. Trade receivables relating to customers with known financial difficulties or significant doubt on collection are assessed individually for impairment allowance. The remaining trading receivables are grouped based on aging of bills of various customer segments with similar loss patterns and collectively assessed for impairment allowance.

Under the collective approach, the Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on ageing analysis of customers that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 22 to the Historical Financial Information.

Provision was mainly made for the Group's financial guarantee obligation in respect of borrowings of the Group's joint venture, namely Guangdong Guohong Refire Energy Technology Co., Ltd. ("Guohong Refire"). The amount represented management's best estimate of loss that a default of the associated enterprise will cause to the Group. The loss provision was measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition.

Estimation of provision for warranty claims

The warranty period is generally the shorter of 5 years and the period when the vehicle that carries the Group's product travels for 200,000 kilometres after the control of goods is transferred to the customers. Management estimates the related provision for future warranty claims based on historical warranty claim information, as well as recent trend that might suggest that past cost information may differ from future claims. The assumptions made in respect of the Track Record Period are consistent with those in the prior years. Factors that could impact the estimated claim information include the success of the Group's productivity and quality initiatives, as well as parts and labour costs.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. These non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. Impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The amounts of unrecognised tax losses at 31 December 2021, 2022 and 2023 and 31 May 2024 were RMB1,238,064,000, RMB1,814,906,000 and RMB2,429,235,000 and RMB2,775,909,000, respectively. Further details are contained in note 20 to the Historical Financial Information.

4. OPERATING SEGMENT INFORMATION

Management has determined the operating segment based on the information reviewed by the Group's chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segment. The chief operating decision maker has been identified as the executive directors of the Company.

Management monitors the results of the Group's operating segment separately for the purpose of making decisions about resource allocation and performance assessment, focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment information is available. Accordingly, no further information about the operating segment is presented.

Geographical information

Almost all the non-current assets of the Group are physically located in Chinese Mainland. The geographical location of customers is based on the location at which the customers operate, and almost all of the revenue of the Group was derived from operations in Chinese Mainland during the Relevant Periods.

Information about major customers

Information about external customers from which the revenue amounted to over 10% of the total revenue of the Group for the years ended 31 December 2021, 2022 and 2023 and the five months ended 31 May 2023 and 2024 was as follows:

	Year ended 31 December			Five months ended 31 May	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Zhengzhou Yutong Group Co., Ltd. and its subsidiaries	117,394	112,563	261,789	5,880	4,864
FAW Jiefang Automotive Co., Ltd.	54,248	134,226	165,938	*	*
Customer B	*	73,461	*	8,364	*
Customer Group C	*	69,438	*	*	*
Customer Group D	112,934	*	*	*	*
Customer E	75,737	*	*	*	*

* Less than 10% of the Group's revenue

Seasonality of operations

The Group is a supplier of fuel cell system in fuel cell vehicle industry. Higher revenues and operating profits are usually expected in the second half of the year, especially in the fourth quarter of the year. Higher sales during the second half of the year are mainly attributed to the periodical issuance or updates of related government policies in the hydrogen fuel cell industry and the kick-off of related government award projects, which generally occurs in the second half of the year, as China's hydrogen fuel cell vehicle industry is still in the early stage of development and is highly affected by the government subsidy policies and customers will determine their purchase plan under the updated government subsidy policies, resulting in the concentration of customers' stocking demand in the second half of the year.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Year ended 31 December			Five months ended 31 May	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Revenue from contracts with customers	524,109	604,648	895,278	88,068	12,521

Revenue from contracts with customers

(a) Disaggregated revenue information

	Year ended 31 December			Five months ended 31 May	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Types of goods or services					
Hydrogen fuel cell systems	452,725	423,265	637,176	52,492	7,091
Components	61,017	150,297	220,082	32,700	1,897
Hydrogen production systems and related components	–	–	7,681	–	–
Fuel cell engineering and technical services	7,251	26,473	23,444	–	966
Others	3,116	4,613	6,895	2,876	2,567
Total revenue from contracts with customers	524,109	604,648	895,278	88,068	12,521

Geographical markets

Since almost all of the revenue of the Group was derived from operations in Chinese Mainland during the Relevant Periods, revenue from the overseas markets of the Group is assessed as not material.

	Year ended 31 December			Five months ended 31 May	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Timing of revenue recognition					
Goods or services transferred at a point in time	521,139	600,389	888,936	85,696	10,636
Services transferred over time	2,970	4,259	6,342	2,372	1,885
Total revenue from contracts with customers	524,109	604,648	895,278	88,068	12,521

The following table shows the amounts of revenue recognised in the Relevant Periods that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	Year ended 31 December			Five months ended 31 May	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:	3,570	20,206	15,069	12,614	3,106

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Sales of hydrogen fuel cell systems, components and hydrogen production systems

The performance obligation is satisfied upon acceptance and payment generally varies from 20 days to 36 months, except for Faw Jiefang Automotive Co., Ltd. ("FAW Jiefang") that the payment is settled according to back to back terms.

Provision of fuel cell engineering and technical services

The performance obligation is satisfied upon acknowledgement of receipt by the customers and payment generally varies from 20 days to 150 days. Partial upfront payment is made in advance.

Others

Others mainly represent after-sales services. The performance obligation is satisfied over the scheduled period on a straight-line basis and payment is periodical according to the service schedule.

As the original expected duration of the contracts from customers of the Group are within one year or less, the Group applies the practical expedient of not disclosing the transaction price allocated to the remaining performance obligation. The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year are relate to after-sales services, of which the performance obligations are to be satisfied within eight years. The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2021, 2022 and 2023 and 31 May 2024 are RMB5,023,000, RMB4,021,000, RMB13,841,000 and RMB12,466,000, respectively.

An analysis of other income and gains is as follows:

	Year ended 31 December			Five months ended 31 May	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Other income					
Government grants and subsidies	32,178	34,286	39,446	7,866	14,494
Interest income	7,472	18,021	16,166	6,673	2,500
Investment income from structured deposits	–	920	1,269	495	–
Others	1,105	1,054	229	51	1,050
Subtotal	40,755	54,281	57,110	15,085	18,044
Gains					
Gain on deemed disposal of equity of associates	6,234	3,594	–	–	–
Gain on disposal of scrap materials	24	1,917	665	296	538
Gain on disposal of associates	6,937	–	2,010	–	950
Gain on a lease term termination	–	–	40	40	–
Subtotal	13,195	5,511	2,715	336	1,488
Total	53,950	59,792	59,825	15,421	19,532

6. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

		Year ended 31 December			Five months ended 31 May	
		2021	2022	2023	2023	2024
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Cost of goods sold*		361,332	436,029	598,727	56,892	5,007
Cost of hydrogen fuel cell engineering and technical services provided*		4,207	12,742	7,255	–	326
Depreciation of property, plant and equipment	*13*	61,370	78,352	92,792	35,160	37,423
Depreciation of right-of-use assets	*14*	18,577	20,138	18,151	8,155	7,718
Amortisation of other intangible assets	*15*	6,519	7,880	9,677	4,298	4,238
Research and development costs*		110,009	80,846	104,418	34,446	12,322
Lease payments not included in the measurement of lease liabilities		4,241	3,620	2,097	793	757
Employee benefit expense (including directors' and chief executive's remuneration *(note 8)*):						
Wages and salaries		211,151	232,321	250,554	89,948	71,817
Share-based payment	*34*	31,326	27,094	87,066	19,123	117,484
Pension scheme contributions and social welfare		50,082	59,267	65,093	24,449	21,384
Impairment losses on property, plant and equipment, net		10,418	–	–	–	–
Impairment losses on other intangible assets, net		2,446	–	–	–	–
Impairment losses on financial assets and a financial guarantee obligation, net		144,636	15,459	63,965	18,881	41,455
Write-down of inventories to net realisable value	*21*	47,671	82,113	31,765	16,470	8,476

		Year ended 31 December			Five months ended 31 May	
		2021	2022	2023	2023	2024
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Loss/(gain) on a lease term termination		25	–	(40)	(40)	–
Warranty provision		11,937	11,108	18,461	2,358	1,221
Losses on disposal of items of property, plant and equipment		–	1,137	512	–	910
Loss on disposal of a derivative financial instrument		–	–	719	719	–
Anti-dilution compensation to investors		–	3,869	–	–	–
Gains on disposal of associates	*5*	(6,937)	–	(2,010)	–	(950)
Fair value (gains)/losses on financial assets at fair value through profit or loss		(436)	(881)	3,120	18	2,171
Fair value loss on a derivative financial instrument		607	19,681	–	–	–
Listing expenses		–	–	19,084	–	9,003

* The depreciation of property, plant and equipment, the depreciation of right-of-use assets and the amortisation of other intangible assets related to manufacturing and research and development for the Relevant Periods are included in "Depreciation of property, plant and equipment", "Depreciation of right-of-use assets" and "Amortisation of other intangible assets", respectively. The labour costs related to manufacturing and research and development for the Relevant Periods are included in "Employee benefit expense".

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December			Five months ended 31 May	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Interest on interest-bearing bank and other borrowings	45,280	44,862	43,373	16,841	23,740
Interest on lease liabilities	4,778	4,157	4,553	1,504	1,166
Total	50,058	49,019	47,926	18,345	24,906

8. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' REMUNERATION

The remuneration of each director/supervisor of the Company paid/payable by the Group (including emoluments for services as employees of the group entities prior to becoming the directors/supervisors of the Company) for the Relevant Periods is set out as follows:

	Year ended 31 December			Five months ended 31 May	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Fees	360	360	361	150	150
Other emoluments:					
Salaries, bonuses, allowances and benefits in kind	6,551	6,871	6,373	2,779	2,207
Performance related bonuses*	2,112	2,610	1,090	455	528
Share-based payment expenses	15,120	15,995	43,069	13,692	41,583
Pension scheme contributions	962	1,205	1,126	472	413
Subtotal	24,745	26,681	51,658	17,398	44,731
Total	25,105	27,041	52,019	17,548	44,881

* Certain executive directors of the Company are entitled to bonus payments which are determined by key performance indicators.

During the Relevant Periods, certain directors were granted restricted shares and options, in respect of their services to the Group, under the Share Incentive Schemes and the Pre-IPO share option scheme of the Company, further details of which are set out in note 34 to the Historical Financial Information. The difference between the fair value of the shares and options granted and the subscription price was recorded in the share-based payment reserve within equity with the corresponding "share-based payment expenses" in profit or loss over the vesting period. The amounts of the share-based payment expenses during the Relevant Periods are included in the above directors' and chief executive's remuneration disclosures.

The remuneration of each director/supervisor of the Company paid/payable by the Group (including emoluments for services as employees of the group entities prior to becoming the directors/supervisors of the Company) for the Relevant Periods is set out as follows:

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the Relevant Periods were as follows:

	Year ended 31 December			Five months ended 31 May	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Ms. Qian, Meifen (i)	120	120	120	50	50
Mr. Li, Wei (i)	120	120	120	50	50
Mr. Xie, Penghong (i)	120	120	120	50	–
Mr. Chen, Fei (ii)	–	–	1	–	50
Total	360	360	361	150	150

i. On 8 September 2020, Ms. Qian, Meifen, Mr. Li, Wei and Mr. Xie, Penghong were appointed as independent non-executive directors of the Company. Mr. Xie, Penghong resigned on 27 December 2023.

ii. On 27 December 2023, Mr. Chen, Fei was appointed as an independent non-executive director of the Company.

There were no other emoluments payable to the independent non-executive directors during the Relevant Periods.

(b) Executive directors, a non-executive director, the chief executive and supervisors

	Salaries, allowances and benefits in kind	Performance related bonuses	Share-based payment expense	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
2021					
Executive directors:					
Mr. Lin, Qi (i)	841	139	404	121	1,505
Mr. Hu, Zhe (ii)	759	226	3,296	121	4,402
Ms. Ma Audrey Jing Nan (iii)	859	236	1,129	–	2,224
Mr. Zhai, Shuang (ii)	665	297	231	121	1,314
Mr. Zhao, Yong Sheng (iv)	530	183	452	121	1,286
Mr. Gong, Xiaohui (v)	1,058	253	2,258	121	3,690
Mr. Chen, Weishan (v)	729	217	135	121	1,202
Subtotal	5,441	1,551	7,905	726	15,623
A non-executive director:					
Mr. Liu, Hui You (vi)	–	–	–	–	–
Supervisors:					
Mr. Wu, Yang (vii)	–	–	–	–	–
Mr. Zhou, Wei (viii)	–	–	–	–	–
Mr. Ji, Yizhi (vii)	–	–	–	–	–
Mr. Wang, Chuqi (viii)	451	144	6,781	115	7,491
Mr. Sun, Bei (ix)	659	417	434	121	1,631
Subtotal	1,110	561	7,215	236	9,122
Total	6,551	2,112	15,120	962	24,745

	Salaries, allowances and benefits in kind	Performance related bonuses	Share-based payment expense	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
2022					
Executive directors:					
Mr. Lin, Qi (i)	848	267	1,278	134	2,527
Mr. Hu, Zhe (ii)	841	267	3,295	134	4,537
Ms. Ma Audrey Jing Nan (iii)	859	195	1,129	–	2,183
Mr. Zhai, Shuang (ii)	704	241	231	134	1,310
Mr. Zhao, Yong Sheng (iv)	547	167	450	134	1,298
Mr. Gong, Xiaohui (*v*)	1,038	324	2,257	202	3,821
Mr. Chen, Weishan (*v*)	729	234	139	202	1,304
Subtotal	5,566	1,695	8,779	940	16,980
A non-executive director:					
Mr. Liu, Hui You (vi)	–	–	–	–	–
Supervisors:					
Mr. Wu, Yang (vii)	–	–	–	–	–
Mr. Zhou, Wei (viii)	–	–	–	–	–
Mr. Ji, Yizhi (vii)	–	–	–	–	–
Mr. Wang, Chuqi (viii)	492	198	6,781	132	7,603
Mr. Sun, Bei (ix)	813	717	435	133	2,098
Subtotal	1,305	915	7,216	265	9,701
Total	6,871	2,610	15,995	1,205	26,681

	Salaries, allowances and benefits in kind	Performance related bonuses	Share-based payment expense	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
2023					
Executive directors:					
Mr. Lin, Qi (i)	874	100	27,996	143	29,113
Mr. Hu, Zhe (ii)	902	100	3,295	143	4,440
Ms. Ma Audrey Jing Nan (iii)	861	100	1,129	114	2,204
Mr. Zhai, Shuang (ii)	765	97	231	143	1,236
Mr. Zhao, Yong Sheng (iv)	636	91	451	143	1,321
Mr. Gong, Xiaohui (v)	966	–	2,257	131	3,354
Mr. Chen, Weishan (v)	142	–	–	23	165
Subtotal	5,146	488	35,359	840	41,833
A non-executive director:					
Mr. Liu, Hui You (vi)	–	–	–	–	–
Supervisors:					
Mr. Wu, Yang (vii)	–	–	–	–	–
Mr. Zhou, Wei (viii)	–	–	–	–	–
Mr. Ji, Yizhi (vii)	–	–	–	–	–
Mr. Wang, Chuqi (viii)	505	76	6,957	143	7,681
Mr. Sun, Bei (ix)	722	526	753	143	2,144
Subtotal	1,227	602	7,710	286	9,825
Total	6,373	1,090	43,069	1,126	51,658

	Salaries, allowances and benefits in kind	Performance related bonuses	Share-based payment expense	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 May 2023					
(Unaudited)					
Executive directors:					
Mr. Lin, Qi (i)	370	42	7,412	58	7,882
Mr. Hu, Zhe (ii)	381	42	1,373	58	1,854
Ms. Ma Audrey Jing Nan (iii)	358	42	470	46	916
Mr. Zhai, Shuang (ii)	334	41	96	58	529
Mr. Zhao, Yong Sheng (iv)	250	39	188	58	535
Mr. Gong, Xiaohui (v)	435	–	940	58	1,433
Mr. Chen, Weishan (v)	142	–	–	20	162
Subtotal	2,270	206	10,479	356	13,311
A non-executive director:					
Mr. Liu, Hui You (vi)	–	–	–	–	–
Supervisors:					
Mr. Wu, Yang (vii)	–	–	–	–	–
Mr. Zhou, Wei (viii)	–	–	–	–	–
Mr. Ji, Yizhi (vii)	–	–	–	–	–
Mr. Wang, Chuqi (viii)	208	32	2,899	58	3,197
Mr. Sun, Bei (ix)	301	217	314	58	890
Subtotal	509	249	3,213	116	4,087
Total	2,779	455	13,692	472	17,398

	Salaries, allowances and benefits in kind	Performance related bonuses	Share-based payment expense	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 May 2024					
Executive directors:					
Mr. Lin, Qi (i)	358	87	17,483	61	17,989
Mr. Hu, Zhe (ii)	369	90	11,460	61	11,980
Mrs. Ma Audrey Jing Nan (iii)	356	86	6,332	48	6,822
Mr. Zhai, Shuang (ii)	305	74	2,185	60	2,624
Mr. Zhao, Yong Sheng (iv)	273	65	2,240	61	2,639
Subtotal	1,661	402	39,700	291	42,054
A non-executive director:					
Mr. Liu, Hui You (vi)	–	–	–	–	–
Supervisors:					
Mr. Wu, Yang (vii)	–	–	–	–	–
Mr. Zhou, Wei (viii)	–	–	–	–	–
Mr. Ji, Yizhi (vii)	–	–	–	–	–
Mr. Wang, Chuqi (viii)	227	54	1,695	61	2,037
Mr. Sun, Bei (ix)	319	72	188	61	640
Subtotal	546	126	1,883	122	2,677
Total	2,207	528	41,583	413	44,731

i. On 8 September 2020, Mr. Lin, Qi was appointed as the chief executive officer and the chairman of the board of directors of the Group.

ii. On 8 September 2020, Mr. Hu, Zhe and Mr. Zhai, Shuang were appointed as executive directors of the Group.

iii. On 27 December 2023, Ms. Ma Audrey Jing Nan was appointed as an executive director of the Group.

iv. On 3 April 2023, Mr. Zhao, Yong Sheng was appointed as an executive director of the Group.

v. On 8 September 2020, Mr. Gong, Xiaohui and Mr. Chen, Weishan were appointed as executive directors of the Group, Mr. Gong, Xiaohui resigned on 27 December 2023 and, Mr. Chen, Weishan resigned on 28 February 2023.

vi. On 27 December 2023, Mr. Liu, Hui You was appointed as a non-executive director of the Group.

vii. On 19 January 2023, Mr. Wu, Yang and Mr. Ji, Yizhi were appointed as supervisors of the Group.

viii. On 18 May 2022, Mr. Zhou, Wei and Mr. Wang, Chuqi were appointed as supervisors of the Group.

ix. On 8 September 2020, Mr. Sun, Bei was appointed as a supervisor of the Group.

There was no arrangement under which a director, the chief executive or a supervisor waived or agreed to waive any remuneration during the Relevant Periods.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the Relevant Periods included three directors and one supervisor at 31 December 2021, four directors and one supervisor at 31 December 2022, two directors and one supervisor at 31 December 2023, three directors and one supervisor at 31 May 2023, and three directors at 31 May 2024, details of whose remuneration are set out in note 8 above. Details of the remuneration for the Relevant Periods of the remaining highest paid employees who are neither a director nor supervisor of the Company are as follows:

	As at 31 December			As at 31 May	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Salaries, allowances and benefits in kind	2,152	–	2,460	725	786
Performance related bonuses	120	–	600	42	191
Share-based payment expense	–	–	6,280	428	7,484
Pension scheme contributions	–	–	286	58	121
Total	2,273	–	9,626	1,253	8,582

The numbers of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands are as follows:

	Number of employees				
	As at 31 December			As at 31 May	
	2021	2022	2023	2023	2024
				(Unaudited)	
RMB1,000,000 to RMB2,000,000	–	–	–	1	–
RMB2,000,000 to RMB3,000,000	1	–	–	–	1
RMB4,000,000 to RMB5,000,000	–	–	1	–	–
More than RMB5,000,000	–	–	1	–	1
Total	1	–	2	1	2

During the Relevant Periods, certain employees were granted restricted shares and options, in respect of their services to the Group, under the Share Incentive Scheme and the Pre-IPO share option scheme of the Company, further details of which are set out in note 34 to the Historical Financial Information. The difference between the fair value of the shares and options granted and the subscription price was recorded in the share-based payment reserve within equity with the corresponding "share-based payment expenses" in profit or loss over the vesting period. The amounts of the share-based payment expenses during the Relevant Periods are included in the above directors' and chief executive's remuneration disclosures.

10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Chinese Mainland

The subsidiaries incorporated in Chinese Mainland are subject to tax at the statutory rate of 25% on the taxable profits determined in accordance with the PRC Corporate Income Tax Law which became effective on 1 January 2008, except for these subject to tax preferential set out below:

Shanghai Refire Technology Co., Ltd., Shanghai Pando Electric Technology Co., Ltd. and Unilia (Shanghai) Fuel Cells Inc. were granted with the qualification of High and New Technology Enterprises ("HNTE"). Accordingly, the subsidiaries were entitled to a preferential corporate income tax rate of 15% during the Relevant Periods.

Certain subsidiaries of the Group have applied the Small-Scaled Minimal Profit Corporate Income Tax Preferential Policy announced by the PRC's State Administration of Taxation. Pursuant to the policy, during the period from 1 January 2019 to 31 December 2021, the portion of annual taxable income amount of a Small-Scaled Minimal Profit Corporate which does not exceed RMB1,000,000 shall be computed at a reduced rate of 25% as taxable income amount, and shall be levied at a reduced tax rate of 20%; the portion of annual taxable income amount which exceeds RMB1,000,000 but does not exceed RMB3,000,000 shall be computed at a reduced rate of 50% as taxable income amount, and shall be levied at a reduced tax rate of 20%. Pursuant to the policy announced by the PRC's State Administration of Taxation, during the period from 1 January, 2022 to 31 December, 2024, the portion of annual taxable income amount of a Small-Scaled Minimal Profit Corporate which exceeds RMB1,000,000 but does not exceed RMB3,000,000 shall be computed at a reduced rate of 25% as taxable income amount, and shall be levied at a reduced tax rate of 20%.

Hong Kong

The subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at the rate of 8.25% for taxable income not exceeding HKD2,000,000, and 16.5% for taxable income exceeding HKD2,000,000 on any estimated assessable profits arising in Hong Kong during the Relevant Periods. No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the Relevant Periods.

Canada

The subsidiary incorporated in Canada is subject to Canada profits tax at the statutory rate of 15% on any estimated assessable profits arising in Canada during the Relevant Periods. No provision for Canada profits tax has been made as the Group had no assessable profits derived from or earned in Canada during the Relevant Periods.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	Year ended 31 December			Five months ended 31 May	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Current income tax	9,428	1,953	13	27	83
Deferred tax credit *(note 20)*	(5,438)	(1,327)	(2,250)	(2,578)	(2,048)
Total tax expense/(credit) for the year/period	3,990	626	(2,237)	(2,551)	(1,965)

A reconciliation of the tax expense applicable to loss before tax at the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

	Year ended 31 December			Five months ended 31 May	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Loss before tax	(650,302)	(545,473)	(579,768)	(269,254)	(411,396)
Tax at the statutory tax rate	(162,576)	(136,368)	(144,942)	(67,314)	(102,849)
Effect of preferential tax rates	52,167	32,939	24,957	18,683	24,630
Losses attributable to a joint venture and associates *(a)*	2,054	5,361	964	670	1,430
Expenses not deductible for tax *(b)*	11,241	11,227	21,921	6,398	24,241
Super deduction on research and development expenses *(c)*	(29,791)	(26,528)	(25,256)	(14,842)	(13,600)
Deductible temporary differences not recognised	41,308	16,957	9,449	3,949	4,199
Tax losses not recognised	89,587	97,038	110,670	49,905	59,984
Tax expense/(credit) at the Group's effective tax rate	3,990	626	(2,237)	(2,551)	(1,965)

(a) The losses attributable to a joint venture and associates comprise the tax effect of share of "Share of losses of a joint venture" amounting to RMB5,750,000, RMB18,750,000, nil, nil and nil and "Share of losses of associates" amounting to RMB2,466,000, RMB2,695,000, RMB3,855,000, RMB2,680,000, and RMB5,721,000 for the years ended 31 December 2021, 2022 and 2023, and five months ended 31 May 2023 and 2024, respectively.

(b) Expenses not deductible for tax mainly include the tax effect of share-based payments, fair value losses on a derivative financial instrument and non-deductible business entertainment expenses.

(c) Super deductible allowance was for qualified research and development costs. According to the relevant laws and regulations promulgated by the State Taxation Administration of the PRC, enterprises engaging in research and development activities are entitled to claim 175% of their research and development costs so incurred as tax deductible expenses when determining their assessable profits for the year ended 31 December 2021 and the nine months ended 30 September 2022. According to the relevant laws and regulations, the aforementioned deduction rate increased to 200% since 1 October 2022.

11. DIVIDENDS

No dividends have been paid or declared by the Company during the Relevant Periods.

12. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amounts is based on the loss for the year/period attributable to ordinary equity holders of the parent, and the weighted average numbers of ordinary shares of 64,996,051, 75,169,925, 81,311,371, 81,311,371 and 81,311,371 during the Relevant Periods in issue, as adjusted to reflect the rights issue during the Relevant Periods.

	Year ended 31 December			Five months ended 31 May	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Loss					
Loss attributable to ordinary equity holders of the parent	(572,802)	(505,966)	(529,472)	(247,137)	(394,115)
Shares					
Weighted average number ('000) of ordinary shares in issue during the year/period	64,996	75,170	81,311	81,311	81,311
Loss per share					
Basic and diluted (RMB)	(8.81)	(6.73)	(6.51)	(3.04)	(4.85)

The Group had no potentially dilutive ordinary shares in issue during the Relevant Periods.

No adjustment has been made to the basic loss per share amount presented for five months ended 31 May 2024 in respect of a dilution as the impact of the option outstanding adopted in 2024 had an anti-dilutive effect on the basic loss per share amount presented.

13. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	Machinery	Office equipment and electronic devices	Vehicles	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2021							
At 1 January 2021:							
Cost	47,554	159,281	17,059	2,114	125,845	44,752	396,605
Accumulated depreciation and impairment	(617)	(28,124)	(7,693)	(1,039)	(27,509)	–	(64,982)
Net carrying amount	46,937	131,157	9,366	1,075	98,336	44,752	331,623
At 1 January 2021, net of accumulated depreciation and impairment	46,937	131,157	9,366	1,075	98,336	44,752	331,623
Additions	6,402	95,978	3,587	737	22,394	33,581	162,679
Depreciation provided during the year	(2,030)	(32,588)	(3,418)	(1,069)	(22,265)	–	(61,370)
Exchange realignment	–	(611)	(2)	–	(417)	–	(1,030)
Transfers	5,175	39,697	1,720	81	13,113	(59,786)	–
Impairment	–	(10,418)	–	–	–	–	(10,418)
At 31 December 2021, net of accumulated depreciation and impairment	56,484	223,215	11,253	824	111,161	18,547	421,484
At 31 December 2021:							
Cost	59,131	294,193	22,355	2,931	160,880	18,547	558,037
Accumulated depreciation and impairment	(2,647)	(70,978)	(11,102)	(2,107)	(49,719)	–	(136,553)
Net carrying amount	56,484	223,215	11,253	824	111,161	18,547	421,484

	Buildings	Machinery	Office equipment and electronic devices	Vehicles	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2022							
At 1 January 2022:							
Cost	59,131	294,193	22,355	2,931	160,880	18,547	558,037
Accumulated depreciation and impairment	(2,647)	(70,978)	(11,102)	(2,107)	(49,719)	–	(136,553)
Net carrying amount	56,484	223,215	11,253	824	111,161	18,547	421,484
At 1 January 2022, net of accumulated depreciation and impairment	56,484	223,215	11,253	824	111,161	18,547	421,484
Additions.	129	35,407	3,079	237	7,616	30,751	77,219
Disposals.	(81)	(3,577)	(566)	–	–	–	(4,224)
Depreciation provided during the year	(2,481)	(43,750)	(4,640)	(315)	(27,166)	–	(78,352)
Exchange realignment	–	741	3	–	413	–	1,157
Transfers	6,330	25,879	57	–	5,523	(37,789)	–
At 31 December 2022, net of accumulated depreciation and impairment	60,381	237,915	9,186	746	97,547	11,509	417,284
At 31 December 2022:							
Cost	65,509	352,643	24,928	3,168	174,432	11,509	632,189
Accumulated depreciation and impairment	(5,128)	(114,728)	(15,742)	(2,422)	(76,885)	–	(214,905)
Net carrying amount	60,381	237,915	9,186	746	97,547	11,509	417,284

	Buildings	Machinery	Office equipment and electronic devices	Vehicles	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2023							
At 1 January 2023:							
Cost	65,509	352,643	24,928	3,168	174,432	11,509	632,189
Accumulated depreciation and impairment	(5,128)	(114,728)	(15,742)	(2,422)	(76,885)	–	(214,905)
Net carrying amount	60,381	237,915	9,186	746	97,547	11,509	417,284
At 1 January 2023, net of accumulated depreciation and impairment	60,381	237,915	9,186	746	97,547	11,509	417,284
Additions.	264	49,849	3,083	1,757	4,450	72,232	131,635
Disposals.	(258)	(4,633)	(108)	(43)	–	–	(5,042)
Depreciation provided during the year	(2,524)	(52,702)	(4,628)	(575)	(32,363)	–	(92,792)
Exchange realignment	–	1,160	22	13	521	–	1,716
Transfers	3,785	31,584	300	–	9,937	(45,606)	–
At 31 December 2023, net of accumulated depreciation and impairment	61,648	263,173	7,855	1,898	80,092	38,135	452,801
At 31 December 2023:							
Cost	69,300	430,603	28,225	4,895	189,340	38,135	760,498
Accumulated depreciation and impairment	(7,652)	(167,430)	(20,370)	(2,997)	(109,248)	–	(307,697)
Net carrying amount	61,648	263,173	7,855	1,898	80,092	38,135	452,801

	Buildings	Machinery	Office equipment and electronic devices	Vehicles	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 May 2024							
At 1 January 2024:							
Cost	69,300	430,603	28,225	4,895	189,340	38,135	760,498
Accumulated depreciation and impairment	(7,652)	(167,430)	(20,370)	(2,997)	(109,248)	–	(307,697)
Net carrying amount	61,648	263,173	7,855	1,898	80,092	38,135	452,801
At 1 January 2024 net of accumulated depreciation and impairment	61,648	263,173	7,855	1,898	80,092	38,135	452,801
Additions	–	1,586	55	4	96	9,231	10,972
Acquisition of a subsidiary	–	7,833	–	–	–	–	7,833
Disposals	–	(1,802)	(260)	–	(673)	–	(2,735)
Depreciation provided during the period	(1,095)	(22,338)	(1,597)	(293)	(12,100)	–	(37,423)
Exchange realignment	–	(571)	(28)	(6)	(194)	–	(799)
Transfers	–	16,639	–	–	1,757	(18,396)	–
At 31 May 2024, net of accumulated depreciation and impairment	60,553	264,520	6,025	1,603	68,978	28,970	430,649
At 31 May 2024:							
Cost	69,300	461,237	27,992	4,893	190,326	28,970	782,718
Accumulated depreciation and impairment	(8,747)	(196,717)	(21,967)	(3,290)	(121,348)	–	(352,069)
Net carrying amount	60,553	264,520	6,025	1,603	68,978	28,970	430,649

As at 31 December 2021, the carrying amount of certain machinery has been reduced to its recoverable amount of nil through recognition of an impairment loss of RMB10,418,000 mainly due to the adjustment of the business of hydrogen refueling stations.

As at 31 December 2021, 2022 and 2023 and 31 May 2024, the Group's buildings, with aggregate carrying amounts of approximately RMB56,484,000, RMB60,381,000, RMB61,648,000 and RMB60,553,000 respectively, were pledged to secure interest-bearing bank and other borrowings granted to the Group (note 30).

As at 31 December 2023 and 31 May 2024, the Group's certain machinery with aggregate carrying amounts of approximately RMB138,522,000 and RMB129,988,000 was subject to the sale and leaseback business with Taiping & Sinopec Financial Leasing Co., Ltd. (note 30).

The Company

	Office equipment and electronic devices	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2021				
At 1 January 2021:				
Cost	–	13,838	–	13,838
Accumulated depreciation	–	(10,630)	–	(10,630)
Net carrying amount	–	3,208	–	3,208
At 1 January 2021, net of accumulated depreciation	–	3,208	–	3,208
Additions	704	–	8	712
Depreciation provided during the year	(19)	(2,722)	–	(2,741)
At 31 December 2021, net of accumulated depreciation	685	486	8	1,179
At 31 December 2021:				
Cost	704	13,838	8	14,550
Accumulated depreciation	(19)	(13,352)	–	(13,371)
Net carrying amount	685	486	8	1,179

	Office equipment and electronic devices	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2022				
At 1 January 2022:				
Cost	704	13,838	8	14,550
Accumulated depreciation	(19)	(13,352)	–	(13,371)
Net carrying amount	685	486	8	1,179
At 1 January 2022, net of accumulated depreciation	685	486	8	1,179
Additions	884	3,505	624	5,013
Depreciation provided during the year	(235)	(736)	–	(971)
At 31 December 2022, net of accumulated depreciation	1,334	3,255	632	5,221
At 31 December 2022:				
Cost	1,588	17,342	632	19,562
Accumulated depreciation	(254)	(14,087)	–	(14,341)
Net carrying amount	1,334	3,255	632	5,221

	Office equipment and electronic devices	Vehicles	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2023					
At 1 January 2023:					
Cost	1,588	–	17,342	632	19,562
Accumulated depreciation	(254)	–	(14,087)	–	(14,341)
Net carrying amount	1,334	–	3,255	632	5,221
At 1 January 2023, net of accumulated depreciation	1,334	–	3,255	632	5,221
Additions	1,009	1,715	3,957	(632)	6,049
Depreciation provided during the year	(514)	(252)	(1,404)	–	(2,170)
At 31 December 2023, net of accumulated depreciation	1,829	1,463	5,808	–	9,100
At 31 December 2023:					
Cost	2,597	1,715	22,237	–	26,549
Accumulated depreciation	(768)	(252)	(16,429)	–	(17,449)
Net carrying amount	1,829	1,463	5,808	–	9,100

	Office equipment and electronic devices	Vehicles	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 May 2024					
At 1 January 2024:					
Cost	2,597	1,715	22,237	–	26,549
Accumulated depreciation	(768)	(252)	(16,429)	–	(17,449)
Net carrying amount	1,829	1,463	5,808	–	9,100
At 1 January 2024, net of accumulated depreciation	1,829	1,463	5,808	–	9,100
Additions	–	–	262	26	288
Depreciation provided during the period	(271)	(180)	(810)	–	(1,261)
At 31 May 2024, net of accumulated depreciation	1,558	1,283	5,260	26	8,127
At 31 May 2024:					
Cost	2,597	1,715	22,499	26	26,837
Accumulated depreciation	(1,039)	(432)	(17,239)	–	(18,710)
Net carrying amount	1,558	1,283	5,260	26	8,127

14. LEASES

The Group as a lessee

The Group has lease contracts for various items of plant and properties used in its operations. Leases of plant and properties generally have lease terms between 1.5 and 8 years. Other equipment generally has lease terms of 12 months or less or is individually of low value. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the Relevant Periods are as follows:

The Group

	Leasehold land	Plant and properties	Total
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January 2021	22,589	99,645	122,234
Additions	–	1,585	1,585
Depreciation charge	(465)	(18,112)	(18,577)
Decrease arising from lease term termination	–	(552)	(552)
As at 31 December 2021 and 1 January 2022	22,124	82,566	104,690
Additions	–	3,318	3,318
Depreciation charge	(465)	(19,673)	(20,138)
As at 31 December 2022 and 1 January 2023	21,659	66,211	87,870
Depreciation charge	(465)	(17,686)	(18,151)
Decrease arising from lease term termination	–	(300)	(300)
As at 31 December 2023 and 1 January 2024	21,194	48,225	69,419
Additions	38,655	–	38,655
Depreciation charge	(730)	(6,988)	(7,718)
As at 31 May 2024	59,119	41,237	100,356

As at 31 December 2021, 2022 and 2023 and 31 May 2024, the Group's leasehold land with aggregate carrying amounts of approximately RMB22,124,000, RMB21,659,000 and RMB21,194,000 and RMB21,000,000, respectively, was pledged to secure interest-bearing bank and other borrowings granted to the Group (note 30).

The Company

	Plant and properties
	RMB'000
As at 1 January 2021	–
Additions	1,377
Depreciation charge	(226)
As at 31 December 2021 and 1 January 2022	1,151
Additions	86,492
Depreciation charge	(16,212)
Decrease arising from lease term termination	(1,132)
As at 31 December 2022 and 1 January 2023	70,299
Depreciation charge	(17,444)
As at 31 December 2023 and 1 January 2024	52,855
Depreciation charge	(7,143)
As at 31 May 2024	45,712

The Company leased the properties from its subsidiary pursuant to the agreement signed on 26 January 2022.

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the Relevant Periods are as follows:

The Group

	As at 31 December			As at 31 May
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Carrying amount at the beginning	103,192	90,712	76,386	61,404
New leases	1,585	3,318	–	–
Accretion of interest recognised during the year/period	4,778	4,157	4,553	1,166
Decrease arising from lease term termination	(527)	–	(340)	–
Payments	(18,316)	(21,801)	(19,195)	(10,739)
Carrying amount at the end	90,712	76,386	61,404	51,831
Analysed into:				
Current portion	15,418	15,523	18,921	19,738
Non-current portion	75,294	60,863	42,483	32,093

The Company

	As at 31 December			As at 31 May
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Carrying amount at the beginning	–	1,195	72,493	58,926
New leases	1,377	86,492	–	–
Accretion of interest recognised during the year/period	60	3,429	3,854	1,364
Decrease arising from lease term termination	–	(1,179)	–	–
Payments	(242)	(17,444)	(17,421)	(10,406)
Carrying amount at the end	1,195	72,493	58,926	49,884
Analysed into:				
Current portion	201	13,568	17,859	18,295
Non-current portion	994	58,925	41,067	31,589

The maturity analysis of lease liabilities is disclosed in note 45.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

The Group

	Year ended 31 December			Five months ended 31 May	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Interest on lease liabilities	4,778	4,157	4,553	1,504	1,166
Depreciation charge of right-of-use assets	18,577	20,138	18,151	8,155	7,718
Expenses relating to short-term leases	4,223	3,526	1,868	696	693
Expenses relating to leases of low-value assets	18	94	229	97	64
Loss/(gain) on a lease term termination	25	–	(40)	(40)	–
Total amount recognised in profit or loss	27,621	27,915	24,761	10,412	9,641

The Company

	Year ended 31 December			Five months ended 31 May	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Interest on lease liabilities	60	3,429	3,854	1,708	1,364
Depreciation charge of right-of-use assets	226	16,212	17,444	7,143	7,143
Expenses relating to short-term leases	229	703	78	32	64
Gain on a lease term termination	–	(47)	–	–	–
Total amount recognised in profit or loss	515	20,297	21,376	8,883	8,571

15. OTHER INTANGIBLE ASSETS

The Group

	Software	Patents and licences	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2021				
Cost at 1 January 2021, net of accumulated amortisation	14,608	8,433	7,698	30,739
Additions	6,415	–	5,395	11,810
Transfers	3,261	–	(3,261)	–
Amortisation provided during the year	(4,686)	(1,833)	–	(6,519)
Impairment during the year	–	(2,446)	–	(2,446)
At 31 December 2021	19,598	4,154	9,832	33,584

	Software	Patents and licences	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2021 and at 1 January 2022:				
Cost	29,889	11,000	9,832	50,721
Accumulated amortisation and impairment	(10,291)	(6,846)	–	(17,137)
Net carrying amount	19,598	4,154	9,832	33,584
31 December 2022				
Cost at 1 January 2022, net of accumulated amortisation and impairment	19,598	4,154	9,832	33,584
Additions	3,026	–	1,471	4,497
Transfers	10,825	–	(10,825)	–
Amortisation provided during the year	(6,414)	(1,466)	–	(7,880)
At 31 December 2022	27,035	2,688	478	30,201
At 31 December 2022 and at 1 January 2023:				
Cost	43,740	11,000	478	55,218
Accumulated amortisation and impairment	(16,705)	(8,312)	–	(25,017)
Net carrying amount	27,035	2,688	478	30,201
31 December 2023				
Cost at 1 January 2022, net of accumulated amortisation	27,035	2,688	478	30,201
Additions	1,266	–	666	1,932
Transfers	973	–	(973)	–
Amortisation provided during the year	(8,211)	(1,466)	–	(9,677)
At 31 December 2023	21,063	1,222	171	22,456
At 31 December 2023 and at 1 January 2024:				
Cost	29,274	2,688	171	32,133
Accumulated amortisation and impairment	(8,211)	(1,466)	–	(9,677)
Net carrying amount	21,063	1,222	171	22,456
31 May 2024				
Cost at 1 January 2023, net of accumulated amortisation	21,063	1,222	171	22,456
Additions	136	–	428	564
Acquisition of a subsidiary	–	4,666	–	4,666
Transfers	599	–	(599)	–
Amortisation provided during the period	(3,391)	(847)	–	(4,238)
At 31 May 2024	18,407	5,041	–	23,448

As at 31 December 2021, the carrying amount of certain patent has been reduced to its recoverable amount of nil through recognition of an impairment loss of RMB2,446,000 as a fuel cell battery case had ceased production during 2021.

The Company

	Patents and licences
	RMB'000
31 December 2021	
Cost at 1 January 2021, net of accumulated amortisation	–
Additions	288
Amortisation provided during the year	(5)
At 31 December 2021	283
At 31 December 2021 and at 1 January 2022:	
Cost	288
Accumulated amortisation	(5)
Net carrying amount	283
31 December 2022	
Cost at 1 January 2022, net of accumulated amortisation	283
Additions	1,123
Amortisation provided during the year	(166)
At 31 December 2022	1,240
At 31 December 2022 and at 1 January 2023:	
Cost	1,411
Accumulated amortisation	(171)
Net carrying amount	1,240
31 December 2023	
Cost at 1 January 2023, net of accumulated amortisation	1,240
Additions	101
Amortisation provided during the year	(296)
At 31 December 2023	1,045
At 31 December 2023 and at 1 January 2024:	
Cost	1,512
Accumulated amortisation	(467)
Net carrying amount	1,045
31 May 2024	
Cost at 1 January 2024, net of accumulated amortisation	1,045
Additions	28
Amortisation provided during the period	(128)
At 31 May 2024	945

16. INVESTMENT IN A JOINT VENTURE

The Group and the Company

	As at 31 December			As at 31 May	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Share of net assets					
Guohong Refire	–	–	–	–	–

The Group's and the Company's outstanding balances with the joint venture are disclosed in note 41.

The joint venture of the Group is considered not individually material for the Relevant Periods and the following table illustrates the financial information of the Group's joint venture:

	As at 31 December			As at 31 May	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Share of the joint venture's loss for the year/period	(5,750)	(18,750)	–	–	–
Aggregate carrying amount of the Group's investment in the joint venture	–	–	–	–	–

17. INVESTMENTS IN ASSOCIATES

The Group

	As at 31 December			As at 31 May
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Share of net assets	51,590	78,689	99,522	131,051

The associates of the Group are considered not individually material for the Relevant Periods, and the following table illustrates the aggregate financial information of the Group's associates:

	Year ended 31 December			Five months ended 31 May	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Share of the associates' losses for the year/period	(2,466)	(2,695)	(3,855)	(2,680)	(5,721)
Share of the associates' total comprehensive income	(2,466)	(2,695)	(3,855)	(2,680)	(5,721)
Aggregate carrying amount of the Group's investments in the associates	51,590	78,689	99,522	86,059	131,051

The Company

	As at 31 December			As at 31 May
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Share of net assets	40,158	63,321	91,232	104,817

The Group's and the Company's outstanding balances with the associates are disclosed in note 41.

18. INVESTMENTS IN SUBSIDIARIES

The Company

	As at 31 December			As at 31 May
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Investments, at cost	1,580,313	2,598,725	3,213,747	3,293,427
Impairment loss on investment in a subsidiary	(2,000)	(2,000)	(2,000)	(2,000)
Investments in subsidiaries	1,578,313	2,596,725	3,211,747	3,291,427

Due to discontinuing of operation, the investment in the subsidiary, Beijing XCELL Technology Co., Ltd, was fully impaired as at 31 December 2021. The directors assessed the other subsidiaries' forecast and were of the opinion that no impairment was needed for the investments in the other subsidiaries as at the end of each of the Relevant Periods.

The Company's outstanding balances with the subsidiaries are disclosed in note 41.

19. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group

	As at 31 December			As at 31 May
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Unlisted equity investments	17,357	19,887	47,656	46,076

The Company

	As at 31 December			As at 31 May
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Unlisted equity investments	13,239	13,859	42,106	40,808

The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

20. DEFERRED TAX

The Group

The movements in deferred tax assets and liabilities during the Relevant Periods are as follows:

Deferred tax assets

	Impairment of inventories	Lease liabilities	Deferred income	Losses available for offsetting against future taxable profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2021	1,388	16,094	5,628	–	23,110
Deferred tax (charged)/credited to profit or loss during the year	(717)	(1,874)	4,799	–	2,208
Gross deferred tax assets at 31 December 2021	671	14,220	10,427	–	25,318
Deferred tax credited/(charged) to profit or loss during the year	958	(2,204)	(541)	–	(1,787)
Gross deferred tax assets at 31 December 2022	1,629	12,016	9,886	–	23,531
Deferred tax credited/(charged) to profit or loss during the year	675	(2,654)	(164)	609	(1,534)
Gross deferred tax assets at 31 December 2023	2,304	9,362	9,722	609	21,997
Acquisition of a subsidiary	–	–	–	1,914	1,914
Deferred tax credited/(charged) to profit or loss during the period	255	(1,349)	290	1,498	694
Gross deferred tax assets at 31 May 2024	2,559	8,013	10,012	4,021	24,605

Deferred tax liabilities

	Depreciation allowance in excess of related depreciation	Right-of-use assets	Fair value adjustments arising from acquisition of subsidiaries	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2021	3,661	15,545	–	19,206
Deferred tax credited to profit or loss during the year	(685)	(2,545)	–	(3,230)
Gross deferred tax liabilities at 31 December 2021	2,976	13,000	–	15,976
Deferred tax credited to profit or loss during the year	(616)	(2,498)	–	(3,114)
Gross deferred tax liabilities at 31 December 2022	2,360	10,502	–	12,862
Deferred tax credited to profit or loss during the year	(646)	(3,138)	–	(3,784)
Gross deferred tax liabilities at 31 December 2023	1,714	7,364	–	9,078
Acquisition of a subsidiary	–	–	1,914	1,914
Deferred tax credited to profit or loss during the period	(127)	(835)	(392)	(1,354)
Gross deferred tax liabilities at 31 May 2024	1,587	6,529	1,522	9,638

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	As at 31 December			As at 31 May
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Net deferred tax assets recognised in the consolidated statement of financial position	9,342	10,669	12,919	14,967
Total	9,342	10,669	12,919	14,967

Deferred tax assets have not been recognised in respect of the following items:

	As at 31 December			As at 31 May
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Tax losses	1,238,064	1,814,906	2,429,235	2,775,909
Deductible temporary differences	540,128	620,685	661,798	681,897
Total	1,778,192	2,435,591	3,091,033	3,457,806

The Group has tax losses arising in Chinese Mainland of RMB1,238,064,000, RMB1,814,906,000 and RMB2,429,235,000 and RMB2,775,909,000 as at 31 December 2021, 2022 and 2023 and 31 May 2024, respectively, that will expire in one to ten years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

The Company

The Company has tax losses arising in Chinese Mainland of RMB27,803,000, RMB116,216,000 and RMB253,190,000 and RMB307,647,000 as at 31 December 2021, 2022 and 2023 and 31 May 2024, respectively, that will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses are not considered probable that taxable profits will be available against which the tax losses can be utilised.

21. INVENTORIES

	As at 31 December			As at 31 May
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	175,630	212,380	175,710	218,847
Work in progress	12,267	4,639	12,993	24,744
Finished goods	145,716	185,357	166,784	195,192
	333,613	402,376	355,487	438,783
Less: provision for impairment losses on inventories	(73,645)	(125,442)	(115,615)	(102,419)
Total	259,968	276,934	239,872	336,364

As at 31 December 2021, 2022 and 2023 and 31 May 2024, inventories were stated at the lower of cost and net realisable value.

The movements in provision

	Year ended 31 December			Five months ended 31 May
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Carrying amount at the beginning	38,593	73,645	125,442	115,615
Impairment losses recognised *(note 6)*	47,671	82,113	31,765	8,476
Amounts written off	(12,619)	(30,316)	(41,592)	(21,672)
Carrying amount at the end	73,645	125,442	115,615	102,419

The Group has written off impairment losses amounting to RMB12,619,000, RMB30,316,000, RMB41,592,000 and RMB21,672,000 during the years ended 31 December 2021, 2022 and 2023 and the five months ended 31 May 2024, mainly due that certain hydrogen fuel cell systems with limited market presence were scrapped or sold.

22. TRADE AND BILLS RECEIVABLES AND CONTRACT ASSETS

The Group

	As at 31 December			As at 31 May
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current:				
Trade receivables *(a)*	284,724	264,897	417,537	314,940
Contract assets	–	–	31,380	17,382
	284,724	264,897	448,917	332,322
Less: Impairment losses	(15,039)	(10,273)	(14,199)	(6,044)
Subtotal	269,685	254,624	434,718	326,278
Current:				
Trade receivables	1,270,484	1,590,683	1,974,948	2,018,777
Commercial acceptance bills	4,077	62,102	25,258	70,034
Bank acceptance notes	7,323	2,611	30,083	26,788
	1,281,884	1,655,396	2,030,289	2,115,599
Less: Impairment losses	(358,334)	(389,867)	(446,894)	(496,968)
Subtotal	923,550	1,265,529	1,583,395	1,618,631
Total	1,193,235	1,520,153	2,018,113	1,944,909

The Group's trading terms with its customers are mainly on credit. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk.

The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

(a) Non-current trade receivables represented receivables from customers who signed contracts with a credit period of more than 1 year.

An aging analysis of the Group's trade receivables, commercial acceptance bills and contract assets, based on the past due information and net of loss allowance, as at the end of each of the Relevant Periods is as follows:

	As at 31 December			As at 31 May
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current	650,086	893,979	1,137,834	684,272
Within 1 year	239,938	316,959	519,188	751,905
1 to 2 years	102,659	135,392	128,430	322,340
2 to 3 years	190,345	19,952	72,735	23,516
3 to 4 years	2,884	151,260	4,168	28,088
4 to 5 years	–	–	125,675	108,000
Total	1,185,912	1,517,542	1,988,030	1,918,121

The movements in the impairment losses on trade receivables, commercial acceptance bills and contract assets are as follows:

	Year ended 31 December			Five months ended 31 May
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of year/period	237,857	373,373	400,140	461,093
Impairment losses recognised, net	135,516	26,767	60,953	41,919
At end of year/period	373,373	400,140	461,093	503,012

The Group's bills receivables aged within six months were not past due. Bank acceptance bills that are measured at fair value through other comprehensive income are considered as having very low credit risk and the loss allowance is assessed to be minimal.

The Group applies the simplified approach in calculating ECLs for trade receivables, commercial acceptance bills and contract assets. Trade receivables, commercial acceptance bills and contract assets relating to customers not sharing similar credit risk with others are assessed individually for impairment allowance, for instance, customers with known financial difficulties or significant doubt on collection. The remaining trade receivables, commercial acceptance bills and contract assets are grouped and collectively assessed for impairment allowance. Under the collective approach, an impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on past due information for grouping of customers that have similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than five years and are not subject to enforcement activity. During 2021, the increase in impairment losses was mainly due to certain customers encountering with financial difficulties where the trade receivables are assessed to be uncollectable. During 2023 and five months ended 31 May 2024, the increase in impairment losses were mainly due to the rise in the expected loss provision matrix along with the ageing migration.

Set out below is the information about the credit risk exposure on the Group's trade receivables, commercial acceptance bills and contract assets using a provision matrix:

	Current	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
As at 31 December 2021								
On a collective basis:								
Expected credit loss rate	2.92%	9.66%	24.55%	40.57%	85.43%	100.00%	100.00%	16.12%
Gross carrying amount (RMB'000)	669,639	265,593	136,060	320,309	19,789	2,513	–	1,413,903
Expected credit losses (RMB'000)	19,553	25,655	33,401	129,964	16,905	2,513	–	227,991
On an individual basis:								
Expected credit loss rate								100.00%
Gross carrying amount (RMB'000)								145,382
Expected credit losses (RMB'000)								145,382

	Current	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
As at 31 December 2022								
On a collective basis:								
Expected credit loss rate	2.01%	6.95%	18.40%	41.82%	51.90%	100.00%	100.00%	14.30%
Gross carrying amount (RMB'000)	912,331	340,638	165,926	34,292	314,500	575	2,513	1,770,775
Expected credit losses (RMB'000)	18,352	23,679	30,534	14,340	163,240	575	2,513	253,233
On an individual basis:								
Expected credit loss rate								100.00%
Gross carrying amount (RMB'000)								146,907
Expected credit losses (RMB'000)								146,907

	Current	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
As at 31 December 2023								
On collective basis:								
Expected credit loss rate	2.06%	6.59%	13.56%	35.46%	56.99%	59.81%	100.00%	13.65%
Gross carrying amount (RMB'000)	1,161,778	555,826	148,573	112,699	9,690	312,700	950	2,302,216
Expected credit losses (RMB'000)	23,944	36,638	20,143	39,964	5,522	187,025	950	314,186
On individual basis:								
Expected credit loss rate								100.00%
Gross carrying amount (RMB'000)								146,907
Expected credit losses (RMB'000)								146,907

Set out below is the information about the credit risk exposure on the Group's trade receivables, commercial acceptance bills and contract assets using a provision matrix:

	Current	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
As at 31 May 2024								
On collective basis:								
Expected credit loss rate	1.64%	7.25%	14.50%	37.82%	55.53%	62.62%	100.00%	15.66%
Gross carrying amount (RMB'000)	695,675	810,685	376,986	37,817	63,160	288,953	950	2,274,226
Expected credit losses (RMB'000)	11,403	58,780	54,646	14,301	35,072	180,953	950	356,105
On individual basis:								
Expected credit loss rate								100.00%
Gross carrying amount (RMB'000)								146,907
Expected credit losses (RMB'000)								146,907

The Company

	As at 31 December			As at 31 May
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	67,205	229,658	442,784	451,346
Commercial acceptance bills receivables	1,701	376	28	–
Bank acceptance notes	3,443	1,475	–	–
Subtotal	72,349	231,509	442,812	451,346
Less: Impairment losses	(2,313)	(9,535)	(30,497)	(62,220)
Total	70,036	221,974	412,315	389,126

An ageing analysis of the Company's trade receivables and commercial acceptance bills, based on the past due information and net of loss allowance, as at the end of each of the Relevant Periods is as follows:

	As at 31 December			As at 31 May
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current	64,929	165,940	224,189	88,772
Within 1 year	938	54,515	139,354	163,834
1 to 2 years	726	44	48,772	106,425
2 to 3 years	–	–	–	30,095
Total	66,593	220,499	412,315	389,126

The movements in the loss allowance for impairment of trade receivables and commercial acceptance bills are as follows:

	Year ended 31 December			Five months ended 31 May
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of year/period	939	2,313	9,535	30,497
Impairment losses recognised, net	1,374	7,222	20,962	31,723
At end of year/period	2,313	9,535	30,497	62,220

Set out below is the information about the credit risk exposure on the Group's trade receivables and commercial acceptance bills receivables using a provision matrix:

	Current	Within 1 year	1 to 2 years	2 to 3 years	Total
As at 31 December 2021					
On a collective basis:					
Expected credit loss rate	2.90%	12.60%	24.55%	–	3.36%
Gross carrying amount (RMB'000)	66,871	1,073	962	–	68,906
Expected credit losses (RMB'000)	1,942	135	236	–	2,313
As at 31 December 2022					
On a collective basis:					
Expected credit loss rate	2.09%	9.89%	20.55%	–	4.15%
Gross carrying amount (RMB'000)	169,478	60,500	56	–	230,034
Expected credit losses (RMB'000)	3,538	5,985	12	–	9,535
As at 31 December 2023					
On a collective basis:					
Expected credit loss rate	2.11%	8.90%	19.85%	–	6.89%
Gross carrying amount (RMB'000)	229,020	153,236	60,556	–	442,812
Expected credit losses (RMB'000)	4,831	13,643	12,023	–	30,497
As at 31 May 2024					
On a collective basis:					
Expected credit loss rate	1.82%	8.92%	19.78%	37.82%	13.79%
Gross carrying amount (RMB'000)	90,418	179,873	132,659	48,396	451,346
Expected credit losses (RMB'000)	1,646	16,039	26,234	18,301	62,220

23. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

		As at 31 December			As at 31 May
	Note	2021	2022	2023	2024
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current:					
Prepayment of government subsidies	*(a)*	–	–	113,100	–
Deposits		6,725	9,722	88,657	93,343
Prepayments to suppliers		28,362	54,992	60,444	77,402
Other tax recoverable		26,498	17,139	17,812	31,581
Prepaid expenses		39,803	21,942	16,346	15,538
Listing expenditures		–	–	3,893	4,938
Due from related parties		522	500	642	–
Advances to employees		386	174	301	351
		102,296	104,469	301,195	223,153
Impairment allowance		(1,502)	(1,956)	(4,927)	(4,462)
Subtotal		100,794	102,513	296,268	218,691
Non-current:					
Other tax recoverable		7,506	8,262	13,285	18,146
Prepayments for long-term assets		12,037	54,910	54,607	31,951
Subtotal		19,543	63,172	67,892	50,097
Total		120,337	165,685	364,160	268,788

(a) Entitled by the Group's customers, i.e. hydrogen fuel cell commercial vehicle manufacturers, the Group has applied for certain subsidies on the customers' behalf with local government. As at 31 December 2023, the Group obtained approval from local government but only received a portion of the amounts on the customers' behalf. Considering the friendly cooperation relationship with these customers, the Group paid the entire subsidies of RMB113,100,000 to its customers in December 2023, and the Group received the remaining amount in February 2024.

An impairment analysis is performed at the end of each of the reporting periods. Impairment allowance for deposits and amounts due from related parties was mainly due to the uncollectability of these receivables as at 31 December 2021, 2022 and 2023 and 31 May 2024.

The Company

	As at 31 December			As at 31 May
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current:				
Prepayments to suppliers	836	4,954	13,511	7,633
Prepaid expenses	609	1,670	1,932	421
Deposits	168	1,218	10,953	10,811
Listing expenditures	–	–	3,893	4,938
Due from related parties	–	–	142	–
Advances to employees	–	63	34	100
Other tax recoverable	1,286	3,865	5,454	8,272
	2,899	11,770	35,919	32,175
Impairment allowance	(8)	(19)	(544)	(539)
Total	2,891	11,751	35,375	31,636

24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group

	As at 31 December			As at 31 May
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current:				
Structured deposits, at fair value *(a)*	–	335,797	–	–
Non-current:				
Private equity funds	6,436	6,521	44,401	52,230
Total	6,436	342,318	44,401	52,230

The Company

	As at 31 December			As at 31 May
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current:				
Structured deposits, at fair value *(a)*	–	280,689	–	–
Non-current:				
Private equity funds	6,436	6,521	24,079	22,116
Total	6,436	287,210	24,079	22,116

(a) The structured deposits were issued by banks in Chinese Mainland. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest. The interest rates fluctuate within the range of 1.25% to 3.40%, hooked onto the BFIX EURUSD exchange rate.

25. CASH AND CASH EQUIVALENTS, TIME DEPOSITS AND RESTRICTED CASH

The Group

	As at 31 December			As at 31 May
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and cash equivalents	276,220	1,079,456	664,510	435,710
Time deposits	–	52,086	–	–
Restricted cash	–	59,902	746	28
Total	276,220	1,191,444	665,256	435,738

As at 31 December 2022, time deposits amounting to RMB52,086,000 would mature in more than three months when acquired by the Group and earn interest at the time deposit rates.

As at 31 December 2022 and 2023, restricted cash represented bank deposits amounting to RMB59,902,000 and RMB746,000, respectively, were pledged to banks as collateral for issuance of bank acceptance notes. As at 31 May 2024, restricted cash represented letter of guarantee amounting to RMB28,000.

	As at 31 December			As at 31 May
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and cash equivalents				
Denominated in RMB	266,342	1,057,651	634,632	403,886
Denominated in CAD	8,552	18,173	16,522	14,201
Denominated in USD	1,313	3,632	11,656	–
Denominated in EUR	–	–	1,700	16,031
Denominated in HKD	13	–	–	1,592
Total	276,220	1,079,456	664,510	435,710
Time deposits and restricted cash denominated in RMB	–	111,988	746	28

The Company

	As at 31 December			As at 31 May
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and cash equivalents				
Denominated in RMB	31,145	67,464	27,060	10,702

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

As at 31 December 2021, 2022 and 2023 and 31 May 2024, the Group and the Company have assessed the credit risk of cash and cash equivalents, time deposits and restricted cash to be minimal as they were placed in reputable financial institutions.

26. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

The Group

	As at 31 December			As at 31 May
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	386,201	390,707	447,319	445,871
1 to 2 years	58,024	69,947	113,317	75,577
2 to 3 years	81,813	16,653	25,801	27,766
Over 3 years	35,495	88,948	64,304	76,799
Total	561,533	566,255	650,741	626,013

The trade payables are non-interest-bearing and are normally settled within 30 to 180 days upon receipt of the VAT invoice. Certain suppliers made part of the final payment within 24 months.

In 2023, the Group entered into supplier finance arrangements with Xi'an Jingchan Commercial Factoring Co., Ltd. ("Xi'an Jingchan") and Cloudchain Group Co., Ltd. ("Cloudchain"), together as the "factoring companies". Pursuant to the agreements, Xi'an Jingchan provided a total credit limit up to RMB200 million for factoring the accounts receivable of the Group's suppliers. To secure the Group's payment obligations, the Group provided a deposit of RMB60 million to Xi'an Jingchan. Cloudchain provided a total credit limit up to RMB10,000,000 from Bank of Communications Co., Ltd. for factoring the accounts receivable of the Group's suppliers with deposits request.

Under these supplier finance arrangements, the Group's suppliers can elect to have their undue accounts receivables from the Group factored by the factoring companies. Upon the Group's approval, the suppliers will sign an accounts receivables transfer agreements with the factoring companies, whereby their corresponding accounts receivables transfer from the Group to the factoring companies. The factoring companies will pay the suppliers directly for the factored receivables. The Group will subsequently make payments to the factoring companies to settle the factored accounts receivables.

From the perspective of the Group, the supplier finance arrangements effect a non-cash movement of the reclassification from payables to suppliers to payables to the factoring companies. As at 31 May 2024, Xi'an Jingchan and Cloudchain had paid factoring financing funds amounting to RMB47,260,000 and RMB26,358,000, respectively.

The Company

	As at 31 December			As at 31 May
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	17,442	138,865	248,465	201,856
1 to 2 years	–	–	63,000	96,091
Total	17,442	138,865	311,465	297,947

27. OTHER PAYABLES AND ACCRUALS

The Group

		As at 31 December			As at 31 May
		2021	2022	2023	2024
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Payroll and welfare payable		49,027	68,448	40,295	21,817
Other tax payables		26,110	29,858	27,839	5,380
Government grants		2,910	2,910	26,360	64,272
Collection on behalf of others	*(a)*	–	–	28,628	56,056
Listing expenditures payable		–	–	11,624	15,634
Others		618	1,200	6,569	11,558
Total		78,665	102,416	141,315	174,717

(a) Entitled by the Group's customers, i.e. hydrogen fuel cell commercial vehicle manufacturers, the Group has applied for certain subsidies on the customers' behalf with local government. As at 31 December 2023, the Group obtained approval from local government but only received a portion of the amounts on the customers' behalf, accumulated to RMB28,028,000 and RMB56,056,000 as at 31 December 2023 and 31 May 2024, respectively. The Group has paid the subsidies to its customers in June 2024 subsequently.

The Company

	As at 31 December			As at 31 May
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Payroll and welfare payable	4,590	17,939	10,000	8,014
Other tax payables	287	2,729	982	784
Listing expenditures payable	–	–	11,624	15,634
Others	311	115	943	853
Total	5,188	20,783	23,549	25,285

Other payables are non-interest-bearing, unsecured and repayable on demand.

28. CONTRACT LIABILITIES

The Group

	As at 31 December			As at 31 May
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current:				
Others	5,023	4,021	13,841	12,466
Current:				
Hydrogen fuel cell systems	3,828	1,940	7,707	12,562
Components	333	399	1,762	1,061
Hydrogen fuel cell engineering and technical services	13,324	5,463	263	10,713
Others	2,721	7,267	3,008	11,216
	20,206	15,069	12,740	35,552
Total	25,229	19,090	26,581	48,018

Contract liabilities represented advances received to deliver products and services.

29. DERIVATIVE FINANCIAL INSTRUMENTS

The Group and the Company

The Group has an agreement with the obligation to buy back the shares of the joint venture as follows:

	As at 31 December			As at 31 May
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current				
Put option on interests in a joint venture held by a third party	17,742	–	–	–
Current				
Put option on interests in a joint venture held by a third party	–	37,423	–	–
Total	17,742	37,423	–	–

In December 2018, the Company entered into an agreement with Yunfu Rongda Asset Management Co., Ltd. ("Yunfu Rongda"), Guangdong Guohong Refire Energy Technology Co., Ltd. ("Guohong Refire") and a third party namely Sino-Synergy Hydrogen Energy Technology (Jiaxing) Co., Ltd. ("Sino-Synergy"). Pursuant to the agreement, Yunfu Rongda had the right to withdraw its investment in Guohong Refire of approximately RMB77,840,000 with a post-tax return rate at 1.5% per annum on or after 30 June 2020 and the Company and Sino-Synergy are required to agree on such capital withdrawal in proportion to the shareholdings of 49% and 51%, respectively. According to the agreement, Yunfu Rongda can choose to withdraw its investment through capital reduction or share transfer. If Yunfu Rongda chooses capital reduction, Guohong Refire shall return Yunfu Rongda's investment fund at the amount of RMB77,840,000, and the Company and Sino-Synergy shall assume a joint and several liability guarantee. If Yunfu Rongda chooses to transfer shares to exit from the investment, the Company and Sino-Synergy shall jointly undertake the transferred shares and Guohong Refire should provide a joint-liability guarantee. On 8 January 2019, the Company, Yunfu Rongda, Sino-Synergy and Guohong Refire signed a supplementary agreement, pursuant to which Yunfu Rongda could exercise its right of capital withdrawal on or after 30 June 2023. Accordingly, the Group recognised fair value changes of RMB607,000 and RMB19,681,000 for the derivative financial instrument and the value of the put option that Yunfu Rongda held amounting to RMB17,742,000 and RMB37,423,000, respectively, as at 31 December 2021, and 2022, which were measured using the option model based on the expected cash flows determined under the contract terms and market discount rate. In April 2023, Yunfu Rongda chose to withdraw its investment, Sino-Synergy and the Company agreed to acquire from Yunfu Rongda the registered capital of Guohong Refire of RMB39,699,000 and RMB38,142,000, respectively, at respective considerations of RMB39,699,000 and RMB38,142,000.

30. INTEREST-BEARING BANK AND OTHER BORROWINGS

The Group

	2021		
	Effective interest rate (%)	*Maturity*	*RMB'000*
Current			
Bank loans – unsecured	3.8-4.8	2022	452,434
Current portion of long-term bank loans – unsecured	4.5	2022	13,379
Current portion of long-term other borrowings – secured	4.5-5.8	2022	188,504
Subtotal – current			654,317
Non-current			
Bank loans – unsecured	4.5	2024	20,000
Other borrowings – secured	4.65-4.75	2024-2025	383,736
Subtotal – non-current			403,736
Total			1,058,053

	2022		
	Effective interest rate (%)	*Maturity*	*RMB'000*
Current			
Bank loans – unsecured	3.5-4.35	2023	180,150
Current portion of long-term bank loans – unsecured	3.65-4.6	2023	73,800
Current portion of long-term bank loans – secured	5	2023	15,129
Subtotal – current			269,079
Non-current			
Bank loans – unsecured	3.85-4.85	2024-2025	258,066
Bank loans – secured	4.35-4.5	2025-2029	77,500
Other borrowings – secured	4.3-4.65	2024-2025	393,525
Subtotal – non-current			729,091
Total			998,170

	2023		
	Effective interest rate (%)	*Maturity*	*RMB'000*
Current			
Bank loans – unsecured	3.1-3.45	2024	36,840
Current portion of long-term bank loans – unsecured	2.9-4.55	2024	192,032
Current portion of long-term bank loans – secured	4.35	2024	20,095
Current portion of long-term other borrowings – sale leaseback – secured	4	2024	41,476
Current portion of long-term other borrowings – secured	4.2	2024	180,000
Subtotal – current			470,443
Non-current			
Bank loans – unsecured	2.9-4.55	2025-2026	469,900
Bank loans – secured	4.5	2025-2029	57,500
Other borrowings – sale leaseback – secured	4	2026	82,840
Other borrowings – secured	4.2	2025	222,785
Subtotal – non-current			833,025
Total			1,303,468

The Group

	31 May 2024		
	Effective interest rate (%)	*Maturity*	*RMB'000*
Current			
Bank loans – unsecured	3-4.15	2024-2025	138,756
Current portion of long-term bank loans – unsecured	2.7-4.2	2024-2025	215,540
Current portion of long-term bank loans – secured	4.25	2024-2025	20,818
Current portion of long-term other borrowings – sale leaseback – secured	4	2024-2025	42,397
Current portion of long-term other borrowings – secured	4-4.2	2024-2025	393,533
Subtotal – current			811,044
Non-current			
Bank loans -unsecured	2.7-4.2	2025-2027	384,000
Bank loans –secured	4.3	2025-2029	57,500
Other borrowings – sale leaseback – secured	4	2025-2026	71,423
Subtotal – non-current			512,923
Total			1,323,967

	As at 31 December			As at 31 May
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Analysed into:				
Bank loans repayable:				
Within one year	465,813	269,079	248,967	375,114
In the second year	13,333	130,266	321,400	403,700
In the third to fifth years, inclusive	6,667	195,300	203,500	35,300
Beyond five years	–	10,000	2,500	2,500
Subtotal	485,813	604,645	776,367	816,614
Other borrowings repayable:				
Within one year	188,504	–	221,476	435,930
In the second year	–	180,000	264,205	41,420
In the third to fifth years, inclusive	383,736	213,525	41,420	30,003
Subtotal	572,240	393,525	527,101	507,353
Total	1,058,053	998,170	1,303,468	1,323,967

As at 31 December 2021, 2022 and 2023 and 31 May 2024, the Group's right-of-use assets with aggregate carrying amounts of approximately RMB22,124,000, RMB21,659,000, RMB21,194,000 and RMB21,000,000 and property, plant and equipment with aggregate carrying amounts of approximately RMB56,484,000, RMB60,381,000, RMB61,648,000 and RMB60,553,000, respectively, were pledged to secure interest-bearing bank and other borrowings granted to the Group (notes 13 and 14).

As at 31 December 2021, 2022 and 2023 and 31 May 2024, the Group pledged the equity interests in a subsidiary as collateral to trust financing companies, as disclosed in note 1.

As at 31 December 2023 and 31 May 2024, the Group's certain machinery with aggregate carrying amounts of approximately RMB138,522,000 and RMB129,988,000 was subject to sale and leaseback business with Taiping & Sinopec Financial Leasing Co., Ltd (note 13).

31. DEFERRED INCOME

The Group

	As at 31 December			As at 31 May
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current:				
Government grants				
Asset-related grants *(a)*	56,122	58,247	54,084	50,198
Reimbursement of future expenses *(b)*	1,915	1,800	4,200	4,200
Subtotal	58,037	60,047	58,284	54,398
Current:				
Government grants				
Reimbursement of future expenses *(b)*	3,029	–	963	932
Total	61,066	60,047	59,247	55,330

The Company

	As at 31 December			As at 31 May
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current:				
Reimbursement of future expenses *(b)*	–	–	2,400	2,400

(a) Asset-related grants

The asset-related grants were the subsidies received from the government in relation to the Group's property, plant and equipment.

(b) Reimbursement of future expenses

Government grants as reimbursement of future expenses were subsidies received in relation to the Group's future research and development activities.

32. PROVISION

The Group

	As at 31 December			As at 31 May
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current				
Product warranties *(a)*	18,544	19,913	21,219	21,307
Excess deficit *(b)*	5,750	–	–	–
Subtotal	24,294	19,913	21,219	21,307
Current				
Product warranties *(a)*	17,596	18,855	21,080	21,102
Financial guarantee obligation *(c)*	11,760	–	–	–
Subtotal	29,356	18,855	21,080	21,102
Total	53,650	38,768	42,299	42,409

The Company

	As at 31 December			As at 31 May
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current:				
Excess deficit *(b)*	5,750	–	–	–
Current:				
Financial guarantee obligation *(c)*	11,760	–	–	–
Total	17,510	–	–	–

(a) Product warranties

Provision was made for estimated warranty claims in respect of products sold which were still under warranty at the end of each of the Relevant Periods. These claims are normally expected to be settled according to the terms of sales contract.

(b) Excess deficit

The Company and the other shareholders shall subscribe shares of RMB89,090,000 and RMB170,570,000 as capital contributions in a joint venture, Guohong Refire, pursuant to the articles of association of Guohong Refire, and the Company has subscribed shares of RMB4,900,000 and RMB29,400,000 as at 31 December 2021 and 31 December 2022, respectively. As at 31 December 2021, the Group's investment in Guohong Refire amounted to zero due to accumulated losses incurred by Guohong Refire, and due to the legal obligation as stipulated in the articles of association of Guohong Refire that shareholders shall bear limited losses by subscription of shares as capital contribution, so the residual liabilities of Guohong Refire to be borne by the Group to the limit of the remaining unsubscribed capital contribution were recorded as provision for excess deficit accordingly. As at 31 December 2021, the share of loss from Guohong Refire was recognised as a provision for excess deficit, amounting to RMB5,750,000. The Group made a capital injection of RMB24,500,000 into Guohong Refire in December 2022. As Guohong Refire has been gradually ceasing major operations since 2020, the maximum exposure in relation to the excess deficit for 2021 was RMB5,750,000, which could be covered by the capital contribution by the Company. As at 31 December 2022, all of liabilities of Guohong Refire could covered by its realizable assets, except for the liability to the Group and its obligation to buy back shares from Yunfu Rongda as disclosed in note 29.

(c) Financial guarantee obligation

On 15 September 2017, Guohong Refire (a joint venture of the Company) signed an agreement (the "Main Contract") with its subsidiary, Yunfu Hongsu Hydrogen Dynamic Power Technology Co., Ltd. ("Yunfu Hongsu") and a third party, namely Yunfu Yunneng, pursuant to which Yunfu Hongsu obtained a borrowing of RMB250,000,000 from Yunfu Yunneng with a fixed interest rate of 6.8% per annum and a term of maturity of three years (the "Main Contract") to support the development of Yunfu Hongsu. On the same day, the Company and Sino-Synergy signed a guarantee contract with Yunfu Yunneng, pursuant to which the Company and Sino-Synergy provided a guarantee according to the shareholding ratio for all debts arising from the obligation of the Main Contract until 18 September 2020. Pursuant to the resolution of the general meeting of shareholders of Yunfu Yunneng on 4 February 2021, Yunfu Yunneng agreed to extend the maturity date of the remaining borrowing balance of RMB50,000,000 to 31 December 2022 and the Group's guarantee was extended as well. Accordingly, for the year ended 31 December 2021, the Group recognised a financial guarantee obligation allowance of RMB11,760,000 for the gross amount of the financial guarantee obligation of RMB24,500,000, which was measured against lifetime expected credit losses for the year ended 31 December 2021. The provision reflected the directors' best estimate of the most likely outcome. As Guohong Refire did not have enough surplus cash in 2022 when a debt became due, the Group and Sino-Synergy made capital injections in the proportion of the shareholding of 49% and 51%, respectively, into Guohong Refire in December 2022. Accordingly, the Group made a capital injection of RMB24,500,000. As such, Guohong Refire repaid RMB50,000,000 to Yunfu Yunneng in December 2022.

33. SHARE CAPITAL

The Group and the Company

Shares

	As at 31 December			As at 31 May
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Issued and fully paid:				
Share capital	64,996	81,311	81,311	81,311

Pursuant to the shareholders' resolution dated 8 September 2020, shareholders of the Company agreed to convert the Company into a joint stock company with limited liability with registered capital of RMB56,063,300 (56,063,300 shares with a nominal value of RMB1.00 each). Upon completion of the registration with the Shanghai Municipal Administration for Market Regulation on 11 September 2020, the Company was renamed as Shanghai REFIRE Group Limited.

Pursuant to the shareholders' resolution dated 22 September 2020, shareholders of the Company agreed to increase the registered capital from RMB56,063,300 to RMB64,996,051 (64,996,051 shares with a nominal value of RMB1.00 each).

Pursuant to the shareholders' resolution dated 25 January 2022, shareholders of the Company agreed to increase the registered capital from RMB64,996,051 to RMB81,311,371 (81,311,371 shares with a nominal value of RMB1.00 each).

A summary of movements in the Company's share capital is as follows:

	Year ended 31 December			Five months ended 31 May
	2021	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January	64,996	64,996	81,311	81,311
Shareholders' capital injection	–	16,315	–	–
At 31 December	64,996	81,311	81,311	81,311

34. SHARE-BASED PAYMENTS

Expenses arising from equity-settled share-based payment transactions were as follows:

	Year ended 31 December			Five months ended 31 May	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Share Incentive Schemes (a)	31,326	27,094	87,066	19,123	51,558
Pre-IPO Share Option Scheme (b)	–	–	–	–	65,926
Total	31,326	27,094	87,066	19,123	117,484

Share-based payment expenses relating to employees recognised for the Relevant Periods are as follows:

	Year ended 31 December			Five months ended 31 May	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Administrative expenses	22,025	21,667	61,483	11,865	79,931
Research and development expenses	7,687	3,394	20,085	6,215	27,723
Selling expenses	1,557	1,976	3,565	603	8,658
Cost of sales	57	57	1,933	440	1,172
Total	31,326	27,094	87,066	19,123	117,484

(a) Share Incentive Schemes

To provide incentives and rewards to eligible participants who contribute to the Group's operation, the actual controller of the Company, Mr. Lin Qi, designed and established several employee shareholding platforms for the Company to operate a series of employee incentive schemes (the "Share Incentive Schemes"). Eligible participants of the Schemes, including members of senior management, mid-level managers and other employees of the Group, were determined by the actual controller and approved by the Company through board resolutions. The actual controller of the Company acted as the general partner of these platforms, and had the right to determine the eligible participants, vesting criteria, and was obliged to repurchase the shares of the resigned eligible participants at subscription prices and then reallocate these shares to other eligible participants.

On 17 March 2017, 30 May 2019, 24 December 2020, 27 April 2023 and 21 January 2024, 1,200,000 shares, 1,673,797 shares, 296,000 shares, 1,087,285 shares and 1,035,206 shares of the Company were granted to eligible participants through the employee shareholding platforms of the Schemes at subscription prices of RMB1.00 per share, RMB9.13 per share, RMB2.65 per share, RMB33.64 per share and RMB33.64 per share, respectively. The grant date fair values of the shares of the Share Incentive Schemes were RMB16.67 per share, RMB41.06 per share, RMB80.27 per share, RMB133.55 per share, which were determined based on investors' recent capital injection price, and RMB140.36 per share, which was determined based on independent valuation, respectively. The difference between the fair value of the shares granted and the subscription price was recorded in the share-based payment reserve within equity with the corresponding "share-based payment expenses" in profit or loss.

The shares held by the employee shareholding platforms of the Share Incentive Schemes will be vested at the date of successful listing of the shares of the Company. Therefore service conditions are included in assumptions about the number of equity instruments that are expected to vest. The vesting period will be reviewed and determined by management and the related expense is recognised over the vesting period, which is from the date of grant to the expected listing date.

Movements in the number of equity interests shares granted and the respective weighted average grant date fair value were as follows:

	Year ended 31 December 2021		Year ended 31 December 2022		Year ended 31 December 2023		Five months ended 31 May 2023 (unaudited)		Five months ended 31 May 2024	
	Weighted average grant date fair value	Number of shares	Weighted average grant date fair value	Number of shares	Weighted average grant date fair value	Number of shares	Weighted average grant date fair value	Number of shares	Weighted average grant date fair value	Number of shares
	RMB per share		*RMB per share*		*RMB per share*		*RMB per share*		*RMB per share*	
At the beginning of the year/period	39.38	4,852,697	39.38	4,848,078	39.35	4,769,195	39.35	4,769,195	56.96	5,824,553
Granted during the year/period	–	–	–	–	133.55	1,087,285	133.55	1,087,285	140.36	1,035,206
Forfeited during the year/period	41.06	(4,619)	41.06	(78,883)	34.03	(31,928)	41.06	(12,059)	129.76	(841,331)
At the end of the year/period	39.38	4,848,078	39.35	4,769,195	56.96	5,824,552	56.91	5,844,421	61.07	6,018,428

(b) Pre-IPO Share Option Scheme

The Group adopted the Pre-IPO Share Option Scheme, the purpose of which is to recognise employees' contribution to the Group. As at 21 January, 2024, the Group grant options under the Pre-IPO Share Option Scheme to 154 grantees, including directors, senior management of the Company and other employees of the Group, to subscribe 5,267,800 shares. The Pre-IPO Share Option Scheme is valid and effective for 6 years from the grant date.

The exercise price of all the granted options is RMB33.64 per ordinary share. 50% and 50% of the shares subject to the options shall vest at the last trading day of H share within 12 months and the last trading day of H share within 24 months of the vesting commencement date upon the fulfilment of the targets, being the revenue increasing by 20% in 2023 and 2024, respectively. The vesting commencement date shall be the later of 12 months after the grant and the listing date of the public offering, The options may not be exercised until they vest.

There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these share options. The Group accounts for the Pre-IPO Share Option Scheme as an equity-settled plan.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The following share options were outstanding under the Pre-IPO Share Option Scheme during the year/period:

	From 1 January 2024 to 31 May 2024	
	Weighted average exercise price	Number of share options
	RMB per share	
At the beginning of the period	–	–
Granted	33.64	5,267,800
Forfeited	33.64	(364,050)
At the end of the period	33.64	4,903,750

The fair value of the share options granted on 21 January 2024 was RMB531,152,000 (RMB107.80 each), of which the Group recognised a share option expense of RMB65,926,000 during the period from 1 January 2024 to 31 May 2024 based on the Group's best estimate of the number of equity instruments that will ultimately vest.

The fair value of share options granted was estimated as at the date of grant, using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	Period ended 31 May 2024
Dividend yield (%)	0.00
Expected volatility (%)	42.63-50.87
Risk-free interest rate (%)	2.08-2.28
Expected life of options (year)	2-3
Weighted average share price (RMB per share)	140.36

The expected life of the options is based on the historical data over the past three years and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other feature of the options granted was incorporated into the measurement of fair value.

35. RESERVES

The Group

The amounts of the Group's reserves and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity of the Historical Financial Information.

(i) Share premium and other reserve

The share premium and other reserve of the Group mainly represents the premium in issuing shares and the premium in acquisition of non-controlling interest.

(ii) Statutory surplus reserve

In accordance with the PRC Company Law, certain subsidiaries of the Group which are domestic enterprises are required to allocate 10% of their profit after tax, as determined in accordance with the relevant PRC accounting standards, to their respective statutory surplus reserves until the reserves reach 50% of their respective registered capital. Subject to certain restrictions set out in the PRC Company Law, part of the statutory surplus reserve may be converted to share capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

(iii) Exchange fluctuation reserve

The exchange fluctuation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the Group's presentation currency.

(iv) Share-based payment reserve

The share-based payment reserve represents the equity-settled share awards as set out in note 34 to the Historical Financial Information.

(v) Special reserve

According to relevant PRC regulations, transfer of production and maintenance funds at fixed rates based on relevant bases to a specific reserve account is required. The production and maintenance funds could be utilised when expenses or capital expenditures on production maintenance and safety measures are incurred. The amount of production and maintenance funds utilised would be transferred from the specific reserve account to retained earnings.

The Company

	Capital and other reserves	Share-based payment reserve	Fair value reserve of financial assets at fair value through other comprehensive income	Retained profits/ (accumulated losses)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2020 and 1 January 2021	1,583,391	48,505	(236)	111,680	1,743,340
Loss for the year	–	–	–	(63,230)	(63,230)
Other comprehensive income for the year:					
Changes in equity investments designated at fair value through other comprehensive income, net of tax	–	–	385	–	385
Total comprehensive income for the year	–	–	385	(63,230)	(62,845)
Share-based payments	–	31,326	–	–	31,326
As at 31 December 2021 and 1 January 2022	1,583,391	79,831	149	48,450	1,711,821
Loss for the year	–	–	–	(151,352)	(151,352)
Other comprehensive income for the year:					
Changes in equity investments designated at fair value through other comprehensive income, net of tax	–	–	620	–	620
Total comprehensive income for the year	–	–	620	(151,352)	(150,732)
Share-based payments	–	27,094	–	–	27,094
Shareholders' capital injection	2,166,486	–	–	–	2,166,486
As at 31 December 2022 and 1 January 2023	3,749,877	106,925	769	(102,902)	3,754,669
Loss for the year	–	–	–	(194,492)	(194,492)
Other comprehensive income for the year:	–	–	–	–	–
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	–	–	(2,398)	–	(2,398)
Total comprehensive income for the year	–	–	(2,398)	(194,492)	(196,890)
Share-based payments	–	87,066	–	–	87,066
As at 31 December 2023 and 1 January 2024	3,749,877	193,991	(1,629)	(297,394)	3,644,845
Loss for the period	–	–	–	(145,969)	(145,969)
Other comprehensive income for the period:					
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	–	–	(1,659)	–	(1,659)
Total comprehensive income for the period	–	–	(1,659)	(145,969)	(147,628)
Share-based payments	–	117,484	–	–	117,484
As at 31 May 2024	3,749,877	311,475	(3,288)	(443,363)	3,614,701

36. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

As at 31 December 2021

	Percentage of equity interest held by non-controlling interests	Loss for the year allocated to non-controlling interests	Accumulated balances of non-controlling interests
	%	*RMB'000*	*RMB'000*
Unilia (Shanghai) Fuel Cells Inc. ("Shanghai Unilia")*	19.10	(70,435)	(52,568)

As at 31 December 2022

	Percentage of equity interest held by non-controlling interests	Loss for the year allocated to non-controlling interests	Accumulated balances of non-controlling interests
	%	*RMB'000*	*RMB'000*
Shanghai Unilia	19.10	(26,077)	(78,440)
Foshan Diyi Element New Energy Technology Co., Ltd. ("Foshan Diyi")	45	–	36,000

As at 31 December 2023

	Percentage of equity interest held by non-controlling interests	Loss for the year allocated to non-controlling interests	Accumulated balances of non-controlling interests
	%	*RMB'000*	*RMB'000*
Shanghai Unilia	19.10	(26,107)	(99,488)
Foshan Diyi	45	(3,461)	32,540

As at 31 May 2024

	Percentage of equity interest held by non-controlling interests	Loss for the period allocated to non-controlling interests	Accumulated balances of non-controlling interests
	%	*RMB'000*	*RMB'000*
Shanghai Unilia	19.10	(10,619)	(109,783)
Foshan Diyi	45	(1,062)	31,260

* On 27 December 2021, the Group acquired an additional 29.8778% equity interest in Shanghai Unilia.

The following tables illustrate the summarised financial information of the above subsidiary. The amounts disclosed are before any inter-company eliminations:

	Shanghai Unilia				Foshan Diyi		
	31 December 2021	31 December 2022	31 December 2023	31 May 2024	31 December 2022	31 December 2023	31 May 2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	261,725	208,798	289,646	8,557	–	–	–
Total cost and expenses	(405,528)	(345,325)	(426,330)	(64,154)	(1)	(7,691)	2,359
Income tax expense	–	–	–	–	–	–	–
Total comprehensive income	(143,803)	(136,527)	(136,684)	(55,597)	(1)	(7,691)	2,359
Current assets	106,491	160,189	250,621	185,114	36,001	74,838	69,456
Non-current assets	77,349	101,748	113,631	113,283	–	480	435
Current liabilities	(352,136)	(565,688)	(778,202)	(754,401)	–	(3,008)	(424)
Non-current liabilities	(6,930)	(6,930)	(6,930)	(18,778)	–	–	–
	(175,226)	(310,681)	(420,880)	(474,782)	36,001	72,310	69,467
Net cash flows (used in)/from operating activities	(160,009)	34,652	(374,219)	65,108	1	(6,028)	(5,172)
Net cash flows used in investing activities	(3,386)	(27,156)	(45,711)	(13,006)	–	(231)	–
Net cash flows from/(used in) financing activities	166,247	(4,555)	426,571	(53,862)	36,000	44,000	–
Net increase in cash and cash equivalents	2,852	2,941	6,641	(1,760)	36,001	37,741	(5,172)

37. BUSINESS COMBINATION

On 31 January 2024, the Group acquired 70% equity interest in Jiaqing (Shanghai) Industrial Co., Ltd., an unlisted company, from two independent third parties. Jiaqing (Shanghai) Industrial Co., Ltd. is engaged in operating hydrogenation station. The acquisition was made as part of the Group's strategy to expand business in operating hydrogenation station. The purchase consideration for the acquisition was in the form of cash, with RMB6,300,000 paid at 31 January 2024.

The fair values of the identifiable assets and liabilities of Jiaqing (Shanghai) Industrial Co., Ltd. as at the date of acquisition were as follows:

	Notes	**Fair value recognised on acquisition**
		RMB'000
Property, plant and equipment	*13*	7,833
Other intangible assets	*15*	4,666
Cash and bank balances		2,114
Trade receivables		558
Inventories		4
Prepayments and other receivables		10
Trade payables		(1,271)
Accruals and other payables		(4,914)
Total identifiable net assets at fair value		9,000
Fair value of investments in the associate held before business combinations		2,700
Satisfied by cash		6,300

The fair values of the trade receivables and other receivables as at the date of acquisition amounted to RMB558,000 and RMB10,000, respectively. The gross contractual amounts of trade receivables and other receivables were RMB560,000 and RMB10,000.

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	RMB'000
Cash consideration	(6,300)
Cash and bank balances acquired	2,114
Net outflow of cash and cash equivalents included in cash flows from investing activities	(4,186)

Since the acquisition, Jiaqing (Shanghai) Industrial Co., Ltd. contributed RMB2,000 to the Group's revenue and RMB1,905,000 to the consolidated losses for the five months ended 31 May 2024.

Had the combination taken place at the beginning of the period, the revenue of the Group and the losses of the Group for the five months ended 31 May 2024 would have been RMB12,530,000 and RMB410,043,000, respectively.

38. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the years ended 31 December 2021, 2022 and 2023 and the five months ended 31 May 2024, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB1,585,000, RMB3,318,000, nil and nil, respectively, in respect of lease arrangements for plant and equipment.

(b) Changes in liabilities arising from financing activities

	Interest-bearing bank and other borrowings	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2021	634,889	103,192	738,081
Changes from financing cash flows	377,884	(18,316)	359,568
New leases	–	1,585	1,585
Interest expense	45,280	4,778	50,058
Lease term termination	–	(527)	(527)
At 31 December 2021	1,058,053	90,712	1,148,765
Changes from financing cash flows	(104,745)	(21,801)	(126,546)
New leases	–	3,318	3,318
Interest expense	44,862	4,157	49,019
At 31 December 2022	998,170	76,386	1,074,556
Changes from financing cash flows	261,925	(19,195)	242,730
Gain arising from a lease term termination	–	(340)	(340)
Interest expense	43,373	4,553	47,926
At 31 December 2023	1,303,468	61,404	1,364,872
Changes from financing cash flows	(3,241)	(10,739)	(13,980)
Interest expense	23,740	1,166	24,906
At 31 May 2024	1,323,967	51,831	1,375,798

(c) Total cash outflow for leases

The total cash outflow for leases included in the statements of cash flows is as follows:

	Year ended 31 December			Five months ended 31 May	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Within operating activities	4,241	3,620	2,097	793	757
Within financing activities	18,316	21,801	19,195	9,797	10,739
Total	22,557	25,421	21,292	10,590	11,496

39. CONTINGENT LIABILITIES

Pursuant to the supplemental arrangement signed with a major customer, FAW Jiefang, who is also one of the Group's shareholders in December 2023, the Group has offered a guarantee that this customer will receive subsidies related to the hydrogen fuel cell vehicle with the Group's products embedded in from the government amounting to RMB206,360,000 before 31 December 2025. Pursuant to the supplemental arrangement signed with FAW Jiefang in February 2024, the Group has offered a guarantee that this customer will receive subsidies related to the hydrogen fuel cell vehicle with the Group's products embedded in from the government amounting to RMB180,880,000 before 31 December 2024. According to the subsidies policy, such subsidies can be applied and received once the criteria are fulfilled. The management of the Group considers that it is highly probable for the customer to collect such subsidies. In addition, for the amount for which the criteria have been fulfilled, the application process has already been taken with the government, and for the remaining amount, management considered it would be highly probable for the customer to fulfill the criteria in forthcoming periods. Accordingly, the guarantee provision was assessed to be minimal as at 31 December 2023 and May 2024.

40. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	As at 31 December			As at 31 May
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contracted, but not provided for:				
Properties, plant and equipment	35,391	63,429	51,827	37,763

In addition, the Group had the following commitments provided to a joint venture, associates and other unlisted investments:

	As at 31 December			As at 31 May
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contracted, but not provided for:				
Capital injection obligation	103,190	80,744	99,052	97,884

41. RELATED PARTY TRANSACTIONS

(a) Transactions with related parties:

In addition to the transactions disclosed in note 14 to the Historical Financial Information, the Group had the following material transactions with related parties during the Relevant Periods:

The Group

The Group had the following transactions with related parties during the Relevant Periods:

	Year ended 31 December			Five months ended 31 May	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Associates:					
Sales of goods or services					
Aerospace Hydrogen Energy (Shanghai) Technology Co., Ltd.	–	15,330	24,482	–	–
Shanghai Taihydrochen Energy Technology Co., Ltd.	–	–	1,567	–	–
Total	–	15,330	26,049	–	–
Provide rental service					
Jiaqing (Shanghai) Industrial Co., Ltd.	187	162	190	162	–
Shanghai Pegasus Hydrogen Technology Co., Ltd.	850	706	12	12	–
Total	1,037	868	202	174	–
Purchase of goods or services					
Jiaqing (Shanghai) Industrial Co., Ltd.	7,164	5,698	9,031	–	–
Plastic Cloud Technology (Shenzhen) Co., Ltd.	12,219	5,358	5,263	3,753	141
Shanghai Taihydrochen Energy Technology Co., Ltd.	–	–	852	852	–
Total	19,383	11,056	15,146	4,605	141

	Year ended 31 December			Five months ended 31 May	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Purchase of property, plant and equipment					
Plastic Cloud Technology (Shenzhen) Co., Ltd.	–	3,860	–	–	–
Disposal of property, plant and equipment					
Shanghai Pegasus Hydrogen Technology Co., Ltd.	–	10	937	–	–
A joint venture:					
Purchase of goods or services					
Guohong REFIRE Technology Co., Ltd.	2,575	280	10,615	593	–
Entity controlled by an entity with significant influence over the Group:					
Interest expense					
Sinopec Finance Co., Ltd.	8,197	3,549	–	–	–
Dongli Machinery Engineering Co., Ltd.	2	–	–	–	–
Total	8,199	3,549	–	–	–
Repayment of borrowings and interest					
Sinopec Finance Co., Ltd.	28,233	123,760	–	–	–
Dongli Machinery Engineering Co., Ltd.	1,220	–	–	–	–
Total	29,453	123,760	–	–	–
Key management personnel:					
Repayment of borrowings and interest					
Ma Dongsheng	2,106	–	–	–	–
Lin Qi	389	–	–	–	–
Zhai Shuang	–	123	–	–	–
Total	2,495	123	–	–	–
Advances of borrowings and interest					
Ma Audrey Jing Nan	–	–	142	–	–
Interest expense					
Ma Dongsheng	5	–	–	–	–
Lin Qi	1	–	–	–	–
Total	6	–	–	–	–

These transactions were carried out in accordance with the terms and conditions mutually agreed by the parties involved.

(b) Outstanding balances with related parties:

The Group

	Year ended 31 December			Five months ended 31 May
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Associates:				
Trade related:				
Trade receivables:				
Non-current				
Aerospace Hydrogen Energy (Shanghai) Technology Co., Ltd.	–	3,502	–	–
Less: Impairment allowance	–	(1,471)	–	–
	–	2,031	–	–
Current				
Guangdong Hanhe Automobile Co., Ltd.	1,325	1,325	1,325	1,325
Jiaqing (Shanghai) Industrial Co., Ltd.	415	597	804	–
Aerospace Hydrogen Energy (Shanghai) Technology Co., Ltd.	–	19,909	50,426	49,404
Shanghai Pegasus Hydrogen Technology Co., Ltd.	724	735	1,800	1,736
Shanghai Taihydrochen Energy Technology Co., Ltd.	–	–	1,609	1,141
	2,464	22,566	55,964	53,606
Less: Impairment allowance	(504)	(6,869)	(4,971)	(5,206)
Total	1,960	15,697	50,993	48,400
Prepayments, other receivables and other assets				
Jiaqing (Shanghai) Industrial Co., Ltd.	500	500	500	–
Plastic Cloud Technology (Shenzhen) Co., Ltd.	22	22	–	–
Less: Impairment allowance	(25)	(50)	(50)	–
Total	497	472	450	–
Trade payables				
Jiaqing (Shanghai) Industrial Co., Ltd.	2,102	–	79	–
Shanghai Pegasus Hydrogen Technology Co., Ltd.	1,870	1,870	100	100
Plastic Cloud Technology (Shenzhen) Co., Ltd.	4,851	7,137	1,421	754
Aerospace Hydrogen Energy (Shanghai) Technology Co., Ltd.	–	2,404	1,429	–
Total	8,823	11,411	3,029	854
Other payables and accruals				
Aerospace Hydrogen Energy (Shanghai) Technology Co., Ltd.	43	–	–	–
Contract liabilities				
Aerospace Hydrogen Energy (Shanghai) Technology Co., Ltd.	564	–	–	–

	Year ended 31 December			Five months ended 31 May
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
A joint venture:				
Trade related:				
Trade receivables:				
Current				
Guohong REFIRE Technology Co., Ltd.	85,832	20,696	–	–
Less: Impairment allowance	(21,693)	(4,253)	–	–
Total	64,139	16,443	–	–
Trade payables				
Guohong REFIRE Technology Co., Ltd.	60,943	191	755	–
Entity controlled by an entity with significant influence over the Group:				
Non-trade related:				
Current portion of long-term borrowings				
Sinopec Finance Co., Ltd.	40,211	–	–	–
Long-term borrowings				
Sinopec Finance Co., Ltd.	80,000	–	–	–
Total	120,211	–	–	–
Key management personnel:				
Non-trade related:				
Prepayments, other receivables and other assets				
Zhai Shuang	123	–	–	–
Ma Audrey Jing Nan	–	–	142	–
Total	123	–	142	–

Trade receivables due from a joint venture and associates are repayable on credit terms similar to those offered to the major customers of the Group.

Trade payables due to a joint venture and associates are repayable within 90 days, which represents credit terms similar to those offered by the joint venture and associates to their major customers.

As at 31 December 2021, 2022 and 2023 and 31 May 2024, except for the long-term borrowings from the entity controlled by an entity with significant influence over the Group that bore interest at a rate of 5.80% per annum, all the remaining balances due to related parties were non-interest-bearing, unsecured and repayable on demand.

As at 31 December 2021, 2022 and 2023 and 31 May 2024, all the remaining balances due from related parties were non-interest-bearing, unsecured and payable on demand.

The Company

	Year ended 31 December			Five months ended 31 May
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Associates:				
Trade related:				
Trade receivables				
Jiaqing (Shanghai) Industrial Co., Ltd.	–	159	366	–
Trade payable				
Plastic Cloud Technology (Shenzhen) Co., Ltd.	–	–	638	–
Key management personnel:				
Prepayments, other receivables and other assets				
Zhai Shuang	123	–	–	–
Ma Audrey Jing Nan	–	–	142	–
	123	–	142	–
Subsidiaries:				
Trade related:				
Trade receivables	5,059	17,026	40,322	49,221
Less: Impairment allowance	–	(2,939)	(851)	(807)
Total	5,059	14,087	39,471	48,414
Due from subsidiaries	94,000	882,118	499,173	485,279
Less: Impairment allowance	(2,760)	(18,459)	(10,230)	(10,233)
Total	91,240	863,659	488,943	475,046
Trade payable	12,488	126,855	284,501	286,283
Due to subsidiaries	177	97,179	273,361	348,934

As at 31 December 2021, 2022 and 2023 and 31 May 2024, all the remaining balances due to related parties were non-interest-bearing, unsecured and repayable on demand.

As at 31 December 2021, 2022 and 2023 and 31 May 2024, all the remaining balances due from related parties were non-interest-bearing, unsecured and payable on demand.

(c) Compensation of key management personnel of the Group

	Year ended 31 December			Five months ended 31 May	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Fees	360	360	361	150	150
Salaries, bonuses, allowances and benefits in kind	6,551	6,871	6,373	2,779	2,207
Performance related bonuses	2,112	2,610	1,090	455	528
Share-based payments	15,120	15,995	43,069	13,692	41,583
Pension scheme contributions	962	1,205	1,126	472	413
Total compensation paid to key management personnel	25,105	27,041	52,019	17,548	44,881

Further details of directors', the chief executive's and supervisors' emoluments are included in note 8 to Historical Financial Information.

(d) Other transactions with related parties

The Group provided a joint-liability guarantee for Guohong Refire as disclosed in note 29.

42. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

The Group

As at 31 December 2021

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income		Financial assets at amortised cost	Total
		Equity investments	Debt investments		
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Equity investments designated at fair value through other comprehensive income	–	17,357	–	–	17,357
Financial assets at fair value through profit or loss	6,436	–	–	–	6,436
Trade and bills receivables	–	–	7,323	1,185,912	1,193,235
Financial assets included in prepayments, other receivables and other assets	–	–	–	6,131	6,131
Cash and cash equivalents	–	–	–	276,220	276,220
Total	6,436	17,357	7,323	1,468,263	1,499,379

Financial liabilities

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*
Lease liabilities	–	90,712	90,712
Trade and bills payables	–	561,533	561,533
Financial liabilities included in other payables and accruals	–	3,528	3,528
Interest-bearing bank and other borrowings	–	1,058,053	1,058,053
Derivative financial instrument	17,742	–	17,742
Total	17,742	1,713,826	1,731,568

As at 31 December 2022

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income		Financial assets at amortised cost	Total
		Equity investments	Debt investments		
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Equity investments designated at fair value through other comprehensive income	–	19,887	–	–	19,887
Financial assets at fair value through profit or loss	342,318	–	–	–	342,318
Trade and bills receivables	–	–	2,611	1,517,542	1,520,153
Financial assets included in prepayments, other receivables and other assets	–	–	–	8,440	8,440
Time deposits	–	–	–	52,086	52,086
Restricted cash	–	–	–	59,902	59,902
Cash and cash equivalents	–	–	–	1,079,456	1,079,456
Total	342,318	19,887	2,611	2,717,426	3,082,242

Financial liabilities

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*
Lease liabilities	–	76,386	76,386
Trade and bills payables	–	566,255	566,255
Financial liabilities included in other payables and accruals	–	4,110	4,110
Interest-bearing bank and other borrowings	–	998,170	998,170
Derivative financial instrument	37,423	–	37,423
Total	37,423	1,644,921	1,682,344

As at 31 December 2023

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income		Financial assets at amortised cost	Total
		Equity investments	Debt investments		
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Equity investments designated at fair value through other comprehensive income	–	47,656	–	–	47,656
Financial assets at fair value through profit or loss	44,401	–	–	–	44,401
Trade and bills receivables	–	–	30,083	1,957,245	1,987,328
Financial assets included in prepayments, other receivables and other assets	–	–	–	197,773	197,773
Restricted cash	–	–	–	746	746
Cash and cash equivalents	–	–	–	664,510	664,510
Total	44,401	47,656	30,083	2,820,274	2,942,414

Financial liabilities

	Financial liabilities at amortised cost	Total
	RMB'000	*RMB'000*
Lease liabilities	61,404	61,404
Trade and bills payables	650,741	650,741
Financial liabilities included in other payables and accruals	73,181	73,181
Interest-bearing bank and other borrowings	1,303,468	1,303,468
Total	2,088,794	2,088,794

As at 31 May 2024

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income		Financial assets at amortised cost	Total
		Equity investments	Debt investments		
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Equity investments designated at fair value through other comprehensive income	–	46,076	–	–	46,076
Financial assets at fair value through profit or loss	52,230	–	–	–	52,230
Trade and bills receivables	–	–	26,788	1,901,055	1,927,843
Financial assets included in prepayments, other receivables and other assets	–	–	–	89,232	89,232
Restricted cash	–	–	–	28	28
Cash and cash equivalents	–	–	–	435,710	435,710
Total	52,230	46,076	26,788	2,426,025	2,551,119

Financial liabilities

	Financial liabilities at amortised cost	Total
	RMB'000	*RMB'000*
Lease liabilities	51,831	51,831
Trade and bills payables	626,013	626,013
Financial liabilities included in other payables and accruals	147,520	147,520
Interest-bearing bank and other borrowings	1,323,967	1,323,967
Total	2,149,331	2,149,331

The Company

As at 31 December 2021

Financial assets

	Financial assets at fair value through other comprehensive income			
	Equity investments	Debt investments	Financial assets at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Equity investments designated at fair value through other comprehensive income	13,239	–	–	13,239
Trade and bills receivables	–	3,443	66,593	70,036
Financial assets included in prepayments, other receivables and other assets	–	–	160	160
Due from subsidiaries	–	–	91,240	91,240
Cash and cash equivalents	–	–	31,145	31,145
Total	13,239	3,443	189,138	205,820

Financial liabilities

	Financial assets at fair value through profit or loss	Financial liabilities at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*
Lease liabilities	–	1,195	1,195
Trade and bills payables	–	17,442	17,442
Financial liabilities included in other payables and accruals	–	311	311
Due to subsidiaries	–	177	177
Derivative financial instrument	17,742	–	17,742
Total	17,742	19,125	36,867

As at 31 December 2022

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income		Financial assets at amortised cost	Total
		Equity investments	Debt investments		
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Equity investments designated at fair value through other comprehensive income	–	13,859	–	–	13,859
Trade and bills receivables	–	–	1,475	220,499	221,974
Financial assets included in prepayments, other receivables and other assets	–	–	–	1,262	1,262
Financial assets at fair value through profit or loss	287,210	–	–	–	287,210
Due from subsidiaries	–	–	–	863,659	863,659
Cash and cash equivalents	–	–	–	67,464	67,464
Total	287,210	13,859	1,475	1,152,884	1,455,428

Financial liabilities

	Financial assets at fair value through profit or loss	Financial liabilities at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*
Lease liabilities	–	72,493	72,493
Trade and bills payables	–	138,865	138,865
Financial liabilities included in other payables and accruals	–	115	115
Due to subsidiaries	–	97,179	97,179
Derivative financial instrument	37,423	–	37,423
Total	37,423	308,652	346,075

As at 31 December 2023

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income		Financial assets at amortised cost	Total
		Equity investments	Debt investments		
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Equity investments designated at fair value through other comprehensive income	–	42,106	–	–	42,106
Trade and bills receivables	–	–	–	412,315	412,315
Financial assets included in prepayments, other receivables and other assets	–	–	–	11,129	11,129
Financial assets at fair value through profit or loss	24,079	–	–	–	24,079
Due from subsidiaries	–	–	–	488,943	488,943
Cash and cash equivalents	–	–	–	27,060	27,060
Total	24,079	42,106	–	939,447	1,005,632

Financial liabilities

	Financial liabilities at amortised cost	Total
	RMB'000	*RMB'000*
Lease liabilities	58,926	58,926
Trade and bills payables	311,465	311,465
Financial liabilities included in other payables and accruals	12,567	12,567
Due to subsidiaries	273,361	273,361
Total	656,319	656,319

As at 31 May 2024

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income		Financial assets at amortised cost	Total
		Equity investments	Debt investments		
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Equity investments designated at fair value through other comprehensive income	–	40,808	–	–	40,808
Trade and bills receivables	–	–	–	389,126	389,126
Financial assets included in prepayments, other receivables and other assets	–	–	–	10,911	10,911
Financial assets at fair value through profit or loss	22,116	–	–	–	22,116
Due from subsidiaries	–	–	–	475,046	475,046
Cash and cash equivalents	–	–	–	10,702	10,702
Total	22,116	40,808	–	885,785	948,709

Financial liabilities

	Financial liabilities at amortised cost	Total
	RMB'000	*RMB'000*
Lease liabilities	49,884	49,884
Trade and bills payables	297,947	297,947
Financial liabilities included in other payables and accruals	16,487	16,487
Due to subsidiaries	348,934	348,934
Total	713,252	713,252

43. TRANSFERS OF FINANCIAL ASSETS

Transferred financial assets that are derecognised in their entirety

During the Relevant Periods, certain subsidiaries of the Group, endorsed certain bills receivable accepted by banks (the "Derecognised Bills") to certain of their suppliers in order to settle the trade payables due to such suppliers with carrying amounts in aggregate of nil, RMB24,810,892, nil and RMB24,943,286 as at 31 December 2021, 2022 and 2023 and 31 May 2024, respectively. The Derecognised Bills had a maturity of 1 to 12 months at the end of each reporting period. In accordance with the Law of Negotiable Instruments, the holders of the Derecognised Bills may exercise the right of recourse against any, several or all of the persons, including the Group, liable for the Derecognised Bills regardless of the order of precedence (the "Continuing Involvement"). In the opinion of the management, the Group has transferred substantially all the risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of management, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant.

44. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, restricted cash, time deposits, trade and bills receivables, financial assets included in prepayments, other receivables and other assets, trade and bills payables, financial liabilities included in other payables and accruals, lease liabilities and short-term interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments. The non-current portion of interest-bearing bank and other borrowings approximate to their carrying amounts mainly due to the floating interest rate.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee of the board (the "Audit Committee") twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The Group invests in financial assets at fair value through profit or loss, which represent structured deposits issued by banks in Chinese Mainland. The Group has estimated the fair value of these structured deposits based on the net value announced by the bank at the end of each of the Relevant Periods.

The fair values of unlisted equity investments designated at fair value through other comprehensive income and unlisted investments measured at fair value through profit or loss have been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and to calculate an appropriate price multiple, such as price to book ("P/B") multiple and price to sales ("P/S") multiple for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the unlisted equity investments to measure the fair value. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period.

The Group has bank acceptance notes issued by banks in Chinese Mainland measured at fair value through other comprehensive income. The Group has estimated the fair value of these bank acceptance notes by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

The Group enters into a derivative financial instrument, which represents an obligation to buy back the share of a joint venture, the derivative financial instrument is measured under an option model. The valuation method is based on expected net cash outflows.

For the fair value of the unlisted equity investments designated at fair value through other comprehensive income, management has estimated the potential effect of using reasonably possible alternatives as inputs to the valuation model.

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2021, 2022 and 2023 and 31 May 2024:

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Financial assets				
Equity investments designated at fair value through other comprehensive income				
Unlisted equity investments	Market approach	Discounts for lack of marketability ("DLOM")	31 December 2021: 16% to 30%	1% increase or decrease in multiple would result in increase or decrease in fair value by RMB174,000.
			31 December 2022: 16% to 30%	1% increase or decrease in multiple would result in increase or decrease in fair value by RMB199,000.
			31 December 2023: 16% to 30%	1% increase or decrease in multiple would result in increase or decrease in fair value by RMB675,000.
			31 May 2024: 16% to 30%	1% increase or decrease in multiple would result in increase or decrease in fair value by RMB461,000.
Financial assets at fair value through profit or loss				
Private equity funds	Market approach	Discounts for lack of marketability ("DLOM")	31 December 2021: 16% to 30%	1% increase or decrease in multiple would result in increase or decrease in fair value by RMB64,000.
			31 December 2022: 16% to 30%	1% increase or decrease in multiple would result in increase or decrease in fair value by RMB65,000.
			31 December 2023: 16% to 30%	1% increase or decrease in multiple would result in increase or decrease in fair value by RMB45,000.

Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
		31 May 2024: 16% to 30%	1% increase or decrease in multiple would result in increase or decrease in fair value by RMB52,000.

Financial liabilities:

Derivative financial instrument:

The Group used the option model based on expected cash flows to measure the exercise price of derivative financial instrument of the obligation to buy back the shares of a joint venture. As at 31 December 2021, the range of expected cash flows of Guohong Refire was assessed to be from nil to RMB76,933,000. If cash flows of Guohong Refire had increased/decreased by 1%, the fair value of the derivative financial instrument would have increased/decreased by RMB377,000. As Guohong Refire has been gradually ceasing its operations, the expected cash flows was assessed to be nil as at 31 December 2022.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 December 2021

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through other comprehensive income	–	7,323	17,357	24,680
Financial assets at fair value through profit or loss	–	–	6,436	6,436
Total	–	7,323	23,793	31,116

As at 31 December 2022

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through other comprehensive income	–	2,611	19,887	22,498
Financial assets at fair value through profit or loss	–	335,797	6,521	342,318
Total	–	338,408	26,408	364,816

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through other comprehensive income	–	30,083	47,656	77,739
Financial assets at fair value through profit or loss	–	–	44,401	44,401
Total	–	30,083	92,057	122,140

As at 31 May 2024

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through other comprehensive income	–	26,788	46,076	72,864
Financial assets at fair value through profit or loss	–	–	52,230	52,230
Total	–	26,788	98,306	125,094

Liabilities measured at fair value:

As at 31 December 2021

	Fair value measurement using			
	Quoted prices in active markets	**Significant observable inputs**	**Significant unobservable inputs**	
	Level 1	**Level 2**	**Level 3**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Derivative financial instrument . .	–	–	17,742	17,742

As at 31 December 2022

	Fair value measurement using			
	Quoted prices in active markets	**Significant observable inputs**	**Significant unobservable**	
	Level 1	**Level 2**	**Level 3**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Derivative financial instrument	–	–	37,423	37,423

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than a derivative, comprise bank loans, other interest-bearing borrowings, and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables and trade and bills payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations with a floating interest rate. The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts.

If the interest rate of bank and other borrowings had increased/decreased by 50 basis points and all other variables were held constant, the loss before tax of the Group, through the impact on floating rate borrowings, would have increased/decreased by approximately RMB1,079,000, RMB1,806,000 and RMB3,067,000 and RMB1,573,000 for the years ended 31 December 2021, 2022 and 2023 and the five months ended 31 May 2024, respectively.

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies. As the Group's major businesses are in Chinese Mainland, the majority of the transactions are conducted in RMB. Most of the Group's assets and liabilities are denominated in RMB. The Group was not exposed to material foreign currency risk during the Relevant Periods.

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without specific verification procedures.

As at the end of each of the Relevant Periods, the Group had certain concentrations of credit risk as 33.97%, 41.58%, 42.20% and 26.03% of the Group's trade receivables were due from the Group's five largest customers, respectively.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification.

The amounts presented are gross carrying amounts for financial assets. The loss provision for a financial guarantee obligation was measured as lifetime expected credit loss as disclosed in note 32.

As at 31 December 2021

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables*	–	–	–	1,559,285	1,559,285
Financial assets included in prepayments, other receivables and other assets					
– Normal**	6,433	–	–	–	6,433
– Doubtful**	–	–	1,200	–	1,200
Cash and cash equivalents					
– Not yet past due	276,220	–	–	–	276,220
Total	282,653	–	1,200	1,559,285	1,843,138

As at 31 December 2022

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables*	–	–	–	1,917,682	1,917,682
Financial assets included in prepayments, other receivables and other assets					
– Normal**	10,077	–	–	–	10,077
– Doubtful**	–	–	319	–	319
Time deposits					
– Not yet past due	52,086	–	–	–	52,086
Restricted cash					
– Not yet past due	59,902	–	–	–	59,902
Cash and cash equivalents					
– Not yet past due	1,079,456	–	–	–	1,079,456
Total	1,201,521	–	319	1,917,682	3,119,522

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables*	–	–	–	2,447,826	2,447,826
Financial assets included in prepayments, other receivables and other assets					
– Normal**	199,369	–	–	–	199,369
– Doubtful**	–	–	3,331	–	3,331
Restricted cash					
– Not yet past due	746	–	–	–	746
Cash and cash equivalents					
– Not yet past due	664,510	–	–	–	664,510
Total	864,625	–	3,331	2,447,826	3,315,782

As at 31 May 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables*	–	–	–	2,430,539	2,430,539
Financial assets included in prepayments, other receivables and other assets					
– Normal**	90,828	–	–	–	90,828
– Doubtful**	–	–	2,866	–	2,866
Restricted cash					
– Not yet past due	28	–	–	–	28
Cash and cash equivalents					
– Not yet past due	435,710	–	–	–	435,710
Total	526,566	–	2,866	2,430,539	2,959,971

* For trade and bills receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 22.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the operations and mitigate the effects of fluctuations of cash flows.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings and lease liabilities.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2021						
Interest-bearing bank and other borrowings	693,965	24,226	166,796	230,482	–	1,115,469
Lease liabilities	21,910	19,657	35,846	44,921	–	122,334
Trade and bills payables	561,533	–	–	–	–	561,533
Financial liabilities included in other payables	3,528	–	–	–	–	3,528
Derivative financial instrument	–	17,742	–	–	–	17,742
Total	1,280,936	61,625	202,642	275,403	–	1,820,606

	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2022						
Interest-bearing bank and other borrowings	300,388	334,540	399,892	28,182	10,684	1,073,686
Lease liabilities	19,657	35,846	21,850	23,071	–	100,424
Trade and bills payables	566,255	–	–	–	–	566,255
Financial liabilities included in other payables	4,110	–	–	–	–	4,110
Derivative financial instrument	37,423	–	–	–	–	37,423
Total	927,833	370,386	421,742	51,253	10,684	1,781,898

	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2023						
Interest-bearing bank and other borrowings	512,617	605,918	232,595	19,258	2,555	1,372,943
Lease liabilities	21,867	21,683	23,238	–	–	66,788
Trade and bills payables	650,741	–	–	–	–	650,741
Financial liabilities included in other payables	73,181	–	–	–	–	73,181
Total	1,258,406	627,601	255,833	19,258	2,555	2,163,653

	On demand or less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 May 2024						
Interest-bearing bank and other borrowings	852,350	458,012	50,080	18,327	2,509	1,381,278
Lease liabilities	21,867	22,534	11,649	–	–	56,050
Trade and bills payables	626,013	–	–	–	–	626,013
Financial liabilities included in other payables	147,520	–	–	–	–	147,520
Total	1,647,750	480,546	61,729	18,327	2,509	2,210,861

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may return capital to shareholders or issue new shares.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes, within net debt, interest-bearing bank and other borrowings, trade and bills payables, a derivative financial instrument, other payables and accruals and lease liabilities, less cash and cash equivalents. Capital includes equity attributable to the owners of the parent. The gearing ratios as at the end of the Relevant Periods were as follows:

	As at 31 December			As at 31 May
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills payables	561,533	566,255	650,741	626,013
Other payables and accruals	78,665	102,416	141,315	174,717
Derivative financial instrument	17,742	37,423	–	–
Interest-bearing bank and other borrowings	1,058,053	998,170	1,303,468	1,323,967
Lease liabilities	90,712	76,386	61,404	51,831
Less: Cash and cash equivalents	(276,220)	(1,079,456)	(664,510)	(435,710)
Net debt	1,530,485	701,194	1,492,418	1,740,818
Equity attributable to owners of the parent	566,024	2,271,548	1,824,400	1,541,345
Capital and net debt	2,096,509	2,972,742	3,316,818	3,282,163
Gearing ratio	73%	24%	45%	53%

46. EVENTS AFTER THE RELEVANT PERIODS

There were no other significant events that required additional disclosure or adjustments occurred after the end of the Relevant Periods.

47. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to 31 May 2024.

The following information does not form part of the Accountants' Report from Ernst & Young, 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 purposes only. The unaudited pro forma financial information should be read in conjunction with "Financial Information" and the Accountants' Report set out in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted consolidated net tangible assets attributable to the owners of the Company has been prepared in accordance with Rule 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants to illustrate the effect of the Global Offering on our consolidated net tangible assets attributable to owners of the Company as at 31 May 2024 as if the Global Offering had taken place on 31 May 2024.

The unaudited pro forma statement of adjusted consolidated net tangible assets 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 financial position of the Group as at 31 May 2024 or any future dates following the Global Offering.

	Consolidated net tangible assets 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	Unaudited pro forma adjusted net tangible assets attributable to owners of the Company per Share	
	RMB'000	*RMB'000*	*RMB'000*	*RMB*	*HK$*
	(Note 1)	*(Note 2)*		*(Note 3)*	*(Note 4)*
Based on an Offer Price Of HK$145.00 per Share . . .	1,517,897	600,634	2,118,531	24.59	26.62
Based on an Offer Price Of HK$155.00 per Share . . .	1,517,897	643,219	2,161,116	25.09	27.16
Based on an Offer Price Of HK$165.00 per Share . . .	1,517,897	685,805	2,203,702	25.58	27.69

Notes:

(1) The consolidated net tangible assets attributable to owners of the Company as at 31 May 2024 is extracted from the Accountants' Report, which is based on the audited consolidated total equity of the Company as at 31 May 2024 of approximately RMB1,461.19 million. The amount of audited consolidated net tangible assets attributable to the owners of the Company as at 31 May 2024 exclude other intangible assets of RMB23.45 million and non-controlling interests of RMB(80.16) million.

(2) The estimated net proceeds from the Global Offering are based on the Offer Price of HK$145.00 per Share or HK$155.00 per Share or HK$165.00 per Share, after deduction of the underwriting fees and other related expenses payable by the Company (excluding the listing expense that have been charged to profit or loss during the Track Record Period) and does not take into account of any Shares which may be issued upon the exercise of the Over-allotment Option. The estimated net proceeds from the Global Offering are converted from Hong Kong dollars into Renminbi at an exchange rate of HK$1.0 to RMB0.92371.

(3) The unaudited pro forma adjusted consolidated net tangible assets per Share is calculated based on total 86,139,291 Shares in issue after the completion of the Global Offering, representing the aggregate of the H Shares to be converted from Domestic Shares, the Domestic Shares in issue, and the 4,827,920 H Shares to be issued pursuant to the Global Offering.

(4) For the purpose of this unaudited pro forma statement of adjusted consolidated net tangible assets, the balances stated in Renminbi are converted into Hong Kong dollars at an exchange rate of HK$1 to RMB0.92371. No representation is made that the Hong Kong dollar amounts have been, could have been or may be converted to Renminbi, or vice versa, at that rate or any other rates or at all.

(5) No adjustment has been made to reflect any trading result or other transactions of the Group entered into subsequent to 31 May 2024.

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

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To the Directors of Shanghai REFIRE Group Limited

We have completed our assurance engagement to report on the compilation of pro forma financial information of Shanghai REFIRE Group Limited (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 pro forma financial information consists of the pro forma consolidated net tangible assets as at 31 May 2024, and related notes as set out on pages II-1 and II-2 of the prospectus dated 28 November 2024 issued by the Company (the "Pro Forma Financial Information"). The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Information are described in Appendix II to the Prospectus.

The Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the global offering of shares of the Company on the Group's financial position as at 31 May 2024 as if the transaction had taken place at 31 May 2024. As part of this process, information about the Group's financial position, has been extracted by the Directors from the Group's financial statements for the period ended 31 May 2024, on which an accountants' report has been published.

Directors' responsibility for the Pro Forma Financial Information

The Directors are responsible for compiling the 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 ("AG") 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our independence and quality control

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 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* which requires the firm to design, implement and operate a system of quality management including policies or 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 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 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 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 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 Pro Forma Financial Information.

The purpose of the Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the global offering of shares of the Company on unadjusted financial information of the Group as if 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 transaction would have been as presented.

A reasonable assurance engagement to report on whether the 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 Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the 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 transaction in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the 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 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 purpose of the Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

Ernst & Young
Certified Public Accountants
Hong Kong
28 November 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, appreciation tax, stamp duty and estate duty were referred in the discussion. Prospective investors are urged to consult their financial advisers regarding the PRC, Hong Kong and other tax consequences of owning and disposing of H Share.

TAXATION IN THE PRC

Taxation on Dividends

Individual Investor

Pursuant to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) (the "IIT Law"), which was latest amended on August 31, 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 May 13, 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 November 6, 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 July 24, 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 August 21, 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 December 6, 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 January 1, 1997, income of individuals from transfer of the shares of listed enterprises shall continue to be exempted from individual income tax. On December 31, 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 November 10, 2010).

As of the Latest Practicable Date, no aforesaid provisions had expressly provided that whether individual income tax shall be levied from non-PRC resident individuals on the transfer of shares in PRC resident enterprises listed on overseas stock exchanges. To the knowledge of the Company, in practice, the PRC tax authorities have not levied income tax from non-PRC resident individuals on gains from the transfer of PRC resident enterprises listed on overseas stock exchange. However, there is no assurance that the PRC tax authorities will not change these practices which could result in levying income tax on non-PRC resident individuals on gains from the sale of H shares.

Enterprise Investors

In accordance with the EIT Law and its implementation rules, a non-resident enterprise is generally subject to enterprise income tax at the rate of a 10% on PRC-sourced income, including gains derived from the disposal of equity interests in a PRC resident enterprise, if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. Such income tax payable for non-resident enterprises is deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise when such payment is made or due. Such tax may be reduced or exempted pursuant to relevant tax treaties or agreements on avoidance of double taxation.

Stamp Duty

Pursuant to the Stamp Duty Law of the PRC (《中華人民共和國印花稅法》) issued by the Standing Committee of the National People's Congress (全國人民代表大會常務委員會) on June 10, 2021 and implemented on July 1, 2022, the PRC stamp duty applies to entities and individuals that conclude taxable documents and conduct securities transactions within the PRC and the entities and individuals that conclude taxable documents outside the PRC which are used within the PRC. Therefore, the requirements of the stamp duty imposed on the transfer of shares of PRC listed companies does not apply to the acquisition and disposal of H shares outside the PRC by non-PRC investors.

Estate Duty

The PRC currently does not impose any estate duty.

HONG KONG TAXATION

Taxation on Dividends

No tax is payable by any person or corporation under the laws of Hong Kong in respect of dividends paid by our Company.

Profits Tax

Hong Kong profits tax will not be payable by any Shareholders (other than Shareholders carrying on a trade, profession or business in Hong Kong and holding the Shares for trading purposes) on any capital gains made on the sale or other disposal of the Shares. Shareholders should take advice from their own professional advisers as to their particular tax position.

Stamp Duty

Hong Kong stamp duty will be charged on the sale and purchase of shares at the current rate of 0.2% of the consideration for, or (if greater) the value of, the shares being sold or purchased, in total, whether or not the sale or purchase is on or off the Hong Kong Stock Exchange. The Shareholder selling the shares and the purchaser will each be liable for one-half of the amount of Hong Kong stamp duty payable upon such transfer. In addition, a fixed duty of HK$5 is currently payable on any instrument of transfer of shares.

Estate Duty

The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on February 11, 2006 in Hong Kong, pursuant to which no Hong Kong estate duty is payable and no estate duty clearance papers are needed for an application of a grant of representation in respect of holders of H shares whose deaths occur on or after February 11, 2006.

Major Taxes on the Company in the PRC

EIT

According to the EIT Law, which was promulgated on March 16, 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 December 13, 1993 and latest amended on November 19, 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 May 1, 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 April 1, 2019, for value-added tax-taxable sales or imported goods of a value-added tax general taxpayer where the value-added tax rate of 16% and 10% applies currently, it shall be adjusted to 13% and 9% respectively.

TAXATION OF OUR COMPANY IN HONG KONG

Profits Tax

Our subsidiaries incorporated in Hong Kong, are subject to Hong Kong profits tax rate of 8.25% on assessable profits up to HK$2,000,000 and 16.5% on any part of assessable profits over HK$2,000,000 during the Track Record Period.

PRC LAWS AND REGULATIONS RELATING TO FOREIGN EXCHANGE

According to the PRC Foreign Currency Administration Rules (《中華人民共和國外匯管理條例》) promulgated on January 29, 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 June 9, 2016, the settlement of foreign exchange receipts under the capital account (including but not limited to the repatriation of capital raised from overseas listing) may convert from foreign currency into RMB on self-discretionary basis. The ratio of the discretionary exchange rate of foreign exchange receipts under domestic capital account is tentatively set at 100%. The SAFE may adjust the above ratio in due course according to the balance of payment status.

According to the SAFE Circular on Further Promoting Cross-border Trade and Investment Facilitation (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》) which was promulgated on October 23, 2019, which amended by the SAFE Circular on Further Promoting and reforming Cross-border Trade and Investment Facilitation (《國家外匯管理局關於進一步深化改革促進跨境貿易投資便利化的通知》) promulgated on December 4, 2023, foreign-invested enterprises engaged in non-investment business are permitted to settle foreign exchange capital in RMB and make domestic equity investments with such RMB funds according to 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 December 26, 2014, the SAFE issued the Notice of the State Administration of Foreign Exchange on Issues Concerning the Foreign Exchange Administration of Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》). Pursuant to the notice, a domestic company shall, within 15 business days of the date of the end of its overseas listing issuance, register the overseas listing with the Administration of Foreign Exchange at the place of its establishment; the proceeds from an overseas listing of a domestic company may be remitted to the domestic account or deposited in an overseas account, but the use of the proceeds shall be consistent with the content of the prospectus and other disclosure documents. A domestic company (except for bank financial institutions) shall present its certificate of overseas listing to open a "special account for overseas listing of domestic company" at a local bank for its initial public offering (or follow-on offering) and repurchase business to handle the exchange, remittance, and transfer of funds for the business concerned.

This Appendix contains a summary of laws and regulations on companies and securities in the PRC. The principal objective of this summary is to provide potential 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 commission of the State Council, PBOC, the State Audit Administration, organs endowed with administrative functions directly under the State Council and the organizations prescribed by laws may, in accordance with the laws as well as the administrative regulations, decisions and orders of the State Council and within the limits of their power, formulate rules.

The people's congresses of cities divided into districts and their respective standing committees may formulate local regulations in terms of urban and rural development and management, ecological civilization development, grassroots governance, and historical and cultural protection based on the specific circumstances and actual requirements of such cities, which will become enforceable after being reported to and approved by the standing committees of the people's congresses of the relevant provinces or autonomous regions but such local regulations shall conform with the Constitution, laws, administrative regulations, and the relevant local regulations of the relevant provinces or autonomous regions. People's congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in light of the political, economic and cultural characteristics of the nationality (nationalities) in the areas concerned.

The people's governments of the provinces, autonomous regions, and municipalities directly under the central government and the cities divided into districts or autonomous prefectures may enact rules, in accordance with laws, administrative regulations and the local regulations of their respective provinces, autonomous regions or municipalities.

The Constitution has supreme legal authority, and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations may contravene the Constitution. The authority of laws is greater than that of administrative regulations, local regulations and rules. The authority of administrative regulations is greater than that of local regulations and rules. The authority of local regulations is greater than that of the rules of the local governments at or below the corresponding level. The authority of the rules enacted by the people's governments of the provinces or autonomous regions is greater than that of the rules enacted by the people's governments of the city divided into districts or autonomous prefecture within the administrative areas of the provinces and the autonomous regions.

The NPC has the power to alter or annul any inappropriate laws enacted by its Standing Committee, and to annul any autonomous regulations or separate regulations which have been approved by its Standing Committee but which contravene the Constitution or the Legislation Law. The Standing Committee of the NPC has the power to annul any administrative regulations that contravene the Constitution and laws, to annul any local regulations that contravene the Constitution, laws or administrative regulations, and to annul any autonomous regulations or local regulations which have been approved by the standing committees of the people's congresses of the relevant provinces, autonomous regions or municipalities directly under the central government, but which contravene the Constitution and the Legislation Law. The State Council has the power to alter or annul any inappropriate ministerial rules and rules of local governments. The people's congresses of provinces, autonomous regions or municipalities directly under the central government have the power to alter or annul any inappropriate local regulations enacted or approved by their respective standing committees. The people's governments of provinces and autonomous regions have the power to alter or annul any inappropriate rules enacted by the people's governments at a lower level.

According to the Constitution and the Legislation Law, the power to interpret laws is vested in the Standing Committee of the NPC. According to the Decision of the Standing Committee of the NPC Regarding the Strengthening of Interpretation of Laws (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) passed on June 10, 1981, the Supreme People's Court of the PRC (the "**Supreme People's Court**") has the power to give general interpretation on questions involving the specific application of laws and decrees in court trials. The State Council and its ministries and commissions are also vested with the power to give interpretation of the administrative regulations and department rules which they have promulgated. At the regional level, the power to give interpretations of the local laws and regulations as well as administrative rules is vested in the regional legislative and administrative organs which promulgate such laws, regulations and rules.

PRC JUDICIAL SYSTEM

Under the Constitution and the PRC Law on the Organization of the People's Courts (2018 revision) (《中華人民共和國人民法院組織法(2018年修訂)》), the PRC judicial system is made up of the Supreme People's Court, the local people's courts and special people's courts.

The local people's courts are comprised of the primary people's courts, the intermediate people's courts and the higher people's courts. The higher level people's courts supervise the primary and intermediate people's courts. The people's procuratorates also have the right to exercise legal supervision over the civil proceedings of people's courts of the same level and lower levels. The Supreme People's Court is the highest judicial body in the PRC. It supervises the judicial administration of the people's courts at all levels.

The PRC Civil Procedure Law (《中華人民共和國民事訴訟法》) (the "**Civil Procedure Law**") was adopted in 1991 and amended in 2007, 2012, 2017, 2021 and 2023, and will have its latest version come into effect on January 1, 2024. The Civil Procedure Law sets forth the criteria for instituting a civil action, the jurisdiction of the people's courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or order. All parties to a civil action conducted within the PRC must comply with the Civil Procedure Law. Generally, a civil case is initially heard by a local court of the municipality or province in which the defendant resides. The parties to a contract may, by express agreement, select a judicial court where civil actions may be brought, provided that the judicial court is either the plaintiff's or the defendant's domicile, the place of execution or implementation of the contract or the place of the object of the action, provided that the provisions of this law regarding the level of jurisdiction and exclusive jurisdiction shall not be violated.

A foreign national or enterprise generally has the same litigation rights and obligations as a citizen or legal person of the PRC. If a foreign country's judicial system limits the litigation rights of PRC citizens and enterprises, the PRC courts may apply the same limitations to the citizens and enterprises of that foreign country within the PRC.

If any party to a civil action refuses to comply with a judgment or ruling made by a people's court or an award made by an arbitration panel in the PRC, the other party may apply to the people's court for the enforcement of the same. There are time limits of two years imposed on the right to apply for such enforcement. If a person fails to satisfy a judgment made by the court within the stipulated time, the court will, upon application by either party, enforce the judgment in accordance with the law.

A party seeking to enforce a judgment or ruling of a people's court against a party who is not personally or whose property is not within the PRC may apply to a foreign court with jurisdiction over the case for recognition and enforcement of the judgment or ruling. A foreign judgment or ruling may also be recognized and enforced by the people's court according to PRC enforcement procedures if the PRC has entered into or acceded to an international treaty with the relevant foreign country, which provides for such recognition and enforcement, or if the judgment or ruling satisfies the court's examination according to the principle of reciprocity. However, if the people's court finds that the recognition or enforcement of such judgment or ruling will result in a violation of the basic legal principles of the PRC, its sovereignty or security or against social and public interest, or if other circumstances specified in Article 300 of the Civil Procedure Law occur, the people's court shall, upon examination, not to recognize or enforce such judgment or ruling.

THE PRC COMPANY LAW, OVERSEAS LISTING TRIAL MEASURES AND PRC GUIDELINES ON AOA

A joint stock limited company which was incorporated in the PRC and seeking a listing on the Hong Kong Stock Exchange is mainly subject to the following laws and regulations in the PRC:

- The PRC Company Law which was promulgated by the Standing Committee of the NPC on December 29, 1993, came into effect on July 1, 1994, revised on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013, October 26, 2018 and December 29, 2023, respectively and the latest revision of which was implemented on July 1, 2024;

- The Overseas Listing Trial Measures and its five guidelines which were promulgated by the CSRC on February 17, 2023 and came into effect on March 31, 2023, applicable to the overseas offering and listing of joint stock limited companies; and

- The Guidelines on the Application of Regulatory Rules – No. 1 for Overseas Offering and Listing (《監管規則適用指引-境外發行上市類第1號》) which was promulgated by the CSRC on February 17, 2023, according to which the domestic companies that directly offer and list securities on overseas markets, shall formulate their articles of association making reference to the Guidelines for the Articles of Association of Listed Companies (《上市公司章程指引》) (the "**PRC Guidelines on AoA**") promulgated by the CSRC on January 5, 2022 and latest amended on December 15, 2023.

Set out below is a summary of the major provisions of the PRC Company Law, Overseas Listing Trial Measures and the PRC Guidelines on AoA.

General

A joint stock limited company refers to an enterprise legal person incorporated under the PRC Company Law with its registered capital divided into shares of equal par value. The liability of its shareholders is limited to the amount of shares held by them and the company is liable to its creditors for an amount equal to the total value of its assets.

A joint stock limited company shall conduct its business in accordance with laws and administrative regulations. It may invest in other limited liability companies and joint stock limited companies and its liabilities with respect to such invested companies are limited to the amount invested. Unless otherwise provided by law, the joint stock limited company may not be a contributor that undertakes joint and several liabilities for the debts of the invested companies.

Incorporation

A joint stock limited company may be incorporated by promotion or public subscription.

A joint stock limited company may be incorporated by a minimum of one but not more than 200 promoters, and at least half of the promoters must have residence within the PRC. The registered capital of a joint stock limited company shall be the total number of issued shares registered with the company's registration authority.

The promoters shall, before the incorporation of the company, pay the full amount of the shares for which they have subscribed. If a promoter fails to pay for the shares he has subscribed for, or if the actual value of the non-monetary property used as a capital contribution is significantly less than the amount of the shares subscribed for, the other promoters are jointly and severally liable to the extent of the shortfall in the capital contribution.

Where the shares issued remain undersubscribed by the time of incorporation of the company, or where the promoter fails to convene an inauguration meeting within 30 days of the subscription monies for the shares issued being fully paid up, the subscribers may demand that the promoters refund the subscription monies so paid together with the interest at bank rates of a deposit for the same period. After the promoters and subscribers have paid the share capital or delivered the non-monetary capital contribution, their share capital shall not be withdrawn except in the case where the shares are not fully subscribed as scheduled, or where the promoters fail to convene an inauguration meeting as scheduled, or where the inauguration meeting resolves not to establish the company.

The board of directors shall authorize its representatives to apply to the registrar of companies for registration of the establishment of the company within thirty days after the conclusion of the inauguration meeting.

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.

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 equity interests, creditor's rights and other non-monetary assets which can be appraised with monetary value and transferred lawfully; provided, however, that such assets are not prohibited from being contributed as capital as stipulated by laws and administrative regulations.

The issuance of shares shall be conducted in a fair and equitable manner. Each share of the same class shall 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. The same price per share shall be paid by any share subscriber.

Under the Overseas Listing Trial Measures, if a domestic enterprise issues shares overseas, it may raise funds and make dividend distributions in foreign currency or RMB. Subject to specific circumstances, the Overseas Listing Trial Measures requires that, among other things, (i) initial public offerings or listings on overseas markets of domestic companies shall be filed with the CSRC within three working days after the relevant application is submitted overseas, (ii) subsequent securities offerings of an issuer on the same overseas market where it has previously offered and listed securities shall be filed with the CSRC within three working days after the offering is completed, and (iii) subsequent securities offerings or listings of an issuer on other overseas markets other than where it has offered and listed securities shall be filed with the CSRC within three working days after the relevant application is submitted overseas.

The share offering price may be equal to or greater than nominal value but shall not be less than nominal value.

The transfer of shares by shareholders should be conducted via the legally established stock exchange or in accordance with other methods as stipulated by the State Council. Transfer of registered shares by a shareholder must be made by means of an endorsement or by other means stipulated by laws or administrative regulations.

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.

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, land-use rights, equity interests, creditor's rights and other non-monetary assets which can be appraised with monetary value and transferred lawfully.

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 twenty 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.

Shareholders

Under the PRC Company Law and the PRC Guidelines on AoA, the rights of holders of ordinary shares of a joint stock limited company include:

- to receive dividends and other distributions in respect of the number of shares held;
- to attend or appoint a proxy to attend shareholders' general meetings and exercise voting rights in respect of the number of shares held;
- to supervise, make recommendations or inquire about the company's operations;
- to transfer, donate or pledge their shares in accordance with applicable laws, regulations and the company's articles of association;
- to inspect the articles of association, share register, counterfoil of company debentures, minutes of shareholders' general meetings, board resolutions, resolutions of the supervisory board and financial and accounting reports;
- to participate in distribution of residual properties of the company in proportion to their shareholdings upon the termination or liquidation of the company;
- to request the company to acquire the shares of any shareholder who dissent on a resolution regarding a merger or division at the shareholders' meeting; 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 subscription monies agreed to be paid in respect of the shares taken up by them, to not abuse shareholders' rights to harm the interests of the company or other shareholders of the company, to not abuse the company's independent status and limited liability as a legal person to harm the interests of the company's creditors, and any other shareholder obligation specified in the 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 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.

Under the PRC Company Law, shareholders present at shareholders' general meeting have one vote for each share they hold, save that shares held by the company are not entitled to any voting rights.

Pursuant to the provisions of the articles of association or a resolution of the shareholders' general meeting, the accumulative voting system may be adopted for the election of directors and supervisors at the shareholders' general meeting. Under the accumulative voting system, each share shall be entitled to vote equivalent to the number of directors or supervisors to be elected at the shareholders' general meeting and shareholders may consolidate their voting rights when casting a vote.

Pursuant to the PRC Company Law and the PRC Guidelines on AoA, resolutions of the shareholders' general meeting shall be adopted by more than half of the voting rights held by the shareholders present at the meeting. However, resolutions of the shareholders' general meeting regarding the following matters shall be adopted by more than two-thirds of the voting rights held by the shareholders present at the meeting: (i) amendments to the articles of association; (ii) the increase or decrease of registered capital; (iii) the merger, division, dissolution, liquidation or change in the form of the company; 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 more than 3 members. Members of the board of directors may include representatives of the employees of the company, who shall be democratically elected by the company's staff at the staff representative assembly, general staff meeting or otherwise. The term of a director shall be stipulated in the articles of association, but no term of office shall last for more than three years. Directors may serve consecutive terms if re-elected. A director shall continue to perform his duties in accordance with the laws, administrative regulations and articles of association until a duly re-elected director takes office, if re-election is not conducted in a timely manner upon the expiry of his term of office, or if the resignation of directors results in the number of directors being less than the quorum.

Under the PRC Company Law, the board of directors mainly exercises the following powers:

- to convene the shareholders' general meetings and report on its work to the shareholders' general meetings;
- to implement the resolutions passed in shareholders' general meetings;
- to decide on the company's business plans and investment proposals;
- to formulate the company's proposed annual financial budget and final accounts;
- to formulate the company's profit distribution proposals and loss recovery proposal;
- to formulate proposals for the increase or reduction of the company's registered capital and the issuance of corporate bonds;
- to prepare plans for the merger, division, dissolution and change in the form of the company;
- to formulate the company's basic management system;
- to appoint or dismiss the company's managers and decide on his/her remuneration and, based on the manager's recommendation, to appoint or dismiss any deputy manager and financial officer of the company and to decide on their remunerations;
- to formulate the company's basic management system; and
- to exercise any other power under the articles of association.

Board Meetings

Under the PRC Company Law, meetings of the board of directors of a joint stock limited company shall be convened at least twice a year. Notice of meeting shall be given to all directors and supervisors 10 days before the meeting. Interim board meetings may be proposed to be convened by shareholders representing more than 10% of voting rights, more than one-third of the directors or the board of supervisors. The chairman shall convene and preside over such meeting within 10 days after receiving such proposal. Meetings of the board of directors shall be held only if half or more of the directors are present. Resolutions of the board of directors shall be passed by more than half of all directors. Each director shall have one vote for resolutions to be approved by the board of directors. Directors shall attend board meetings in person. If a director is unable to attend a board meeting, he may appoint another director by a written power of attorney specifying the scope of the authorization to attend the meeting on his behalf.

If a resolution of the board of directors violates the laws, administrative regulations or the articles of association, and as a result of which the company sustains serious losses, the directors participating in the resolution are liable to compensate the company. However, if it can be proved that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director may be released from that liability.

Chairman of the Board

Under the PRC Company Law, the board of directors shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman are elected with approval of more than half of all the directors. The chairman shall convene and preside over board meetings and examine the implementation of board resolutions. The vice chairman shall assist the work of the chairman. In the event that the chairman is incapable of performing or not performing his duties, the duties shall be performed by the vice chairman. In the event that the vice chairman is incapable of performing or not performing his duties, a director nominated by more than half of the directors shall perform his duties.

Qualification of Directors

The PRC Company Law provides that the following persons may not serve as a director:

- a person who is unable or has limited ability to undertake any civil liabilities;

- a person who has been convicted of an offense of bribery, corruption, embezzlement or misappropriation of property, or the destruction of socialist market economy order; or who has been deprived of his political rights due to his crimes, in each case where less than five years have elapsed since the date of completion of the sentence or where less than two years have lapsed from the date of the completion of the probationary period if having been given probation;

- 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 has been classified by a people's court as a dishonest judgment debtor as a result of failing to settle a large amount of overdue debts.

Board of Supervisors

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 two meetings each year.

The board of supervisors exercises the following powers:

- to review the company's financial position;
- to supervise the directors and senior management in their performance of their duties and to propose the removal of directors and senior management who have violated laws, regulations, the articles of association or the resolutions of shareholders' meeting;
- when the acts of directors and senior management are harmful to the company's interests, to require correction of those acts;
- to propose the convening of extraordinary shareholders' general meetings and to convene and preside over shareholders' general meetings when the board of directors fails to perform the duty of convening and presiding over shareholders' general meeting under this law;
- to initiate proposals for resolutions to shareholders' general meeting;
- to initiate proceedings against directors and senior management;

- other powers specified in the articles of association; and

- Supervisors may attend board meetings and make enquiries or proposals in respect of board resolutions. The board of supervisors may initiate investigations into any irregularities identified in the operation of the company and, where necessary, may engage an accounting firm to assist their work at the company's expense.

Manager and Senior Management

Under the PRC Company Law, a company shall have a manager who shall be appointed or removed by the board of directors. The manager shall report to the board of directors and may exercise powers authorized by the Board.

The manager shall comply with other provisions of the articles of association concerning his/her powers. The manager shall attend board meetings.

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;

- using their position to accept bribe or other illegal income;

- accept for their own benefit commissions from 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.

Under the PRC Company Law, a joint stock limited company may, in accordance with the provisions of its articles of association, establish an audit committee under the board of directors comprising directors to exercise the powers and functions of the supervisory board, in place of a supervisory board or supervisors. Otherwise, a joint stock limited company shall have a supervisory board composed of not less than three members. The supervisory board shall consist of representatives of the shareholders and an appropriate proportion of representatives of the company's staff, among which the proportion of representatives of the company's staff shall not be less than one-third, and the actual proportion shall be determined in the articles of association. Representatives of the company's staff at the supervisory board shall be democratically elected by the company's staff at the staff representative assembly, general staff meeting or other manners of democratic election.

Each term of office of a supervisor is three years and he/she may serve consecutive terms if re-elected. A supervisor shall continue to perform his/her duties as a supervisor in accordance with the laws, administrative regulations and the 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/her term of office or if the resignation of supervisor results in the number of supervisors being less than the quorum.

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, proceeds from the issuance of no-par shares not included in the registered capital 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.

When a company's common reserve fund is used to make up for its losses, it should first be used as a discretionary capital reserve fund and a statutory capital reserve fund; if it is still unable to make up for the losses, it may be used as a capital reserve in accordance with the regulations. Upon the conversion of statutory common reserve fund into capital, the balance of the statutory common reserve fund shall not be less than 25% of the registered capital of the company before such conversion.

The Company shall have no other accounting books except the statutory accounting books. Its assets shall not be deposited in any accounts opened in the name of any individual.

Appointment and Retirement of Accounting Firms

Pursuant to the PRC Company Law, the appointment or dismissal of accounting firms responsible for the auditing of the company shall be determined by shareholders' general meeting or board of directors in accordance with provisions of articles of association. The accounting firm should be allowed to make representations when the shareholders' general meeting or board of directors conducts a vote on the dismissal of the accounting firm. The company should provide true and complete accounting evidences, books, financial and accounting reports and other accounting data to the accounting firm it employs without any refusal, withholding and misrepresentation.

Distribution of Profits

According to the PRC Company Law, a company shall not distribute profits before losses are covered and the statutory common reserve is drawn.

Amendments to Articles of Association

Any amendments to the company's articles of association must be made in accordance with the procedures set out in the company's articles of association. In relation to matters involving the company's registration, its registration with the authority must also be changed.

Dissolution and Liquidation

According to the PRC Company Law, a company shall be dissolved by reason of the following: (i) the term of its operations set down in the articles of association has expired or other events of dissolution specified in the articles of association have occurred; (ii) the shareholders' general meeting have resolved to dissolve the company; (iii) the company is dissolved by reason of merger or division; (iv) the business license is revoked; the company is ordered to close down or be dissolved; or (v) the company is dissolved by the people's court in response to the request of shareholders holding shares that represent more than 10% of the voting rights of all its shareholders, on the grounds that the company suffers significant hardship in its operation and management that cannot be resolved through other means, and the ongoing existence of the company would bring significant losses for shareholders. In the event that a company is dissolved on the aforesaid reasons, the company shall make public the reasons for dissolution through the National Enterprise Credit Information Publicity System within ten days.

In the event of scenarios (i) and (ii) set out in the preceding paragraph and has not yet distributed its property to its shareholders, the company may carry on its existence by amending its articles of association or by resolution of the shareholders' meeting. The amendment to the articles of association or the resolution of the shareholders' meeting in accordance with the provisions described above shall require the approval of more than two-thirds of voting rights of shareholders attending a shareholders' meeting.

Where the company is dissolved in the circumstances described in subparagraphs (i), (ii), (iv), or (v) above, a liquidation group shall be established and the liquidation process shall commence within 15 days after the occurrence of an event of dissolution.

The members of the company's liquidation group shall be composed of its directors or the personnel appointed by the shareholders' general meeting. If a liquidation group is not established within the stipulated period, creditors may apply to the people's court and request the court to appoint relevant personnel to form the liquidation group. The people's court should accept such application and form a liquidation group to conduct liquidation in a timely manner.

The liquidation group shall exercise the following powers during the liquidation period:

- to handle the company's assets and to prepare a balance sheet and an inventory of the assets;
- to notify creditors through notice or public announcement;
- to deal with the company's outstanding businesses related to liquidation;
- to pay any tax overdue as well as tax amounts arising from the process of liquidation;

- to claim credits and pay off debts;
- to handle the company's remaining assets after its debts have been paid off; and
- to represent the company in civil lawsuits.

The liquidation group shall notify the company's creditors within 10 days after its establishment and issue public notices in newspapers within 60 days. A creditor shall lodge his claim with the liquidation group within 30 days after receiving notification, or within 45 days of the public notice if he did not receive any notification. A creditor shall state all matters relevant to his creditor rights in making his claim and furnish evidence. The liquidation group shall register such creditor rights. The liquidation group shall not make any debt settlement to creditors during the period of claim.

Upon liquidation of properties and the preparation of the balance sheet and inventory of assets, the liquidation group shall draw up a liquidation plan to be submitted to the shareholders' general meeting or people's court for confirmation.

The company's remaining assets after payment of liquidation expenses, wages, social insurance expenses and statutory compensation, outstanding taxes and debts shall be distributed to shareholders according to their shareholding proportion. It shall continue to exist during the liquidation period, although it can only engage in any operating activities that are related to the liquidation. The company's properties shall not be distributed to the shareholders before repayments are made in accordance to the foregoing provisions.

Upon liquidation of the company's properties and the preparation of the balance sheet and inventory of assets, if the liquidation group becomes aware that the company does not have sufficient assets to meet its liabilities, it must apply to the people's court for a declaration for bankruptcy.

Following such declaration, the liquidation group shall hand over all matters relating to the liquidation to the people's court.

Upon completion of the liquidation, the liquidation group shall submit a liquidation report to the shareholders' general meeting or the people's court for verification. Thereafter, the report shall be submitted to the registration authority of the company in order to cancel the company's registration, and a public notice of its termination shall be issued. Members of the liquidation group are required to discharge their duties honestly and in compliance with the relevant laws. Members of the liquidation group shall be prohibited from abusing their powers to accept bribes or other unlawful income and from misappropriating the company's properties.

A member of the liquidation group is liable to indemnify the company and its creditors in respect of any loss arising from his intentional or gross negligence.

Overseas Listing

Subject to specific circumstances, the Overseas Listing Trial Measures and its guidelines require that, among other things, (i) initial public offerings or listings on overseas markets of domestic companies shall be filed with the CSRC within three working days after the relevant application is submitted overseas, (ii) subsequent securities offerings of an issuer on the same overseas market where it has previously offered and listed securities shall be filed with the CSRC within three working days after the offering is completed, (iii) subsequent securities offerings or listings of an issuer on other overseas markets other than where it has offered and listed securities shall be filed with the CSRC within three working days after the relevant application is submitted overseas; and (iv) if the overseas offering or listing has not been completed within one year upon the completion of the filing with CSRC, the filing documents shall be updated if such overseas offering or listing is going to further proceed.

Loss of Share Certificates

If a registered share certificate is lost, stolen or destroyed, the relevant shareholder may apply, in accordance with the relevant provisions set out in the Civil Procedure Law, to a people's court to declare such certificate invalid. After the people's court declares the invalidity of such certificate, the shareholder may apply to the company for a replacement share certificate.

Termination of Listing

The PRC Securities Law (2019 revision) (《中華人民共和國證券法》(2019年修訂)) ("**PRC Securities Law**") stipulates that the trading of shares of a company of a stock exchange may be terminated if so decided by the stock exchange. Where the stock exchange decides on delisting of securities, it shall promptly announce and file records with the securities regulatory authority of the State Council.

The Overseas Listing Trial Measures requires that, upon the occurrence of voluntary or mandatory delisting after an issuer has offered and listed securities on an overseas market, the issuer shall submit a report to CSRC within three working days after the occurrence and public announcement of such event.

Merger and Demerger

Companies may merge through merger by absorption or through the establishment of a newly merged entity. If it merges by absorption, the company which is absorbed shall be dissolved. If it merges by forming a new corporation, both companies will be dissolved.

SECURITIES LAW AND REGULATIONS

CSRC, a ministerial-level public institution directly under the State Council, performs a unified regulatory function, according to the relevant laws and regulations, and with the authority by the State Council, over the securities and futures market of China, maintains an orderly securities and futures market order, and ensure a legal operation of the capital market.

The PRC Securities Law took effect on July 1, 1999 and was revised on August 28, 2004, October 27, 2005, June 29, 2013, August 31, 2014 and December 28, 2019, respectively. This is the first national securities law in the PRC, which is divided into 14 chapters and 226 articles regulating, among other things, the issue and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of the State Council's securities regulatory authorities. The 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 August 31, 1994, became effective on September 1, 1995 and was amended on August 27, 2009 and September 1, 2017. Under the Arbitration Law, an arbitration committee may, before the promulgation by the PRC Arbitration Association of arbitration regulations, formulate interim arbitration rules in accordance with the Arbitration Law and the Civil Procedure Law. Where the parties have by agreement provided arbitration as the method for dispute resolution, the people's court will refuse to handle the case except when the arbitration agreement is declared invalid.

A claimant may elect for arbitration to be carried out at either the China International Economic and Trade Arbitration Commission (中國國際經濟貿易仲裁委員會) ("**CIETAC**") in accordance with its rules or the Hong Kong International Arbitration center ("**HKIAC**") in accordance with its Securities Arbitration Rules (the "**Securities Arbitration Rules**"). Once a claimant refers a dispute or claim to arbitration, the other party shall submit to the arbitral body elected by the claimant. If the claimant elects for arbitration to be carried out at the HKIAC, any party to the dispute or claim may apply for a hearing to take place in Shenzhen in accordance with the Securities Arbitration Rules. In accordance with the Arbitration Regulations of CIETAC (《中國國際經濟貿易仲裁委員會仲裁規則》) which was latest amended on September 2, 2023 and implemented on January 1, 2024, CIETAC shall deal with economic and trading disputes over contractual or non-contractual transactions, based on an agreement of the parties, including disputes involving Hong Kong based on the agreement of the parties.

Under the Arbitration Law and the Civil Procedure Law, an arbitral award is final and binding on the parties. If a party fails to comply with an award, the other party to the award may apply to the people's court for enforcement. A people's court may refuse to enforce an arbitral award made by an arbitration commission if there is any irregularity on the procedures or composition of arbitrators specified by law or the award exceeds the scope of the arbitration agreement or is outside the jurisdiction of the arbitration commission.

A party seeking to enforce an arbitral award of PRC arbitration panel against a party who, or whose property, is not within the PRC, shall apply to a foreign court with jurisdiction over the case for enforcement. Similarly, an arbitral award made by a foreign arbitration body may be recognized and enforced by the PRC courts in accordance with the principles of reciprocity or any international treaty concluded or acceded to by the PRC. The PRC acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the "**New York Convention**") adopted on June 10, 1958 pursuant to a resolution of the Standing Committee of the NPC passed on December 2, 1986. The New York Convention provides that all arbitral awards made in a state which is a party to the New York Convention shall be 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 June 18, 1999, the Supreme People's Court adopted the Arrangement on Mutual Enforcement of Arbitral Awards between Mainland China and Hong Kong (《關於內地與香港特別行政區相互執行仲裁裁決的安排》), which became effective on February 1, 2000. In accordance with this arrangement, and its supplemental arrangements, upon satisfying certain requirements, awards made by PRC arbitral authorities under the Arbitration Law can be enforced in Hong Kong, and Hong Kong arbitration awards are also enforceable in the PRC.

Judicial judgment and its enforcement

According to the Arrangement on Mutual Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland China and of the Hong Kong Special Administrative Region Pursuant to Agreed Jurisdiction by Parties Concerned (《最高人民法院關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) (the "Arrangement") promulgated by the Supreme People's Court on July 3, 2008 and implemented on August 1, 2008, in the case of final judgment, defined with payment amount and enforcement power, made between the court of China and the court of the Hong Kong Special Administrative Region in a civil and commercial case with written jurisdiction agreement, any party concerned may apply to the People's Court of China or the court of the Hong Kong Special Administrative Region for recognition and enforcement based on this arrangement. "Written jurisdiction agreement" refers to a written agreement defining the exclusive jurisdiction of either the People's Court of China or the court of the Hong Kong Special Administrative Region in order to resolve dispute with particular legal relation occurred or likely to occur by the party concerned. Therefore, the party concerned may apply to the Court of China or the court of the Hong Kong Special Administrative Region to recognize and enforce the final judgment made in China or Hong Kong that meet certain conditions of the aforementioned regulations.

On January 18, 2019, a further arrangement was reached between Hong Kong Special Administrative Region and the Supreme People's Court, Arrangements for Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Cases between Courts of the Mainland and Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》), which will become effective and replace the Arrangement on January 29, 2024, privileged that "Written Agreement on Jurisdiction" reached under the Arrangement before January 29, 2024 will still apply. This new arrangement further stipulates the scope and content of judgments applicable to the reciprocal recognition and enforcement and corresponding procedures and methods for applying, the circumstances concerning review, non-recognition and enforcement upon the jurisdiction of the court of first instance and the means of remedy. Non-monetary judgments and judgments on some intellectual property cases are included in the reciprocal recognition and enforcement of in accordance with this new arrangement.

Shareholding and Transfer of Shares

Under PRC law, our Domestic Shares, which are denominated and subscribed for in Renminbi, may only be subscribed for and traded by the government or government authorized departments, PRC legal persons, natural persons, qualified foreign institutional investors, or eligible foreign strategic investors. Overseas 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 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.

This appendix summarizes the principal provisions of the Company's Articles of Association approved on October 8, 2024, which shall take effect on the date of the H-Shares being listed on the Stock Exchange. As the primary purpose of this appendix is to provide potential investors with an overview of the Company's Articles of Association, it does not necessarily contain all of the information that is important to potential investors.

1 SHARES AND REGISTERED CAPITAL

Shares of the Company adopt the form of share certificates.

The issue of the shares of the Company shall be based on the principle of fairness and impartiality, and shall rank pari passu in all respects with the shares of the same class. Shares of the same class issued at the same time shall be issued under the same condition and at the same price; the same price shall be paid for each of the shares subscribed for by any entity or individual.

The Company shall have ordinary shares at all times. The Company may issue other classes of shares if necessary, upon approval by the examining and approving departments.

After completing the filing procedures with the securities regulatory authorities of the State Council and the consent of The Stock Exchange of Hong Kong Limited (the "SEHK"), the Company may issue shares to qualified domestic investors and overseas investors. Upon the approval of the plan for issuing H-shares and unlisted shares by the securities regulatory authority of the State Council, the Board of Directors of the Company (the "Board") may arrange for the implementation of such plan by means of separate issues. The Company's plan for separate issues of H-shares and domestic unlisted shares in accordance with the preceding paragraph may be implemented separately within 15 months from the date of filing with the securities regulatory authority of the State Council. If the Company issues H-shares and unlisted shares separately within the total amount of shares specified in the issue plan, such shares shall be fully issued for at their respective prices; if the shares cannot be fully issued for once due to special circumstances, the shares may, subject to the approval of the securities regulatory authority of the State Council, be issued in several stages.

2 INCREASE AND DECREASE OF CAPITAL AND REPURCHASE OF SHARES

In accordance with the laws and regulations, the Company may, based on its operating and development needs and the resolution of the general meeting, increase its capital by the following methods:

(I) by public offering of shares;

(II) by non-public offering of shares;

(III) by placing or allotting new shares to existing shareholders;

(IV) by capitalizing its capital reserve;

(V) by any other methods which is permitted by the laws and administrative regulations.

The Company's increase in capital by issuing new shares shall be handled in accordance with the procedures provided for in the relevant laws, administrative regulations and Hong Kong Listing Rules after having been approved in accordance with the Articles of Association.

The Company may reduce its registered capital. The Company shall reduce its registered capital in accordance with the PRC Company Law, Hong Kong Listing Rules and other relevant provisions and the procedures stipulated in the Articles of Association. In case of decrease of registered capital of the Company, a balance sheet and assets list shall be formulated. The Company shall notify its creditors within 10 days from the date of passing of the resolution for the decrease of registered capital and shall publish a notice in a newspaper or National Enterprise Credit Information Publicity System within 30 days thereof. The creditors shall, within 30 days since the date of receiving the notice or within 45 days since the date of the first public announcement for those who have not received a written notice, be entitled to require the Company to pay off its debts in full or to provide a corresponding guarantee for repayment.

Under the following circumstances, the Company may repurchase its shares in accordance with the provisions of the relevant laws, administrative regulations, departmental rules, Hong Kong Listing Rules and Articles of Association:

(I) to reduce the registered capital of the Company;

(II) to merge with other companies that hold the shares of the Company;

(III) to use the shares for Employee Stock Ownership Plan or as equity incentive;

(IV) the shareholders disagreeing with the merger or separation resolution made by the general meeting ask the Company to acquire their shares;

(V) to use the shares in the conversion of the convertible corporate bonds issued by the Company;

(VI) to safeguard the company value and the shareholders' rights as deems necessary;

(VII) any other circumstances required by the laws, administrative regulations, departmental rules, regulation rules of the place where the Company's shares are listed, etc..

Except for the above situations, the Company shall not engage in the activity of transaction related to its shares.

The Company may proceed to repurchase its shares in one of the following manners:

(I) by issuing repurchase offer to all the shareholders based on the same proportion;

(II) through public trading on stock exchange;

(III) through agreement outside the stock exchange;

(IV) other methods permitted by the law, administrative statutes and regulatory authorities.

The repurchase of shares of the Company through agreement outside the stock exchange shall be approved in advance by the general meeting in accordance with the provisions of the Articles of Association. With prior approval by shareholders at general meeting obtained in the same manner, the Company may rescind or amend contracts concluded in the manner set forth above or waive any of its rights under such contracts. The contract to repurchase shares referred to above includes but not limited to such agreement for the commitment to fulfill the obligations of share repurchase and acquisition of the rights to repurchase shares. The Company shall not assign a contract for the repurchase of its own shares or any of its rights thereunder. Where the Company has the right to purchase redeemable share, the purchase price shall be limited to a maximum price if the purchases are not made through the market or by tender; if purchases are by tender, tenders shall be made available to all shareholders on the same terms.

3 SHARE TRANSFER

Unless otherwise specified in the laws, administrative regulations and by the securities regulatory authorities in the place where the shares of the Company, the paid up shares of the Company can be freely transferred in accordance with the laws and are not subject to any lien. The shares of the Company may be donated, inherited and pledged in accordance with the relevant laws, administrative regulations and the Articles of Association. The transfer of shares shall be registered with the local stock registration institution entrusted by the Company.

4 FINANCIAL ASSISTANCE FOR THE PURCHASE OF COMPANY SHARES

As stipulated by Article 33 of the Articles of Association, the Company or its subsidiaries (including affiliates of the Company) shall not at any time by way of gift, advance, guarantee, compensation or loans to provide any financial assistance to purchasers or potential purchasers of the Company's shares in any way. The aforesaid purchasers include persons directly or indirectly undertaking obligations because of the purchase of the Company's shares. The Company or its subsidiaries (including affiliates of the Company) shall not at any time or in any form provide any financial assistance to the aforesaid obligors for the purpose of reducing or discharging their obligations.

The acts listed below are not prohibited by Article 33 of the Articles of Association as forementioned, subject to any prohibitions by the relevant laws, administrative regulations, departmental rules and normative documents:

(I) the provision of financial assistance by the Company in good faith for the benefit of the Company and the main purpose of the financial assistance is not to purchase shares in the Company, or the financial assistance is an incidental part of a master plan of the Company;

(II) the lawful distribution of the Company's assets as dividends;

(III) the distribution of dividends in the form of shares;

(IV) a decrease of registered capital, a repurchase of shares, capital restructuring, etc. in accordance with the Articles of Association;

(V) the provision of loans by the Company within its scope of business and in the ordinary course of its business (provided that the net assets of the Company are not thereby reduced or that, to the extent that the assets are thereby reduced, the financial assistance was paid out of the Company's distributable profits);

(VI) contributions made by the Company to the ESOP (provided that the net assets of the Company are not thereby reduced or that, to the extent that the assets are thereby reduced, the financial assistance was paid out of the Company's distributable profits).

5 SHARE CERTIFICATES AND REGISTER OF SHAREHOLDERS

The share certificates of the Company shall be in registered form. The share certificates of the Company shall contain the particulars as required by the PRC Company Law, and any other items as required by any stock exchange on which the shares of the Company are listed.

The Company shall keep a register of members containing the following particulars or register shareholders pursuant to the provisions of the laws, administrative regulations, departmental rules and the Hong Kong Listing Rules:

(I) the name (title), address (domicile) of each shareholder;

(II) the class and number of shares held by each shareholder;

(III) the serial numbers of the shares held by each shareholder if the share issued in written paper; and

(IV) the date on which each shareholder was registered as a shareholder.

The register of shareholders shall be sufficient evidence of the shareholders' shareholding in Company, unless there is evidence to the contrary.

Transfer of shares shall be recorded in the register of members. The Company may, in accordance with the understanding and agreement reached between the securities regulatory agency under the State Council and the overseas securities regulatory agency, keep the register of shareholders of overseas listed foreign shares outside China and appoint overseas agencies to maintain such register. The original register of shareholders of overseas listed foreign shares issued in Hong Kong shall be maintained at Hong Kong and must be accessible to shareholders.

Copies of the register of shareholders for overseas listed foreign shares shall be kept at the Company's legal address. Appointed overseas agencies shall from time to time maintain the consistency of the original register of shareholders for overseas listed foreign shares and the copies thereof. In case of any inconsistency between the original and copies of the register of shareholders of overseas listed foreign shares, the original shall prevail.

6 SHAREHOLDERS

The shareholders of the Company are those who lawfully hold the shares of the Company and have their names registered in the register of shareholders. The shareholders shall enjoy the rights and assume the obligations according to the class and amount of the shares they hold; the shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations.

Shareholders of ordinary shares of the Company shall enjoy the following rights:

(I) to receive dividend and other forms of distribution of interest in proportion to their respective shareholdings;

(II) to legally request, convene, preside over, attend or dispatch shareholder's agent to attend the general meeting and exercise the corresponding speaking and voting rights;

(III) to supervise the business operations of the Company and to make suggestions or inquiries;

(IV) to transfer, bestow or pledge the shares they hold according to the laws, administrative regulations and the Articles of Association;

(V) to access relevant information according to the provisions of the Articles of Association, including:

i. the right to review and duplicate the Articles of Association of the Company and the articles of association of wholly-owned subsidiaries of the Company upon payment of a fee covering the cost;

ii. the rights to inspect and obtain photocopies of the following information upon payment of a fee covering the cost:

(1) all parts of the register of members (the list of all shareholders at the close of share registration on the record date of the Company's latest periodic report);

(2) personal particulars of the directors, supervisors, CEO and other senior management personnel of the Company, including:

(a) current and previous names and aliases;

(b) main address (domicile);

(c) nationality;

(d) full-time and all other part-time jobs and titles;

(e) identity documents and numbers.

(3) status of the share capital of the Company;

(4) reports showing the aggregate par value, number of shares, and maximum and minimum prices paid in respect of each class of shares repurchased by the Company since the last fiscal year, as well as all the expenses paid by the Company therefore;

(5) meeting minutes of general meetings, board meeting and supervisor's meeting (only available for shareholders' inspection) and copies of the Company's resolutions of general meetings, Board meetings and meeting of Board of Supervisors;

(6) the latest audited financial statements and accounting reports of the Board, auditors and Board of Supervisors;

(7) copies of the annual return for the latest period that has been filed with China's Administration for Market Regulation or other authorities;

(8) special resolutions of the Company;

(9) Accounting book and accounting certificate of the Company and its wholly-owned subsidiaries.

iii. bond record of the Company.

A shareholder requesting for inspection of information or access to aforesaid materials shall provide the Company with written documents evidencing the class and number of shares of the Company that such shareholder holds. The Company shall provide such information and materials as requested by the shareholder after confirming the identity of the shareholder; provided that the Company has reasonable grounds to believe that a shareholder's review of accounting books and accounting vouchers was under an improper purpose and may harm the company's legitimate interests, the company could refuse to do so but shall reply to the shareholder in writing and explain the reasons within 15 days from the date of the shareholder's written request;

(VI) to participate in the distribution of remaining assets of the Company in proportion to the number of shares held in the event of the termination or liquidation of the Company;

(VII) to request the Company to buy back his/her shares if a shareholder opposes the merger or division of the Company at the general meeting;

(VIII) for shareholders individually or jointly holding more than 1% of the outstanding and voting shares of the Company, to raise temporary proposal and submit it to the convener in writing 10 days before the general meeting is held;

(IX) other rights conferred by the laws, administrative regulations, departmental rules, regulation rules of the place where the Company's shares are listed and the Articles of Association.

The shareholders are entitled to request the court to invalidate the resolution of the general meeting and board meeting which violates the laws and administrative regulations.

The shareholders are entitled to request the court to cancel the relevant resolution within 60 days after the resolution is adopted if the convening procedure and voting methods of the general meeting or board meeting violates the laws, administrative regulations or the Articles of Association, or the resolution content breaches the Articles of Association; provided, however, that the request shall not be adopted when the convening procedures or voting methods of the general meeting or board meeting are only slightly flawed.

Any director and senior management personnel who causes losses to the Company for violation of the requirements of the laws, administrative regulations or the Articles of Association during the performance of his/her duties, shall be liable to the Company. The shareholders who hold more than 1%, individually or jointly, of the Company's outstanding and voting shares for more than 180 days continuously, have the right to request the Board of Supervisors to bring a suit to the people's court; if the Board of Supervisors causes losses to the Company for violation of the requirements of the laws, administrative regulations or the Articles of Association during the performance of its duties, the aforesaid shareholders can request the Board in written form to file a suit in the people's court.

Upon receipt of the written request by the shareholders as stipulated in the preceding paragraph, in case the Board of Supervisors and/or the Board refuses to file a litigation or fails to file a litigation within 30 days from receipt of such request, or under urgent circumstances that failure in filing a litigation immediately, the Company will suffer from irreparable damages, the aforesaid shareholders shall have the right to file a litigation with a people's court directly in their own name for protection of the Company's interests.

In the event that any person infringes the legal interests of the Company causing losses to the Company, the shareholders specified in the last two paragraph may file a litigation with a people's court in accordance with the provisions of the preceding two paragraphs.

In the event of directors, supervisors and manager in wholly-owned subsidiaries violating the laws, administrative regulations or the provisions under regulated Articles of Association resulting damage to the shareholders' interest, the shareholders may also file a litigation with a people's court by itself or through the request for the Board or the board of supervisors in relevant wholly-owned subsidiaries.

Shareholders of ordinary shares of the Company shall assume the following obligations:

(I) to abide by the laws, administrative regulations, departmental rules, regulatory rules of the place where the Company's shares are listed and the Articles of Association;

(II) to pay subscription moneys for the shares subscribed in accordance with the agreed manner of payment;

(III) not to withdraw from the Company except for the circumstances set out in the relevant laws, regulations and the Articles of Association;

(IV) not to abuse shareholder's rights to damage the interests of the Company or other shareholders; not to abuse the independent legal person status of the Company and the limited liability of shareholders to damage the interests of the creditors of the Company;

If any shareholder of the Company abuses the shareholder's rights and causes loss to the Company or other shareholders, he/she shall be liable for the compensation;

If any shareholder of the Company abuses the independent legal person status of the Company and the limited liability of shareholders to evade debts and severely damage the interests of the creditors of the Company, he/she shall bear joint liability for the debts of the Company;

(V) to assume other obligations required by the laws, administrative regulations, regulation rules of the place where the Company's shares are listed and the Articles of Association.

Shareholders shall not be liable for making any additional contribution to the share capital other than according to the terms agreed by the subscriber of the shares at the time of subscription.

7 GENERAL PROVISIONS OF GENERAL MEETINGS

The General Meeting of Shareholders acts as the organ of authority of the Company which, according to the laws, exercises the following authorities:

(I) to elect and replace directors and supervisors who are not staff representatives, and to decide on matters relating to their remuneration;

(II) to review and approve the reports of the Board;

(III) to review and approve the reports of the Board of Supervisors;

(IV) to review and approve the annual financial budget plans and accounting plans of the Company;

(V) to review and approve the profit distribution plan and loss recovery plan of the Company;

(VI) to make resolutions on the increase or reduction of the Company's registered capital;

(VII) to make resolutions on the issuance of shares of any series, stock warrant, corporate bonds or other securities plans thereof;

(VIII) to make resolutions on matters such as the merger, division, dissolution, liquidation or change in the organizational form of the Company;

(IX) to amend the Articles of Association;

(X) to make resolutions on the appointment or dismissal or non-renewal of engagement of accounting firms by the Company;

(XI) to examine and approve the external guarantees of the Company that require the approval by the general meetings;

(XII) to consider the Company's purchase or disposal of major assets and external guarantees within one year of an aggregate value exceeding 30% of the latest audited total assets of the Company;

(XIII) to examine material transactions and connected transaction which should be submitted to the general meeting for examination in accordance with the relevant laws, administrative regulations, regulatory rules of the place where the Company's shares are listed and the Articles of Association;

(XIV) to review and approve stock incentive plan;

(XV) to consider proposals raised by shareholder(s), individually or collectively representing over 1% of the Company's outstanding and voting shares;

(XVI) to review and approve the change use of raised fund;

(XVII) to consider other matters that should be decided by the general meeting according to the laws, administrative regulations, departmental rules, Hong Kong Listing Rules or the Articles of Association;

(XVIII) to consider other matters required by administrative authorities of the place where the Company's shares.

Under the condition of not breaching any laws and regulations and mandatory provisions of the laws and regulations of the listing place, the general meeting may authorize or entrust the Board to handle the matters as authorized or entrusted.

The general meetings shall be divided into the annual general meetings and the extraordinary general meetings. The general meeting shall be convened by the Board. The annual general meeting shall be convened once a year, and shall be held within six months after the prior accounting year ends.

The Company shall convene an extraordinary general meeting within two months under any of the following circumstances:

(I) when the number of directors is less than the number specified in the PRC Company Law or two-thirds of the number required by the Articles of Association;

(II) when the uncovered loss of the Company reaches one-third of the total paid-in share capital of the Company;

(III) at the request of shareholders who individually or collectively hold more than 10% of the Company's issued voting shares;

(IV) when the Board considers it necessary;

(V) when the Board of Supervisors proposes such a meeting be held;

(VI) any other circumstances required by the laws, administrative regulations, departmental rules, regulation rules of the place where the Company's shares are listed and the Articles of Association.

The number of shares held under the item (III) above shall be calculated from the date of such shareholder's written request.

8 CONVENING OF THE GENERAL MEETING

The general meeting shall be convened by the Board, the chairman of which shall also act as the chairman of the meeting; when the Chairman of the Board is unable or fails to perform his duties, a director of the Company jointly recommended by more than half of the Board shall convene the meeting on his/her behalf and act as the chairman of the meeting.

If the Board is unable to perform or does not perform the duty of convening a general meeting, the Board of Supervisors of the Company shall convene and preside over the meeting; if the Board of Supervisors does not convene and preside over the meeting, shareholders who individually or collectively hold more than ten percent of the outstanding and voting shares of the Company for more than ninety consecutive days may convene and preside over the meeting themselves.

9 PROPOSALS AND NOTICES OF THE GENERAL MEETING

Where the Company convenes a general meeting, the Board, Board of Supervisors, and shareholder(s) individually or jointly holding more than 1% outstanding and voting shares of the Company may make proposals to the Company.

The shareholders individually or jointly holding more than 1% of the outstanding and voting shares of the Company may raise temporary proposal and submit it to the convener in writing 10 days before the general meeting is held. The convener shall, within 2 days after the receipt of the proposal, issue a supplementary notice to inform the general meeting of the contents of the temporary proposal.

In order to hold a general meeting, notices in writing shall be given 21 days prior to the date of the meeting in case of an annual general meeting and 15 days prior to the date of the meeting in case of an extraordinary general meeting.

10 VOTING AND RESOLUTIONS OF THE GENERAL MEETING

The resolutions of a general meeting are classified into ordinary resolutions and special resolutions.

Ordinary resolutions of the general meeting shall be passed by more than half of the voting rights held by the shareholders (including proxies) present at the meeting.

Special resolutions of the general meeting shall be passed by more than two-thirds of the voting rights held by the shareholders (including proxies) present at the meeting.

The following matters shall be resolved by way of ordinary resolution of the general meeting:

(I) work reports of the Board and the Board of Supervisors;

(II) profit distribution proposals and proposals for making up losses formulated by the Board;

(III) appointment, dismissal and remuneration of the members of the Board and the Board of Supervisors (expect for the employees representative Supervisor) and the method of payment of the remuneration;

(IV) annual report of the Company;

(V) other matters required by the laws, administrative regulations, regulation rules of the place where the Company's shares are listed or the Articles of Association to be passed by special resolutions.

The following matters shall be resolved by way of special resolution of the general meeting:

(I) increase or reduction of the Company's registered capital, issuance of any class of shares, options and other similar types of securities;

(II) issuance of corporate bonds;

(III) division, merger, dissolution and liquidation or change of organizational form of the Company;

(IV) amendment to the Articles of Association;

(V) purchase and disposal of material assets by the Company within one year, or a guarantee amount exceeding 30% of the audited total assets in the most recent period of the Company;

(VI) Equity Incentive Plan;

(VII) other matters required by the laws, administrative regulations, regulation rules of the place where the Company's shares are listed or the Articles of Association, and matters which, according to an ordinary resolution of the general meeting, may have a significant impact on the Company and shall be adopted by way of a special resolution.

Shareholders (including proxies) shall exercise their voting rights by the number of voting shares they represent at the general meeting, and each share shall have one vote, unless individual shareholders are required by the Hong Kong Listing Rules to waive their voting rights on individual matters. Shareholders (including proxies) who have two or more votes are not required to vote for or against all voting rights. The Company shares held by the Company have no voting right, and those shares are not included in the total number of voting shares present at the general meeting and shall not be deposited in CCASS. Any shareholder who is required under the Hong Kong Listing Rules to waive his/her voting rights on a resolution or is restricted from voting only for or against a resolution shall not be counted as a vote made by that shareholder or his/her representative in contravention of such requirement or restriction.

11 DIRECTORS

Directors are elected by the general meeting with a term of office of three years. Upon expiration of the term, the directors may be re-elected and serve consecutive terms.

The director shall comply with the laws, administrative regulations, the regulatory rules of the place where the Company's shares are listed or the Articles of Association, and shall have the following duties of fidelity to the Company:

(I) shall not abuse their duties and rights to receive bribes or other illegal income and shall not misappropriate the property of the Company;

(II) shall not misappropriate the Company funds;

(III) shall not deposit Company funds in a bank account opened in his/her name or in the name of others;

(IV) shall not use of Company funds to make loans to others or provide guarantee for others without the consent of the general meeting of shareholders or the board of directors and in violation of the provisions of the Articles of Association of the Company;

(V) shall not enter into contracts or transactions with the Company in violation of the provisions of the Articles of Association or without the consent of the general meeting of shareholders;

(VI) shall not abuse his/her duties and powers to seize commercial opportunities of the Company for himself/herself or others or engage in similar business of the same kind with that of the Company for himself/herself or for others without the consent of the general meeting of shareholders;

(VII) shall not accept commissions from transactions with the Company for his or her own benefit;

(VIII) shall not disclose the secrets of the Company arbitrarily;

(IX) shall not use his affiliation to harm the interests of the Company;

(X) other duties of fidelity stipulated by laws, administrative regulations, departmental rules and regulations, regulatory rules of the place where the Company's shares are listed or the Articles of Association.

Any income derived by a director in violation of the provisions of this Article shall belong to the Company; if it causes losses to the Company, he/she shall be liable for compensation.

If a director fails to attend the board meeting in person (a director who participates in a board meeting or vote by means of communication is considered to be present in person) or entrust any other director to attend the meeting on his/her behalf for two consecutive times, it shall be deemed that he/she cannot perform his/her duties, and the Board shall recommend the general meeting to remove such director.

A director may resign before the end of his tenure. The director shall submit a written resignation report to the board of director.

12 INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has independent directors (equivalent to independent non-executive directors under the Hong Kong Listing Rules) and the issues including conditions of appointment, nomination and election procedures, tenure of office, resignation and powers of the independent directors are implemented in accordance with the relevant provisions of the laws, administrative regulations, departmental rules and regulation rules of the place where the shares of the Company are listed.

Independent directors shall faithfully perform their duties and safeguard the interests of the Company, with particular attention to ensuring that the legitimate rights and interests of public shareholders are not jeopardized, so as to ensure that the interests of all shareholders are adequately represented. The functions and powers of the independent non-executive directors and the related matters shall be subject to the relevant provisions of the laws, administrative regulations, departmental rules and the regulation rules of the place where the Company's shares are listed.

13 THE BOARD

The Board is composed of 9 directors, including one chairman. At all times, the Board should have at more than one-third independent directors, and the total number of independent directors should not be less than three, at least one of whom should have appropriate professional qualifications in line with regulatory requirements, or appropriate accounting or related financial management expertise compliance with the regulation rules of the place where the Company's shares are listed.

The Board shall exercise the following powers:

(I) to convene a shareholders' general meeting and report to the meeting on the work of the Board;

(II) to implement the resolutions of the general meeting;

(III) to decide on the business plan and investment scheme of the Company;

(IV) to formulate the annual financial budgetary plans and final accounting plans of the Company;

(V) to formulate the profit distribution plan and loss recovery plan of the Company;

(VI) to formulate plans of increasing or decreasing the Company's registered capital, issuing corporate bonds or other securities and going public;

(VII) to formulate plans for substantial acquisition, repurchase of shares, or merger, division, dissolution and change of corporate form of the Company;

(VIII) to examine and approve the guarantees of the Company that require the approval by the general meetings;

(IX) to examine and approve the transactions under Article 128 of the Articles of Association;

(X) to examine and approve the matters required to be passed by the Board as stipulated in the Management Measures on Connected Transactions;

(XI) to determine the setup of the Company's internal management structure;

(XII) to appoint or dismiss the CEO of the Company; to appoint or dismiss senior management personnel such as financial officer according to the nomination of the CEO, and to decide on matters of remuneration, rewards and punishments;

(XIII) to formulate the basic management system of the Company;

(XIV) to formulate the proposals for any amendment to the Articles of Association;

(XV) to request the general meeting to engage or replace the accounting firm that provides audit for the Company;

(XVI) to debrief the work report of the CEO of the Company and check the works of the CEO;

(XVII) to manage the information disclosure of the Company;

(XVIII) any other functions and powers granted by the laws, administrative regulations, departmental rules, regulation rules of the place where the Company's shares are listed or the Articles of Association.

For matters resolved by the Board in the preceding paragraph, except for items (VI), (VII), (VIII) and (XIV) which must be approved by a vote of at least two-thirds of the directors, the remaining items may be approved by a vote of more than half of the directors.

For the disposal of fixed assets by the Board, in the event that the aggregate amount of the expected value of the proposed disposal of fixed assets and the value of the disposed fixed assets during the four months prior to this proposed disposal exceeds 33% of the value of fixed assets shown in the latest balance sheet as considered at the general meeting, the Board shall not dispose or agree to dispose of such fixed asset without obtaining approval at the general meeting.

The chairman of the Board shall exercise the following powers:

(I) to preside over general meetings and convening and presiding over Board meetings;

(II) to procure and examining the implementation of resolutions of the Board;

(III) to sign share certificates, corporate bonds and other securities issued by the Company;

(IV) to sign important documents of the Board;

(V) to exercise the special disposal power on the Company affairs in line with the interests of the Company in accordance with the provisions of the laws and regulations in case of an emergency of force majeure such as a major natural disaster, and reporting to the Board or the general meeting of the Company afterwards; and

(VI) to exercise other powers as set forth by the Board or in the laws, administrative regulations and regulatory rules of the place where the Company's shares are listed.

Board meetings are composed of regular meetings and extraordinary meetings. The Board shall hold at least four meetings each year, approximately once a quarter, which shall be convened by the Chairman and notified to all the directors and supervisors 14 days prior to the meeting in writing. Regular Board meetings do not include obtaining Board approval by circulating written resolutions. Written notice shall be given to all directors and supervisors five days prior to the convening of an extraordinary Board meeting. In case of emergency and it is necessary to convene an extraordinary Board meeting as soon as possible, the convening of the meeting shall not be subject to the time limit as set out above.

A Board meeting shall not be held unless more than half of the directors are present. A resolution made by the Board must be approved by more than half of all the directors. Each director shall have one vote for the resolutions of the Board. When the Board considers the external guarantee provided by the Company, consent by more than two-thirds of directors is required.

The directors shall attend the Board meeting in person. If a director is unable to attend the meeting for some reason, he/she may entrust another director in writing to attend the meeting on his/her behalf. The power of attorney shall specify the name, matters entrusted to, scope of authorization and term of validity of the proxy, and shall be signed or sealed by the principal. The director who attend the meeting on behalf of another director shall exercise the rights of the directors within the scope of authorization. If a director fails to attend a Board meeting or to appoint a proxy, he/she shall be deemed to have waived his/her right to vote at that meeting.

The Articles of Association do not contain any special provision in respect of the manner in which borrowing powers may be exercised by the Directors, except (i) required the provision regarding the power of the Board to formulate proposal for our Company to issue bonds; (ii) required the provision stating the issuance of bonds to be approved by the Shareholders of the Company at a general meeting by way of a special resolution; and (iii) required the provision regarding prohibition of loans to Directors, senior officers and supervisors with certain exceptions in favor of our Company.

14 SPECIAL COMMITTEES OF THE BOARD

The Board of the Company sets up special committees, such as the Audit Committee, the Nomination Committee, the Remuneration and Appraisal Committee, and the Strategy Committee. The special committees shall be accountable to the Board and shall perform their duties in accordance with the Articles of Association and the authorization of the Board. Their proposals shall be submitted to the Board for deliberation and decision.

15 CEO AND OTHER SENIOR OFFICERS

The Company has one CEO, one president and several senior officers. The CEO shall be appointed or dismissed by the Board. Other senior officers shall be appointed by CEO and dismissed by the Board.

The CEO of the Company shall be liable to the Board and exercise the following powers:

(I) to manage the production and operation management of the Company, organizing execution of the Board's resolutions, and reporting the relevant work to the Board;

(II) to organize the implementation of the annual business plan and investment scheme of the Company;

(III) to prepare proposal for the internal management organization setting scheme of the Company;

(IV) to prepare proposal for the basic management system of the Company;

(V) to develop the specific rules of the Company;

(VI) to propose the appointment or termination of CFO, board secretary or other senior officer of the Company to the Board;

(VII) to decide to appoint or remove the officers other than those subject to the decision of the Board;

(VIII) to deal with transactions that are not stipulated in the Articles of Association and whose approving standards need to be deliberated by the general meeting or the Board; and

(IX) other powers granted by the Articles of Association or the Board.

The CEO may attend the Board meetings. The CEO who is not a director has no right to vote at the Board meetings.

16 BOARD OF SUPERVISORS

The Company shall have a Board of Supervisors, which shall consist of five supervisors, including one chairman. The appointment or dismissal of the chairman of the Board of Supervisors shall be determined by more than half of the members of the Board of Supervisors. The chairman of the Board of Supervisors shall convene and preside over the meeting of the Board of Supervisors. When the chairman of the Board of Supervisors is unable or fails to perform his or her duty, a supervisor jointly recommended by more than half of the supervisors shall convene and preside over the meeting of the Board of Supervisors.

The directors, CEO and other senior officers of the Company shall not serve concurrently as supervisors.

Meetings of the Board of Supervisors are composed of regular meetings and extraordinary meetings. The Board of Supervisors shall hold at least one regular meeting every six months and at least two meetings every year. The chairman of the Board of Supervisors shall be responsible for convening meetings of the Board of Supervisors. The supervisors may propose to convene an extraordinary meeting of the Board of Supervisors.

The Board of Supervisors shall be accountable to the general meeting and exercise the following powers:

(I) to examine the Company's financial affairs;

(II) to supervise the acts of the directors and senior officers, and proposing dismissal of directors and senior officers who violate the laws, administrative regulations, the Articles of Association, or resolutions of general meetings;

(III) when the actions of any directors or senior officers are found to damage the interests of the Company, to urge them to make correction;

(IV) to propose the convening of extraordinary general meetings and, in case the Board does not perform the obligations to convene and preside over the general meetings in accordance with PRC Company Law and the Articles of Association, convening and presiding over the general meetings;

(V) to submit proposals to the general meetings;

(VI) to liaise with directors, prosecute or file a lawsuit against directors and senior officers on behalf of the Company;

(VII) to conduct investigation if there is any unusual circumstances in the Company's operations; and if necessary, engaging an accounting firm, law firm, or other professional institutions to assist in their work with expenses to be borne by the Company;

(VIII) to verify financial information such as financial reports, business reports, profit distribution plans, etc. that the Board intends to submit to the general meeting and, if in doubt, appointing a registered accountant or practicing auditor in the name of the Company to assist in reviewing such information;

(IX) to propose a temporary Board meeting;

(X) to request the director and officers to submit report on performing duties; and

(XI) to exercise other powers prescribed in the Articles of Association of the Company.

17 QUALIFICATIONS AND DUTIES OF THE DIRECTORS, SUPERVISORS AND SENIOR OFFICERS OF THE COMPANY

None of the following persons may serve as a director, supervisor, CEO or other senior officer of the Company:

(I) persons without capacity or with limited capacity for civil acts;

(II) persons who were sentenced for crimes of corruption, bribery, encroachment or embezzlement of property or disruption of the social and economic order, or persons who were deprived of their political rights for committing a crime, where five years have not lapsed following the serving of the sentence or two years from the date of expiration of the probation period if a suspended sentence is pronounced;

(III) persons who acted as directors, or factory managers or managers of companies or enterprises which were bankrupt or liquidated and who should bear personal liability for the bankruptcy or liquidation of such companies or enterprises, where three years have not lapsed following the date of completion of such bankruptcy or liquidation;

(IV) the legal representatives of companies or enterprises that had their business licenses revoked or business ordered shut-down as a result of violating the law, and where such representatives bear personal liability therefore and three years have not lapsed following the date of revocation of such business licenses or business shut-down;

(V) persons with relatively heavy individual debts that have not been settled upon maturity and listed as a dishonest debtor by the People's Court;

(VI) persons against whom a case has been established for investigation by the judicial authorities as a result of suspected violation of the criminal law, and such case has not been closed;

(VII) persons who may not act as leaders of enterprises by virtue of the laws and administrative regulations;

(VIII) non-natural persons;

(IX) persons ruled by a relevant organization in charge to have violated securities-related regulations, where such violation involved fraudulent or dishonest acts and five years have not lapsed following the date of the ruling; and

(X) circumstances specified in the laws, administrative regulations, the listing rules of the place where the Company's shares are listed, and the relevant laws and regulations of the place where the Company's shares are listed.

Any election, designation or appointment of directors, supervisors, CEO or other senior officers in violation of this provision shall be invalid. The Company shall dismiss the director, supervisor, CEO or other senior officers if they are involved in the said circumstances during their respective term of office.

The validity of an act of a director, CEO or other senior officer of the Company on behalf of the Company towards a bona fide third party shall not be affected by any irregularity in his current position, election or qualifications.

The fiduciary duty imposing on the director shall be also applicable to the supervisors, CEO and other senior management personnel. In addition to obligations imposed by the laws, administrative regulations or listing rules of the place where the Company's shares are listed, the Company's directors, supervisors, CEO and other senior officers shall owe the following obligations to each shareholder in the exercise of the functions and powers granted to them by the Company:

(I) not to cause the Company to act beyond the scope of business as stipulated in its business license;

(II) to act in good faith in the best interests of the Company;

(III) not to deprive the property of the Company in any form, including (but not limited to) any opportunity favorable to the Company; and

(IV) not to deprive the individual rights and interests of the shareholders, including (but not limited to) any distribution rights and voting rights, but excluding any plan of reorganization of the Company submitted to the general meeting for approval in accordance with the Articles of Association.

The Company's directors, supervisors, CEO and other senior officers shall, in the exercise of their duties, abide by the principles of honesty and creditability and shall not place themselves in a position where there is a possible conflict between their personal interests and their duties. This principle shall include (but not limited to) the fulfillment of the following obligations:

(I) to act in good faith in the best interests of the Company;

(II) to exercise powers within the scope of their functions and powers and not to act beyond such powers;

(III) to personally exercise the discretion vested in him/her, not to allow himself/herself to be manipulated by another person and, not to delegate the exercise of his/her discretion to another party unless permitted by the laws and administrative regulations or with the consent of the general meeting that has been informed;

(IV) to treat shareholders of the same class equally and to be impartial to shareholders of different classes;

(V) not to conclude a contract or enter into a transaction or arrangement with the Company except as otherwise provided in the Articles of Association or with the consent of the general meeting that has been informed;

(VI) not to use Company property for his/her own benefit in any way without the consent of the general meeting that has been informed;

(VII) not to use his/her functions and powers as a means for accepting bribes or other forms of illegal income, and not to illegally appropriate Company assets in any way, including (but not limited to) any opportunities that are favorable to the Company;

(VIII) not to accept commissions in connection with Company transactions without the consent of the general meeting that has been informed;

(IX) to abide by the Articles of Association, perform his/her duties faithfully, protect the interests of the Company and not to seek personal gain with his/her position, functions and powers in the Company;

(X) not to compete with the Company in any way without the consent of the general meeting that has been informed;

(XI) not to embezzle the Company's funds or lend the Company's funds to others, not to deposit the Company's assets in accounts opened in his own or in another's name, and unless otherwise specified by the laws, regulations and the Articles of Association, not to use the Company's assets as security for the debts of the Company's shareholders or other persons; and

(XII) not to disclose confidential information relating to the Company that was acquired by him/her during his/her office without the consent of the general meeting that has been informed, and not to use such information except in the interests of the Company; however, such information may be disclosed to the court or other government authorities if:

1. required by law;

2. required for the public interest; or

3. required for the interest of such director, supervisor or other senior officer of the Company.

The obligation of honesty and credibility of the Company's directors, supervisors, CEO and other senior officers does not necessarily cease with the termination of their office. Their confidentiality obligation in relation to the Company's trade secrets shall continue after the termination of their office. The term for which other obligations shall continue shall be decided upon in accordance with the principle of fairness, depending on the time lapse between the termination and the occurrence of the matter as well as the circumstances and conditions under which the relationship with the Company is terminated.

If a director, supervisor, CEO or other senior officer of the Company has directly or indirectly been vested a material interest in a contract, transaction or arrangement concluded or planned by the Company (except for his/her employment contract with the Company), he/she shall disclose the nature and extent of his/her interest to the Board at the earliest opportunity, whether or not the matter is normally subject to the approval of the Board.

Except as approved by the Stock Exchange, the director shall not vote on any contract or arrangement or any other proposed resolution of the Board in which he/she has a material interest through himself/herself or any of his/her associates (as defined in the Listing Rules); nor shall he/she be counted when determining whether a quorum is present at the meeting, unless otherwise stipulated by the laws, administrative regulations, normative documents, and securities regulatory authority at the place where the Company's shares are listed.

Unless the interested director, supervisor, CEO or other senior officer of the Company has disclosed such interest to the Board as required under the preceding paragraphs of this Article and the matter has been approved by the Board at a meeting in which he/she was not counted in the quorum and had refrained from voting, the Company shall have the right to void the contract, transaction or arrangement, except where the other party is a bona fide party acting without knowledge of the breach of obligation by the director, supervisor, CEO or other senior officer concerned.

A director, supervisor, CEO and other senior officer of the Company shall be deemed to have an interest in any contract, transaction or arrangement in which a connected person of that director, supervisor, CEO and senior officer has an interest.

18 FINANCIAL AND ACCOUNTING SYSTEMS AND DISTRIBUTION OF PROFITS

The Company shall formulate its own financial and accounting systems in accordance with the laws, administrative regulations and rules of the relevant authorities of the state. If the securities regulatory authorities at the place where the Company's shares are listed stipulate otherwise, the relevant provisions shall prevail.

The company shall file, disclose and/or submit annual reports, interim reports, preliminary results announcements and other documents to shareholders in accordance with the laws and regulations of the place of listing, the listing rules and other regulatory documents of the stock exchange where the company's shares are listed.

The reserve fund of the Company shall be used to cover the Company's losses, expand its production and operation or to increase its registered capital. The Company shall first use discretionary reserve fund and statutory reserve fund to cover the loss of the Compnay, and the capital reserve fund could be used when the loss still couldn't be covered. The capital reserve fund consists of the following:

(I) the premium from the issuance of shares in excess of their face value; and

(II) other income to be included in the capital reserve fund as stipulated by the competent financial department of the State Council.

When the statutory reserve fund is converted into registered capital, the remaining statutory reserve fund shall be no less than 25% of the registered capital of the Company before the capital increase.

19 EMPLOYMENT OF ACCOUNTING FIRMS

The Company shall employ an independent accounting firm that complies with relevant state regulations to perform audit of the annual financial reports and other financial reports of the Company.

Employing an accounting firm for the Company shall be decided by the general meeting. The term of office of an accounting firm employed by the Company shall be from the end of the current annual general meeting of the Company until the end of the next annual general meeting.

An accounting firm employed by the Company shall have the following rights:

(I) the right of access at all times to the account books, records or vouchers of the Company and the right to require the directors, CEO and other senior officers of the Company to provide relevant information and explanations;

(II) the right to require the Company to take all reasonable measures to obtain from its subsidiaries the information and explanations necessary for the accounting firm to perform its duties; and

(III) the right to attend general meetings and to receive a notice or other information concerning any meeting which any shareholder has a right to receive, and to make speech at any general meeting on any matter which relates to it as the accounting firm of the Company.

If the position of accounting firm becomes vacant, the Board may temporarily appoint an accounting firm to fill such vacancy and decide on its expense before a general meeting is held, provided that such appointment shall be terminated until the next annual meeting except a confirmation, reappointment and re-election is resolved. However, if there are other accounting firms holding the position as an accounting firm of the Company while such vacancy still exists, such accounting firms may continue to act.

20 NOTICE AND ANNOUNCEMENT

The Company's notices (including but not limited to the notice of the general meetings, the Board meetings and the meetings of the Board of Supervisors and corporate communications as define in Hong Kong Listing Rules) may be given or provided in the following means:

(I) by personal delivery;

(II) by fax;

(III) by post;

(IV) by email;

(V) by announcement;

(VI) by publication in newspaper or other designated media;

(VII) by publishing them on the website of the Company and the website designated by the stock exchange on which the Company's shares are listed in accordance with the laws, administrative regulations, departmental rules, normative documents, and the Articles of Association; and

(VIII) by other means acceptable to the securities regulatory authorities at the place where the Company's shares are listed or stipulated in the Articles of Association.

Giving notices to shareholders with the registered address outside Hong Kong is not prohibited in the Articles of Association.

If a notice of the Company is sent by way of announcement, once public announcement is made, it is deemed that all relevant personnel have received the notice. If the securities regulatory authorities at the place where the Company's shares are listed stipulate otherwise, the relevant provisions shall prevail.

Notwithstanding any requirement of the Articles of Association with regard to the provision or notice form of any document, notice or other corporate communications, the Company may choose to adopt the form of notice as stipulated under item 7 of paragraph 1 of this article in substitution for the sending of written materials to the shareholders by way of personal delivery or by way of prepaid post, provided that relevant regulations of securities regulatory authority at the place where the Company's shares are listed have been complied with.

The Company issues announcements and information disclosure to shareholders through the laws, administrative regulations or information disclosure newspapers and websites designated by the relevant domestic regulatory authorities. If an announcement is to be made to shareholders under the Articles of Association, such announcement shall also be published in designated newspapers, websites and/or the website of the Company in accordance with the method provided for in the Hong Kong Listing Rules. All notices or other documents required to be lodged with the Stock Exchange under Chapter 13 of the Hong Kong Listing Rules shall be in English or accompanied by a signed and certified English translation.

21 MERGER, DIVISION, CAPITAL INCREASE AND REDUCTION, DISSOLUTION AND LIQUIDATION

Merger of the Company may take two forms: merger by absorption and merger by new establishment.

In the case of a merger, parties to the merger shall execute a merger agreement, and shall prepare the balance sheets and a schedule of assets. The Company shall notify its creditors within a period of 10 days since the date on which the resolution to proceed with the merger is passed, and publish announcements on the merger in newspaper within 30 days. The creditors shall, within 30 days since the date of receiving a written notice or within 45 days since the date of the first public announcement for those who have not received a written notice, be entitled to require the Company to pay off its debts in full or to provide a corresponding guarantee.

In case of decrease of registered capital of the Company, a balance sheet and assets list shall be formulated. The Company shall notify its creditors within 10 days from the date of passing of the resolution for the decrease of registered capital and shall publish a notice in a newspaper or National Enterprise Credit Information Publicity System within 30 days thereof. The creditors shall, within 30 days since the date of receiving the notice or within 45 days since the date of the first public announcement for those who have not received a written notice, be entitled to require the Company to pay off its debts in full or to provide a corresponding guarantee.

Where the merger or division of the Company results in a change in its registered particulars, such change shall be registered with the company registry according to law. Where the Company is dissolved, it shall cancel its registration according to law. Where a new company is established, its establishment shall be registered according to law.

The Company shall be dissolved if:

(I) business term specified in the Articles of Association expires or other dissolution reasons as stipulated in the Articles of Association arise;

(II) the general meeting resolves to dissolve the Company;

(III) dissolution is required due to merger or division of the Company;

(IV) the Company is declared bankrupt according to law because it is unable to pay its debts as they fall due;

(V) the Company is revoked of business license, ordered to close or canceled according to law; or

(VI) there is severe difficulty in the operation and management of the Company, and the continued existence of the Company will have material prejudice to the interests of the shareholders and there is no other way to resolve, shareholders who hold an aggregate of over 10% of the whole outstanding and voting rights can make a petition to the People's Court to dissolve the Company.

The Company shall announce the occurrence of any of the paragraph foresaid within 10 days through National Enterprise Credit Information Publicity System.

The liquidation committee shall exercise the following functions and powers during liquidation:

(I) to thoroughly examine the assets of the Company and preparing a balance sheet and a schedule of assets respectively;

(II) to notify the creditors by a notice or public announcement;

(III) to handle the outstanding business of the Company in connection with liquidation;

(IV) to repay all outstanding tax payment and the tax payment which arise in the course of the liquidation process;

(V) to clear up claims and debts;

(VI) to distribute the remaining assets after full payment of the Company's debts; and

(VII) to participate in civil litigation on behalf of the Company.

The liquidation committee shall notify its creditors within a period of 10 days since the date it is established, and publish relevant announcements on in newspaper or National Enterprise Credit Information Publicity System at least three times within 60 days. Creditors shall, within 30 days since the date of receiving the notice, or for creditors who do not receive the notice, within 45 days since the date of the public announcement, report their creditors' rights to the liquidation committee.

After the liquidation committee has thoroughly examined the Company's assets and prepared a balance sheet and schedule of assets, it shall formulate a liquidation plan and submit such plan to the general meeting or the people's court for confirmation.

The remaining property of the Company after paying the liquidation expenses, wages owed to employees of the Company, labor insurance fees and statutory compensation, outstanding taxes and debts of the Company shall be distributed by the class of shares held by shareholders and in proportion to the number of shares held by shareholders.

During the liquidation period, the Company still exists but shall not carry out any business activities not related to liquidation. The property of the Company shall not be distributed to the shareholders until all liabilities have been paid off in accordance with the preceding paragraph.

Following the completion of liquidation, the liquidation committee shall formulate a liquidation report, a revenue and expenditure statement and financial account books in respect of the liquidation period and, after verification thereof by an accountant registered in the PRC, submit the same to the general meeting or the relevant competent authorities for confirmation.

Within 30 days from the date of confirmation of the above-mentioned documents by the general meeting or the relevant competent authorities, the liquidation committee shall deliver the same to the company registry, apply for cancelation of the Company's registration and publicly announce the Company's termination.

22 AMENDMENT TO THE ARTICLES OF ASSOCIATION

The Company shall amend the Articles of Association under any of the following circumstances:

(I) after the PRC Company Law, relevant laws and administrative regulations, or the Hong Kong Listing Rules are amended, the provisions of the Articles of Association are in conflict with the provisions of the amended laws or regulations;

(II) there has been a change to the Company, resulting in inconsistency with the contents in the Articles of Association; and

(III) the general meeting decides to amend the Articles of Association.

Where any amendment to the Articles of Association, as approved by way of a resolution at the general meeting, is subject to the approval of the relevant administrative authority, it shall be submitted to the relevant administrative authorities for approval; where the Company's registered items are involved, change registration shall be made according to law.

FURTHER INFORMATION ABOUT OUR COMPANY

1. Incorporation of our Company

Our Company was established as a limited liability company in the PRC on September 18, 2015 and was converted into a joint stock company with limited liability on September 11, 2020 under the laws of the PRC. As of the Latest Practicable Date, the registered share capital of our Company was RMB81,311,371 divided into 81,311,371 Shares with a nominal value of RMB1.00 each.

Our Company has established a place of business in Hong Kong at 19/F, Golden Centre, 188 Des Voeux Road Central, Hong Kong and has registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on February 6, 2024. Mr. POON Ping Yeung (潘秉揚), the joint company secretary of our Company, has been appointed as our authorized representative for the acceptance of service of process in Hong Kong whose correspondence address is the same as our place of business in Hong Kong.

2. Changes in Share Capital of our Company

On September 18, 2015, our Company was established as a limited liability company with a registered capital of RMB25,000,000.

On December 16, 2022, the registered capital of our Company increased from RMB77,711,371 to RMB81,311,371.

For further details, see "History, Development and Corporate Structure" in this prospectus. Save as disclosed above, there has been no alteration in our share capital within two years immediately preceding the date of this prospectus.

3. Changes in the Share Capital of our Subsidiaries

Details of our major subsidiaries are set out in note 1 to the Accountants' Report. The following sets out changes in the share capital of our subsidiaries within the two years immediately preceding the date of this prospectus:

REFIRE Technology

On December 1, 2022, the registered capital of REFIRE Technology increased from RMB1,500,000,000 to RMB2,500,000,000 with the additional capital subscribed by our Company.

On January 8, 2024, the registered capital of REFIRE Technology increased from RMB2,500,000,000 to RMB3,000,000,000 with the additional capital subscribed by our Company.

Jiangsu REFIRE Technology Co., Ltd. (江蘇重塑能源科技有限公司)

On November 30, 2022, the registered capital of Jiangsu REFIRE Technology Co., Ltd. increased from RMB200,000,000 to RMB350,000,000 with the additional capital subscribed by REFIRE Technology.

Zhejiang Unilia Hydrogen Technology Ltd. (浙江韻量氫能科技有限公司)

On October 31, 2023, the registered capital of Zhejiang Unilia Hydrogen Technology Ltd. increased from RMB10,000,000 to RMB40,000,000 with the additional capital subscribed by Unilia (Guangdong) Fuel Cells Inc. (韻量燃料電池(廣東)有限公司), a subsidiary of our Company.

On July 17, 2024, the registered capital of Zhejiang Unilia Hydrogen Technology Ltd. increased from RMB40,000,000 to RMB50,000,000 with the additional capital subscribed by Unilia (Guangdong) Fuel Cells Inc. (韻量燃料電池(廣東)有限公司), a subsidiary of our Company.

Shanghai REFIRE Prismatic Hydrogen Technology Co., Ltd. (上海重塑斑斕氫能科技有限公司)

On June 26, 2023, Shanghai REFIRE Prismatic Hydrogen Technology Co., Ltd. was established in the PRC as a limited liability company with a registered capital of RMB10,000,000.

Changde REFIRE Surge New Materials Technology Co., Ltd. (常德重塑澎湃新材料科技有限公司)

On April 1, 2023, Changde REFIRE Surge New Materials Technology Co., Ltd. was established in the PRC as a limited liability company with a registered capital of RMB10,000,000.

On August 13, 2024, the registered capital of Changde REFIRE Surge New Materials Technology Co., Ltd. increased from RMB10,000,000 to RMB12,500,000 with the additional capital subscribed by Shanghai Taiqingchen Energy Technology Co., Ltd. (上海泰氫晨能源科技有限公司). Save for the minority equity stake in Shanghai Taiqingchen Energy Technology Co., Ltd. held by our Group, Shanghai Taiqingchen Energy Technology Co., Ltd. is an Independent Third Party.

REFIRE New Energy Development (Shanghai) Co., Ltd. (重塑新能源發展(上海)有限公司)

On November 20, 2023, the registered capital of REFIRE New Energy Development (Shanghai) Co., Ltd. increased from RMB10,000,000 to RMB35,000,000 with the additional capital subscribed by our Company.

Beijing XCELL Technology Co., Ltd. (北京重理能源科技有限公司)

On February 28, 2023, the registered capital of Beijing XCELL Technology Co., Ltd. decreased from RMB10,000,000 to RMB9,700,000.

Foshan Diyi Element New Energy Technology Co., Ltd. (佛山迪一元素新能源科技有限公司)

On December 5, 2022, Foshan Diyi Element New Energy Technology Co., Ltd. was established in the PRC as a limited liability company with a registered capital of RMB120,000,000.

REFIRE XPanse (Beijing) Ltd. (北京重塑浩瀚氫能科技有限公司)

On November 17, 2023, REFIRE XPanse (Beijing) Ltd. was established in the PRC as a limited liability company with a registered capital of RMB70,000,000.

On April 28, 2024, the registered capital of REFIRE XPanse (Beijing) Ltd. increased from RMB70,000,000 to RMB75,000,000 with the additional capital subscribed by our Company.

Yunnan REFIRE Technology Co., Ltd. (雲南重塑能源科技有限公司)

On December 15, 2022, Yunnan REFIRE Technology Co., Ltd. was established in the PRC as a limited liability company with a registered capital of RMB10,000,000.

Wuan REFIRE Technology Co., Ltd. (武安重塑氫能科技有限公司)

On December 19, 2022, Wuan REFIRE Technology Co., Ltd. was established in the PRC as a limited liability company with a registered capital of RMB10,000,000.

Ningxia Saishang REFIRE Technology Co., Ltd. (寧夏塞上重塑能源科技有限公司)

On June 2, 2023, Ningxia Saishang REFIRE Technology Co., Ltd. was established in the PRC as a limited liability company with a registered capital of RMB10,000,000.

Jiangsu Peijun REFIRE Technology Co., Ltd. (江蘇霈郡重塑能源科技有限公司)

On October 30, 2023, Jiangsu Peijun REFIRE Technology Co., Ltd. was established in the PRC as a limited liability company with a registered capital of RMB10,000,000.

Zhengzhou REFIRE Hydrogen Technology Co., Ltd. (鄭州重塑氫能科技有限公司)

On July 28, 2023, Zhengzhou REFIRE Hydrogen Technology Co., Ltd. was established in the PRC as a limited liability company with a registered capital of RMB10,000,000.

Unilia (Jiangsu) Fuel Cells Ltd. (江蘇韻量新能源科技有限公司)

On March 22, 2023, Unilia (Jiangsu) Fuel Cells Ltd. was established in the PRC as a limited liability company with a registered capital of RMB10,000,000.

REFIRE Europe GmbH

On June 23, 2023, REFIRE Europe GmbH was established in Germany as a limited liability company (*GmbH*) with a registered share capital of EUR25,000.

Shanghai Wellness Haven Technology Co., Ltd. (上海溫和小島網絡科技有限公司)

On December 20, 2023, Shanghai Wellness Haven Technology Co., Ltd. was established in the PRC as a limited liability company with a registered capital of RMB10,000,000.

REFIRE PTE. LTD.

On January 11, 2024, REFIRE PTE. LTD. was established in Singapore as a private company limited by shares with an issued share capital of 490,000 Singapore dollars.

Shaanxi Daqin REFIRE Technology Co., Ltd. (陝西大秦重塑能源科技有限公司)

On January 23, 2024, the registered capital of Shaanxi Daqin REFIRE Technology Co., Ltd. increased from RMB10,000,000 to RMB100,000,000 with the additional capital subscribed by REFIRE Technology.

Shanghai PANDO Electric Technology Co., Ltd. (上海磐動電氣科技有限公司)

On August 1, 2024, the registered capital of Shanghai PANDO Electric Technology Co., Ltd. increased from RMB50,000,000 to RMB51,724,138 with the additional capital subscribed by Shaanxi Yingfeng Shicheng Green Energy Industry Investment Fund Partnership (Limited Partnership) (陝西盈峰勢乘綠色能源產業投資基金合夥企業(有限合夥)). Save for the minority equity stake in Shaanxi Yingfeng Shicheng Green Energy Industry Investment Fund Partnership (Limited Partnership) held by our Group, Shaanxi Yingfeng Shicheng Green Energy Industry Investment Fund Partnership (Limited Partnership) is an Independent Third Party.

Hubei Lvye Hydrogen Energy Technology Co., Ltd. (湖北綠冶氫能科技有限公司)

On July 31, 2024, Hubei Lvye Hydrogen Energy Technology Co., Ltd. was established in the PRC as a limited liability company with a registered capital of RMB20,000,000.

Ningxia REFIRE Hydrogen Technology Co., Ltd. (寧夏重塑氫能科技有限公司)

On September 30, 2024, Ningxia REFIRE Hydrogen Technology Co., Ltd. was established in the PRC as a limited liability company with a registered capital of RMB10,000,000.

Cangzhou REFIRE Technology Co., Ltd. (滄州重塑能源科技有限公司)

On October 10, 2024, Cangzhou REFIRE Technology Co., Ltd. was established in the PRC as a limited liability company with a registered capital of RMB20,000,000.

Save as disclosed above, there has been no alteration in the share capital of our subsidiaries within two years immediately preceding the date of this prospectus.

4. Resolutions of the Shareholders

Pursuant to a general meeting of our Company held on January 21, 2024, the following resolutions, among others, were passed by our Shareholders:

(a) the issue by our Company of H Shares of a nominal value of RMB1.00 each and that such H Shares be listed on the Hong Kong Stock Exchange;

(b) that the number of H Shares to be issued shall not be more than 10% of the total issued share capital of our Company as enlarged by the Global Offering (without taking into account the H Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option), and the grant to the underwriters (or their representatives) of the Over-allotment Option of not more than 15% of the number of H Shares issued pursuant to the Global Offering;

(c) subject to the completion of the Global Offering, the adoption of the Articles of Association which shall become effective on the Listing Date, and the authorization to the Board to amend the Articles of Association in accordance with the requirements of the relevant laws and regulations and the Listing Rules; and

(d) authorization of our Board to handle relevant matters relating to, among other things, the issue and listing of the H Shares.

FURTHER INFORMATION ABOUT THE BUSINESS OF OUR COMPANY

1. Summary of Material Contracts

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this prospectus that are or may be material:

(a) the cornerstone investment agreement dated November 26, 2024 entered into among our Company, Jiujiang Economic Development Zone Dingchuang Equity Investment Center (Limited Partnership) (九江經開區鼎創股權投資中心(有限合夥)) and China International Capital Corporation Hong Kong Securities Limited in the aggregate amount of RMB300 million (exclusive of brokerage, the SFC transaction levy, the AFRC transaction levy and the Stock Exchange trading fee), details of which are set out in the section headed "Cornerstone Placing" in this prospectus; and

(b) the Hong Kong Underwriting Agreement.

2. Intellectual Property Rights

Trademarks

As of the Latest Practicable Date, we have registered the following trademarks which we consider to be material to our business:

No.	Owner	Registration no.	Place of registration	Trademark	Class	Validity period
1.	Our Company	306401475	Hong Kong	REFIRE	7, 9, 12, 37, 42	November 16, 2023 – November 15, 2033
2.	Our Company	306401448	Hong Kong		7, 9, 12, 37, 42	November 16, 2023 – November 15, 2033
3.	Our Company	61981783	PRC	PRISMA	12	July 14, 2023 – July 13, 2033
4.	Our Company	61667541	PRC	REFIRE 重塑科技	9	August 21, 2023 – August 20, 2033
5.	Our Company	61690648	PRC	REFIRE 重塑科技	7	October 28, 2022 – October 27, 2032
6.	Our Company	61677854	PRC	REFIRE GROUP 重塑集团	42	September 7, 2022 – September 6, 2032
7.	Our Company	61685804	PRC	REFIRE GROUP 重塑集团	12	July 7, 2022 – July 6, 2032
8.	Our Company	61673926	PRC	REFIRE GROUP 重塑集团	9	July 7, 2022 – July 6, 2032

No.	Owner	Registration no.	Place of registration	Trademark	Class	Validity period
9.	Our Company	61689878	PRC	REFIRE GROUP 重塑集团	7	July 7, 2022 – July 6, 2032
10.	Our Company	57936758	PRC		40	January 28, 2022 – January 27, 2032
11.	Our Company	57949214	PRC		38	January 28, 2022 – January 27, 2032
12.	Our Company	57941296	PRC		37	January 28, 2022 – January 27, 2032
13.	Our Company	57929736	PRC		25	May 7, 2022 – May 6, 2032
14.	Our Company	57929759	PRC		12	January 28, 2022 – January 27, 2032
15.	Our Company	57946548	PRC		9	February 7, 2022 – February 6, 2032
16.	Our Company	57923827	PRC		7	January 28, 2022 – January 27, 2032
17.	Our Company	57939117	PRC		6	January 28, 2022 – January 27, 2032
18.	Our Company	57946353	PRC		4	January 28, 2022 – January 27, 2032
19.	Our Company	6494906	Japan	PRISMA	7, 9, 12	January 5, 2022 – January 4, 2032
20.	Our Company	018332479	European Union	PRISMA	7, 9, 12	March 9, 2021 – November 5, 2030
21.	Our Company	6451673	Japan	REFIRE	7, 9, 12, 42	October 5, 2021 – October 4, 2031
22.	Our Company	018332475	European Union	REFIRE	7, 9, 12, 42	March 10, 2021 – November 5, 2030
23.	Our Company	50124156	PRC	REFIRE	40	June 7, 2021 – June 6, 2031
24.	Our Company	50142698	PRC	REFIRE	38	August 28, 2021 – August 27, 2031
25.	Our Company	50122653	PRC	REFIRE	9	April 7, 2022 – April 6, 2032
26.	Our Company	50140619	PRC	REFIRE	7	January 14, 2023 – January 13, 2033
27.	Our Company	50152867	PRC	REFIRE	6	September 14, 2021 – September 13, 2031

No.	Owner	Registration no.	Place of registration	Trademark	Class	Validity period
28.	Our Company	50139843	PRC	REFIRE	4	July 21, 2021 – July 20, 2031
29.	Our Company	48995660	PRC	PRISMA	12	October 21, 2021 – October 20, 2031
30.	Our Company	48976267	PRC	PRISMA	7	July 14, 2021 – July 13, 2031
31.	Our Company	61689039	PRC	REFIRE 重塑科技	42	May 7, 2024 – May 6, 2034
32.	Shanghai PANDO Electric Technology Co., Ltd. (上海磐動電氣科技有限公司)	33508658	PRC	PANDO	9	May 14, 2019 – May 13, 2029
33.	Shanghai PANDO Electric Technology Co., Ltd. (上海磐動電氣科技有限公司)	33493412	PRC	PANDO	7	May 14, 2019 – May 13, 2029
34.	Shanghai Unilia	7058829	United States	UNILIA	42	May 23, 2023 – May 22, 2033
35.	Shanghai Unilia	7034333	United States	UNILIA	9	April 25, 2023 – April 24, 2033
36.	Shanghai Unilia	7034332	United States	UNILIA	7	April 25, 2023 – April 24, 2033
37.	Shanghai Unilia	018609710	European Union	UNILIA	7, 9, 42	March 16, 2022 – November 26, 2031
38.	Shanghai Unilia	54116923	PRC	韵量	42	June 14, 2023 – June 13, 2033
39.	Shanghai Unilia	6300595	United States	UNILIA	9	March 23, 2021 – March 22, 2031
40.	Shanghai Unilia	6300597	United States	UNILIA	7	March 23, 2021 – March 22, 2031
41.	Shanghai Unilia	TMA1162233	Canada	UNILIA	7, 9, 42	January 25, 2023 – January 25, 2033

No.	Owner	Registration no.	Place of registration	Trademark	Class	Validity period
42.	Shanghai Unilia	6419362	Japan	UNILIA	7, 9, 42	July 21, 2021 – July 20, 2031
43.	Shanghai Unilia	018270950	European Union	UNILIA	7, 9, 42	October 23, 2020 – July 9, 2030
44.	Shanghai Unilia	47083883	PRC	UNILIA	42	May 7, 2021 – May 6, 2031
45.	Shanghai Unilia	47077681	PRC	UNILIA	9	May 21, 2021 – May 20, 2031
46.	Shanghai Unilia	47094852	PRC	UNILIA	7	October 14, 2021 – October 13, 2031
47.	Shanghai Unilia	47095576	PRC		42	August 21, 2021 – August 20, 2031
48.	Shanghai Unilia	47080724	PRC		9	March 14, 2021 – March 13, 2031
49.	Shanghai Unilia	47093700	PRC		7	March 7, 2021 – March 6, 2031
50.	Shanghai Unilia	47087654	PRC	韵量	42	May 7, 2021 – May 6, 2031
51.	Shanghai Unilia	47109414	PRC	韵量	9	March 7, 2021 – March 6, 2031
52.	Shanghai Unilia	47093717	PRC	韵量	7	February 28, 2021 – February 27, 2031
53.	Shanghai Unilia	66660289	PRC	UNILIA	9	April 14, 2024 – April 13, 2034

Patents

As of the Latest Practicable Date, we have registered the following patents which we consider to be material to our business:

No.	Owner	Type	Patent	Patent no.	Application date	Place of application
1.	REFIRE Technology	Invention	Fuel cell system and its low-temperature purging method (燃料電池系統及其低溫吹掃方法)	2020100479238	January 16, 2020	PRC
2.	REFIRE Technology	Invention	Component concentration estimation device, anode component estimation method and fuel cell system (組分濃度估計裝置、陽極組分的估計方法和燃料電池系統)	2020114591661	December 11, 2020	PRC
3.	REFIRE Technology	Invention	Closed loop control method, system, medium and electronic equipment of drainage valves (排水閥閉環控制方法、系統、介質及電子設備)	2021111632787	September 30, 2021	PRC
4.	REFIRE Technology	Invention	A low-temperature self-initiation method for fuel cell system (一種燃料電池系統低溫自啟動方法)	2021111930502	October 13, 2021	PRC
5.	REFIRE Technology	Invention	Fuel cell control system and its control method (燃料電池控制系統及其控制方法)	2022102096164	March 4, 2022	PRC
6.	REFIRE Technology	Invention	A fast cold start system and method for fuel cells (一種燃料電池的快速冷啟動系統及方法)	2022102342648	March 10, 2022	PRC
7.	REFIRE Technology	Invention	Intelligent allocation system and method for fuel cell coolant (燃料電池冷卻液智能調配系統及方法)	202310472690X	April 27, 2023	PRC

No.	Owner	Type	Patent	Patent no.	Application date	Place of application
8.	REFIRE Technology	Invention	Heat dissipation control method, device, electronic equipment and fuel cell for high-power fuel cell stack (大功率電堆散熱控制方法、裝置、電子設備及燃料電池)	2023104244767	April 20, 2023	PRC
9.	REFIRE Technology	Invention	Method, device, medium and vehicle for controlling the inlet water temperature of high-power fuel cells (大功率燃料電池入水溫度控制方法、裝置、介質和車輛)	202310525006X	May 11, 2023	PRC
10.	Shanghai Unilia	Invention	A leakage detection method for stack membrane electrodes (一種電堆膜電極洩漏檢測方法)	2020114139388	December 4, 2020	PRC
11.	Shanghai Unilia	Invention	A CCM membrane electrode assembly process and assembly equipment (一種CCM膜電極裝配工藝及裝配設備)	2023106301942	May 31, 2023	PRC
12.	Shanghai Unilia	Invention	A fuel cell alloy catalyst and its preparation method and application (一種燃料電池合金催化劑及其製備方法和應用)	2023105199222	May 10, 2023	PRC
13.	REFIRE Technology	Invention	Fuel cell system thermal management control device and system (燃料電池系統熱管理控制裝置及系統)	2017106288092	July 28, 2017	PRC
14.	REFIRE Technology	Invention	Hydrogen sprays control method and its device, equipment, system and storage medium (氫噴控制方法及其裝置、設備、系統和存儲介質)	2018114738461	December 4, 2018	PRC

No.	Owner	Type	Patent	Patent no.	Application date	Place of application
15.	REFIRE Technology	Invention	Method for calculating concentration of exhaust hydrogen of fuel cell automobile, exhaust control system, use method of exhaust control system and storage medium (燃料電池汽車尾排氫氣濃度計算方法、排氣控制系統及其使用方法、存儲介質)	2019110299671	October 25, 2019	PRC
16.	REFIRE Technology	Invention	Water knockout drum (分水器)	2019113335434	December 23, 2019	PRC
17.	REFIRE Technology	Invention	Air compressor intake flow sectional correction method, system, medium and device (空壓機進氣流量分段修正方法、系統、介質及裝置)	2021103350558	March 29, 2021	PRC
18.	REFIRE Technology	Invention	Humidifier leak diagnosis method and fuel cell system (增濕器洩漏診斷方法及燃料電池系統)	2021106197297	June 3, 2021	PRC
19.	REFIRE Technology	Invention	Construction method of hydrogen concentration calculation model, detection device and fuel cell system (氫氣濃度計算模型的構建方法、檢測裝置和燃料電池系統)	2021110037873	August 30, 2021	PRC
20.	REFIRE Technology	Invention	Fuel cell thermal management system (燃料電池熱管理系統)	2021113010853	November 4, 2021	PRC
21.	REFIRE Technology	Invention	Fuel cell water management system and control method thereof (一種燃料電池水管理系統及其控制方法)	2021116295332	December 28, 2021	PRC

No.	Owner	Type	Patent	Patent no.	Application date	Place of application
22.	REFIRE Technology and Jiangsu REFIRE Technology Co., Ltd. (江蘇重塑能源科技有限公司)	Invention	Method for calculating humidity of inlet of galvanic pile (一種電堆入口濕度的計算方法)	2023101212711	February 16, 2023	PRC
23.	REFIRE Technology and Jiangsu REFIRE Technology Co., Ltd. (江蘇重塑能源科技有限公司)	Invention	Anode loop hydrogen concentration measuring method and system (陽極回路氫濃度測量方法及系統)	2023100426018	January 28, 2023	PRC
24.	REFIRE Technology and Jiangsu REFIRE Technology Co., Ltd. (江蘇重塑能源科技有限公司)	Invention	Humidity estimation method, humidity estimation device, humidity estimation medium, humidity estimation equipment and fuel cell (增濕器的濕度估算方法、裝置、介質、設備及燃料電池)	2023100655144	February 6, 2023	PRC
25.	REFIRE Technology	Invention	Method and system for managing energy of fuel cell automobile (一種燃料電池汽車能量管理的方法及系統)	2023104014479	April 15, 2023	PRC
26.	REFIRE Technology	Invention	Control method and device for fuel cell system (燃料電池系統的控制方法與裝置)	2023105310535	May 12, 2023	PRC
27.	REFIRE Technology	Invention	Global optimization algorithm for fuel cell and power cell degradation (燃料電池和動力電池劣化的全局最優算法)	2023110793668	August 25, 2023	PRC

No.	Owner	Type	Patent	Patent no.	Application date	Place of application
28.	REFIRE Technology	Invention	Optimal fuel cell system performance control method and system (一種最優燃料電池系統性能控制方法及系統)	2023106313691	May 31, 2023	PRC
29.	REFIRE Technology	Invention	Method and system for energy management of multi-energy-source fuel cell system (一種多能量源的燃料電池系統能量管理的方法和系統)	2023109443964	July 31, 2023	PRC
30.	REFIRE Technology	Invention	Method for identifying reversible attenuation of fuel cell (一種燃料電池可逆衰減的識別方法)	2023107424827	June 21, 2023	PRC
31.	REFIRE Technology	Invention	High-power fuel cell temperature control method and device and vehicle (大功率燃料電池溫度控制方法、裝置和車輛)	2023105310624	May 12, 2023	PRC
32.	REFIRE Technology	Invention	Cathode purging time determination method and device, electronic equipment and fuel cell (陰極吹掃時間確定方法、裝置、電子設備及燃料電池)	2023113688057	October 23, 2023	PRC
33.	REFIRE Technology	Invention	Method and device for determining performance parameters of diaphragm of humidifier and electronic equipment (增濕器隔膜性能參數確定方法、裝置及電子設備)	2023113688095	October 23, 2023	PRC
34.	REFIRE Technology	Invention	Control method, system and device for flow of cooling liquid of electric pile (一種電堆冷卻液流量的控制方法、系統及裝置)	2023105837401	May 23, 2023	PRC

No.	Owner	Type	Patent	Patent no.	Application date	Place of application
35.	REFIRE Technology	Invention	Method and system for controlling water temperature of fuel cell in-stack based on temperature change rate (基於溫度變化率的燃料電池入堆水溫控制方法及系統)	202310517776X	May 10, 2023	PRC
36.	REFIRE Technology	Invention	High-power fuel cell phase-change heat dissipation system, method, vehicle and storage medium (大功率燃料電池相變散熱系統、方法、車輛和存儲介質)	202310531047X	May 12, 2023	PRC
37.	REFIRE Technology	Invention	Power distribution method, device, equipment and medium based on internal resistance of power battery (基於動力電池內阻的功率分配方法、裝置、設備和介質)	202310807646X	July 4, 2023	PRC
38.	REFIRE Technology	Invention	Multi-mode thermal management control system and control method for fuel cell (燃料電池的多模式熱管理控制系統及控制方法)	2023105181801	May 10, 2023	PRC
39.	REFIRE Technology	Invention	Method, device, apparatus and medium for regulating fuel cell charging system (燃料電池充電系統調節方法、裝置、設備和介質)	2023110458814	August 18, 2023	PRC
40.	REFIRE Technology	Invention	Anode circulation amount control method and device, electronic equipment and fuel cell (陽極循環量控制方法、裝置、電子設備及燃料電池)	2023113709886	October 23, 2023	PRC

No.	Owner	Type	Patent	Patent no.	Application date	Place of application
41.	REFIRE Technology	Invention	Protection method and system for fuel cell stack and membrane electrode temperature measuring and calculating method (一種燃料電池電堆的保護方法、系統及膜電極溫度測算方法)	2023113521716	October 19, 2023	PRC
42.	Shanghai Unilia	Invention	Diagnosis method for cathode-anode reversal of membrane electrode in electric pile (電堆中膜電極陰陽極顛倒的診斷方法)	2020115654418	December 25, 2020	PRC
43.	Zhejiang Unilia Hydrogen Technology Ltd. (浙江韻量氫能科技有限公司) and Shanghai Unilia	Invention	Fuel cell stack capable of removing gas impurities and method for removing gas impurities (一種能去除氣體雜質的燃料電堆及去除氣體雜質的方法)	2023105161189	May 9, 2023	PRC
44.	Shanghai Unilia	Invention	Cathode interface plate assembly with anode bypass and fuel cell stack including the same (帶陽極旁路的陰極接口板組件及包括該組件的燃料電堆)	2023108788587	July 18, 2023	PRC
45.	Shanghai Unilia	Invention	Method and system for testing cross pressure cycle life of fuel cell stack (一種燃料電池堆交叉壓力循環壽命測試方法及系統)	2023108297903	July 7, 2023	PRC
46.	REFIRE Technology	Invention	A hydrogen circulation pump testing system for fuel cell engines and its testing method (一種燃料電池發動機用氫氣循環泵測試系統及其測試方法)	2021114603409	December 2, 2021	PRC

No.	Owner	Type	Patent	Patent no.	Application date	Place of application
47.	REFIRE Technology	Invention	Antifreeze fuel cell cold start system, fuel cell system and ice melting method (防冷凍燃料電池冷啟動系統、燃料電池系統及融冰方法)	202111611614X	December 27, 2021	PRC
48.	REFIRE Technology	Invention	A gas-water separator for fuel cells (一種燃料電池用氣水分離器)	2022111411628	September 20, 2022	PRC
49.	REFIRE Technology	Invention	A fuel cell system (一種燃料電池系統)	2024102353800	March 1, 2024	PRC

Software copyrights

As of the Latest Practicable Date, we have registered the following software copyrights which we consider to be material to our business:

No.	Copyright owner	Copyright	Registration no.	Registration date
1.	REFIRE Technology	Refire fuel cell humidifier test bench lower computer software V1.0 (重塑燃料電池增濕器測試台下位機軟件V1.0)	2020SR1604451	November 18, 2020
2.	REFIRE Technology	Refire FCU controller EOL offline testing software V1.0 (重塑FCU控制器EOL下線測試軟件V1.0)	2021SR1085171	July 22, 2021
3.	REFIRE Technology	Refire access to ETAS tool software v1.0 based on Python (重塑基於Python訪問ETAS工具軟件V1.0)	2021SR1143018	August 3, 2021
4.	REFIRE Technology	Refire ejector calculation software V1.0 (重塑引射器計算軟件V1.0)	2022SR0078520	January 12, 2022
5.	REFIRE Technology	Refire CVM2.1 software for fuel cell voltage inspection controller V1.0 (重塑燃料電池電壓巡檢控制器CVM2.1軟件V1.0)	2023SR0318459	March 13, 2023
6.	Shanghai Unilia	Unilia leakage positioning system for membrane electrodes and bipolar plates in a single battery stack V1.0 (韻量電堆單電池膜電極和雙極板洩露定位系統V1.0)	2020SR1866568	December 21, 2020

No.	Copyright owner	Copyright	Registration no.	Registration date
7.	Shanghai Unilia	Unilia fuel mixing ratio control system for electric reactor V1.0 (韻量電堆燃料混合配比控制系統V1.0)	2020SR1866569	December 21, 2020
8.	Shanghai Unilia	Unilia dry/wet mode switching system for fuel cell stack operation V1.0 (韻量電堆運行乾濕模式切換系統V1.0)	2020SR1866612	December 21, 2020
9.	Shanghai Unilia	Unilia water/heat balance management system for electric reactor V1.0 (韻量電堆水熱平衡管理系統V1.0)	2020SR1866613	December 21, 2020
10.	Shanghai Unilia	Shanghai Unilia electric stack test data analysis software V1.9.3 (上海韻量電堆測試數據分析軟件V1.9.3)	2022SR0223465	February 14, 2022

Domain Names

As of the Latest Practicable Date, we have registered the following domain names which we consider to be material to our business:

No.	Owner	Domain name	Registration date
1.	REFIRE Technology	refire.com	February 3, 1999
2.	Shanghai Unilia	unilia.com	March 4, 2019

Save as disclosed above, as of the Latest Practicable Date, there was no other trade or service mark, patent, intellectual or industrial property right which was material in relation to our business.

FURTHER INFORMATION ABOUT OUR DIRECTORS, SUPERVISORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

Save as disclosed below, immediately following completion of the Global Offering (without taking into account the H Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and the Domestic Shares which may be issued pursuant to the exercise of the options granted under the Pre-IPO Share Option Scheme), so far as our Directors are aware, none of our Directors, Supervisors and chief executive has any interest or short positions in our Shares, underlying Shares or debentures of our Company or any associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules.

Name	Position	Capacity/ nature of interest	Number of Shares held	Approximate percentage of shareholding in the relevant proportion of Shares[1]	Approximate percentage of shareholding in the total issued share capital of our Company[1]
				(%)	(%)
Mr. Lin[2]	Chairperson of our Board, executive Director and chief executive officer	Beneficial owner; Interest in controlled corporations	18,852,700 Domestic Shares	41.45	21.89
Dr. HU Zhe (胡哲)[3]. . . .	Executive Director, chief operating officer and president	Beneficial owner	750,000 Domestic Shares	1.65	0.87
Ms. MA Audrey Jing Nan (馬晶楠)[4] . .	Executive Director and vice president	Beneficial owner	1,967,500 Domestic Shares	4.33	2.28
Dr. ZHAI Shuang (翟雙)[5]. . . .	Executive Director and deputy executive director of the R&D center	Beneficial owner	150,000 Domestic Shares	0.33	0.17

Name	Position	Capacity/ nature of interest	Number of Shares held	Approximate percentage of shareholding in the relevant proportion of Shares(1)	Approximate percentage of shareholding in the total issued share capital of our Company(1)
				(%)	(%)
Mr. ZHAO Yongsheng (趙泳生)(6) . .	Executive Director and director of the supply chain center	Beneficial owner	150,000 Domestic Shares	0.33	0.17

Notes:

(1) The calculation is based on the total number of 45,482,153 Domestic Shares in issue and 40,657,138 H Shares (assuming the Over-allotment Option is not exercised and the options granted under the Pre-IPO Share Option Scheme are not exercised) in issue upon Listing.

(2) The 12,834,272 Domestic Shares Mr. Lin beneficially holds include 1,000,000 Domestic Shares, which is the maximum number of Domestic Shares which Mr. Lin is entitled to receive pursuant to the exercise of options granted to him under the Pre-IPO Share Option Scheme, subject to the terms and conditions of these options. Mr. Lin is the executive partner of Shanghai Weilan, Shanghai Weiqing and Shanghai Weijing and is responsible for their respective management. As such, under the SFO, Mr. Lin is deemed to be interested in the 6,018,428 Domestic Shares held by Shanghai Weilan, Shanghai Weiqing and Shanghai Weijing.

(3) These Shares represent the maximum number of Domestic Shares which Dr. HU Zhe (胡哲) is entitled to receive pursuant to the exercise of options granted to him under the Pre-IPO Share Option Scheme, subject to the terms and conditions of these options.

(4) The 1,967,500 Domestic Shares Ms. MA Audrey Jing Nan (馬晶楠) beneficially holds include 200,000 Domestic Shares, which is the maximum number of Domestic Shares which Ms. MA Audrey Jing Nan is entitled to receive pursuant to the exercise of options granted to her under the Pre-IPO Share Option Scheme, subject to the terms and conditions of these options.

(5) These Shares represent the maximum number of Domestic Shares which Dr. ZHAI Shuang (翟雙) is entitled to receive pursuant to the exercise of options granted to him under the Pre-IPO Share Option Scheme, subject to the terms and conditions of these options.

(6) These Shares represent the maximum number of Domestic Shares which Mr. ZHAO Yongsheng (趙泳生) is entitled to receive pursuant to the exercise of options granted to him under the Pre-IPO Share Option Scheme, subject to the terms and conditions of these options.

2. Substantial Shareholders

For the information on the persons who will, immediately following the completion of the Global Offering, have interests or short positions in our Shares or underlying Shares which would be required to be disclosed to our Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, see "Substantial Shareholders" in this prospectus.

Save as set out below, our Directors are not aware of any other person (other than our Directors, Supervisors or chief executive) who will, immediately following completion of the Global Offering, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group other than our Company:

Our subsidiary	Total registered capital	Person with 10% or more interest	Approximate percentage of the interest in the subsidiary
	(RMB)		*(%)*
Beijing XCELL Technology Co., Ltd. (北京重理能源科技有限公司)	9,700,000	Beijing General Dynamics Technology Development Center (General Partnership) (北京通用動力科技發展中心(普通合夥))	27.84
Shanghai PANDO Electric Technology Co., Ltd. (上海磐動電氣科技有限公司) . .	51,724,138	Shanghai Zhengtai Hydrogen Energy Development Co., Ltd. (上海正泰氫能源發展有限公司)	24.17
Shanghai PANDO Electric Technology Co., Ltd. (上海磐動電氣科技有限公司) . .	51,724,138	Shanghai Bojing Hydrogen Business Consulting Services Partnership (Limited Partnership) (上海伯京氫易商務諮詢服務合夥企業(有限合夥))	16.20
Shanghai PANDO Electric Technology Co., Ltd. (上海磐動電氣科技有限公司) . .	51,724,138	Shanghai Taiqingchen Energy Technology Co., Ltd. (上海泰氫晨能源科技有限公司)	11.83

Our subsidiary	Total registered capital	Person with 10% or more interest	Approximate percentage of the interest in the subsidiary
	(RMB)		*(%)*
Foshan Diyi Element New Energy Technology Co., Ltd. (佛山迪一元素新能源科技有限公司)	120,000,000	FAW Jiefang Automotive Co., Ltd. (一汽解放汽車有限公司)	45.00
Foshan Diyi Element New Energy Technology Co., Ltd. (佛山迪一元素新能源科技有限公司)	120,000,000	Shanghai Ruisu Technology Co., Ltd. (上海芮塑科技有限公司)	10.00
Changde REFIRE Surge New Materials Technology Co., Ltd. (常德重塑澎湃新材料科技有限公司)	12,500,000	Hunan Yongyou Technology Co., Ltd. (湖南雍友科技有限公司)	24.00
Changde REFIRE Surge New Materials Technology Co., Ltd. (常德重塑澎湃新材料科技有限公司)	12,500,000	Shanghai Taiqingchen Energy Technology Co., Ltd. (上海泰氫晨能源科技有限公司)	20.00
Shanghai REFIRE Prismatic Hydrogen Technology Co., Ltd. (上海重塑斑斕氫能科技有限公司).	10,000,000	Shanghai All Hydrogen Times Business Management Consulting Partnership (Limited Partnership) (上海全氫時代商務管理諮詢合夥企業(有限合夥))	10.00

Our subsidiary	Total registered capital	Person with 10% or more interest	Approximate percentage of the interest in the subsidiary
	(RMB)		*(%)*
Shanghai REFIRE Prismatic Hydrogen Technology Co., Ltd. (上海重塑斑斕氫能科技有限公司)	10,000,000	Shenzhen Biqu Technology Co., Ltd. (深圳市必趨科技有限公司)	10.00
Guangzhou Qingchi Technology Co., Ltd. (廣州氫馳科技有限公司)	10,000,000	Xiongchuan Hydrogen Energy Technology (Guangzhou) Co., Ltd. (雄川氫能科技(廣州)有限責任公司)	40.00
Foshan Nanhai Cunqiu Equity Investment Co., Ltd. (佛山市南海區存秋股權投資有限公司)	1,260,000,000	Guangdong Nanhai Industry Group Co., Ltd. (廣東南海產業集團有限公司)	48.97
Unilia (Guangdong) Fuel Cells Inc. (韻量燃料電池(廣東)有限公司)	14,178,150	Shanghai Wutang Technology Partnership (Limited Partnership) (上海悟堂科技合夥企業(有限合夥))	13.71
Shanghai Wutang Technology Partnership (Limited Partnership) (上海悟堂科技合夥企業(有限合夥))	1,944,400	Michael Patrick Sexsmith	48.22 (as a limited partner)
Hubei Lvye Hydrogen Energy Technology Co., Ltd. (湖北綠冶氫能科技有限公司) . .	20,000,000	Hubei Lvye Industrial Investment Group Co., Ltd. (湖北綠冶產業投資集團有限公司)	30.00

3. Service Contracts

Each of our Directors and Supervisors has entered into a service contract with our Company. The principal particulars of these service contracts comprise (a) a term of office commencing on the date of the approval at the relevant Company's general meeting and ending on the expiration of the term of office of the prevailing session of the Board (with respect to Directors) or a term of office commencing on the date of the approval at the Company's general meeting or the date of the employees' representative assembly (as the case may be) and ending on the expiration of the term of office of the prevailing session of the Supervisory Committee (with respect to Supervisors); and (b) termination provisions in accordance with their respective terms. Our Directors may be re-appointed subject to Shareholders' approval.

Save as disclosed above, none of our Directors and Supervisors has or is proposed to have entered into any service contract with any member of our Group (excluding contracts expiring or determinable by any member of our Group within one year without payment of compensation other than statutory compensation).

4. Remuneration of Directors and Supervisors

Save as disclosed in the section headed "Directors, Supervisors and Senior Management" in this prospectus and note 8 to the Accountants' Report, for the three financial years ended December 31, 2021, 2022 and 2023 and the five months ended May 31, 2024, none of our Directors or Supervisors received other remunerations of benefits in kind from us.

5. Employee Incentive Schemes

Our Company adopted and approved the Employee Incentive Schemes on March 27, 2017, May 15, 2019, December 24, 2020, June 23, 2022 and January 21, 2024, respectively. The Employee Incentive Schemes are not subject to the provisions of Chapter 17 of the Listing Rules as they do not involve the grant of Shares or the grant of options by our Company to subscribe for Shares after the Listing. Given the underlying Shares under the Employee Incentive Schemes had already been issued, there will not be any dilution effect to the issued Shares upon the vesting of the awards under the Employee Incentive Schemes. No further awards will be granted after the Listing.

As of the Latest Practicable Date, our Company established seven ESOP Platforms, namely Shanghai Weilan, Shanghai Weiqing, Shanghai Weijing, Shanghai Weijun, Shanghai Yuanyiqing, Shanghai Weiyi and Canada ESOP Platform, which, in aggregate, held 6,018,428 Domestic Shares. For further details of the ESOP Platforms, see "History, Development and Corporate Structure — Employee Incentive Platforms" in this prospectus.

The following is a summary of the principal terms of the Employee Incentive Schemes (as amend from time to time).

(a) Objective

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

(b) Eligibility

Participants of the Employee Incentive Schemes include our senior management members, middle management members and other individuals who have significant contribution to the development of our Company (the "**Participants**"). The Employee Incentive Schemes further provide that the Participants:

- shall possess full capacity for civil conducts;
- shall not have any criminal record;
- shall not have been publicly condemned or declared as an inappropriate participant by any stock exchange, the CSRC or any administrative authority under the CSRC in the past three years;
- shall not have been imposed administrative penalties or market bans (市場禁入措施) by the CSRC and any administrative authority under the CSRC as a result of material violations of laws and regulations in the past three years;
- shall not have been the legal representative of a company or enterprise whose business license had been revoked or which had been ordered to close as a result of violation of laws (except where three years had passed since the date of liquidation of such company or enterprise);
- shall not have been a director, factory director or manager of a company or enterprise which had been bankrupt or liquidated (except where three years had passed since the date of bankruptcy or liquidation of such company or enterprise);
- shall not have a significant amount of personal debts due but not repaid;
- shall not have violated the Articles of Association or their employment contracts;
- shall not have severely violated the rules and regulations of our Company.

(c) Grant of Awards

The executive partner of Shanghai Weilan, Shanghai Weiqing, Shanghai Weijing, Shanghai Weijun, Shanghai Yuanyiqing and Shanghai Weiyi is Mr. Lin. The general partner of Canada ESOP Platform is 1415085 B.C. Ltd., which has delegated all of its powers and duties as a general partner of Canada ESOP Platform to Mr. Lin pursuant to a management agreement dated January 9, 2024, and Mr. Lin is responsible for the management of Canada ESOP Platform. Therefore, in effect, all management powers of the ESOP Platforms reside with Mr. Lin.

The selected Participants will be granted awards in the form of economic interest in the ESOP Platforms conditional upon certain conditions as specified in each award agreement and upon fulfilment of such conditions, such selected Participants will become a limited partner of the relevant ESOP Platform. Upon becoming the limited partner of the ESOP Platforms, the selected Participants indirectly receive economic interest in the corresponding number of underlying Shares held by the ESOP Platforms. All selected Participants irrevocably authorize the general partner of the relevant ESOP Platform to handle all affairs of the relevant ESOP Platform and act as the concerted party to the general partner of the relevant ESOP Platform.

(d) Administration

Our executive Directors or our Board (as the case may be) shall be responsible for:

- formulation, modifications and specific implementation of the Employee Incentive Schemes;
- interpretation and supervision of the Employee Incentive Schemes;
- where applicable, formulation and implementation of specific incentive schemes for foreign employees and relevant rules for overseas employee shareholding platforms (if any); and
- any other matters relating to the supervision and implementation of the Employee Incentive Schemes, or authorized under the Employee Incentive Schemes, the Articles of Association and relevant legal documents or by a general meeting of our Company.

(e) Lock-up Period and Restrictions on Disposals

The interest held by the Participants in the relevant ESOP Platform shall be subject to a lock-up period which shall be 12 months from the Listing (in the case of the partnership interest whose underlying Shares are H Shares) or 36 months from the date of our Company's listing in the PRC (in the case of the partnership interest whose underlying Shares are not H Shares).

Upon listing of our Company, prior to the expiry of the applicable lock-up period, the Participants may not transfer, pledge, gift or otherwise encumber or entrust to another person their interest in the limited partnership without the consent of the executive partner of the relevant ESOP Platform.

Upon listing of our Company and the expiry of the applicable lock-up period, (i) subject to any applicable rules and regulations, the Participants make an application to the executive partner of the relevant ESOP Platform in connection with the disposal of their interest in the limited partnership; and (ii) other than the aforementioned circumstance, the Participants may not transfer, pledge, gift or otherwise encumber or entrust to another person their interest in the limited partnership without the consent of the executive partner of the relevant ESOP Platform.

6. Pre-IPO Share Option Scheme

The Pre-IPO Share Option Scheme was adopted and approved on January 21, 2024. The purpose of the Pre-IPO Share Option Scheme is to, among others, further improve the long-term incentive mechanism of our Company, attract and retain outstanding talents and enhance the enthusiasm of our employees. All Shares to be issued under the Pre-IPO Share Option Scheme are Domestic Shares. The Pre-IPO Share Option Scheme is not subject to the provisions of Chapter 17 of the Listing Rules as it does not involve the grant of options by our Company to subscribe for Shares after the Listing.

The following is a summary of the principal terms of the Pre-IPO Share Option Scheme.

(a) Duration

The term of the Pre-IPO Share Option Scheme commences on the date on which the options under the Pre-IPO Share Option Scheme are first granted and ends on the date on which all options granted under the Pre-IPO Share Option Scheme are exercised or canceled, and in any event, will not exceed six years.

(b) Administration

Our Board is responsible for the implementation and management of the Pre-IPO Share Option Scheme.

(c) Eligibility

The eligible participants of the Pre-IPO Share Option Scheme ("**Eligible Participants**") include our Group's directors, senior management members, core technical personnel and important technical personnel, as well as other employees that our Company thinks fit, excluding independent non-executive Directors and Supervisors.

(d) Grant of Options

Before granting any option under the Pre-IPO Share Option Scheme, our Board shall evaluate whether conditions for the grant of options have been satisfied by the relevant Eligible Participant, the relevant Eligible Participant shall enter into a share option grant agreement with our Company, which sets out the respective rights and obligations of the relevant Eligible Participant and our Company. No consideration is payable upon the grant of options under the Pre-IPO Share Option Scheme.

(e) Maximum Number of Shares Underlying Options

The maximum aggregate number of underlying Shares which may be issued upon exercise of all options granted under the Pre-IPO Share Option Scheme shall not exceed 5,267,800 Domestic Shares.

(f) Exercise Price

The exercise price in respect of each option granted shall be RMB33.64.

(g) Exercise of Options

The options under the Pre-IPO Share Option Scheme shall not be exercised before the expiry of 12 months commencing on the date on which the options are granted or the Listing Date (whichever is later) (the "**Waiting Period**"). Subject to the satisfaction of the relevant conditions in respect of the exercise of options, the Eligible Participants may exercise their options in two tranches:

	Exercise period	**Maximum portion of options which may be exercised**
The first exercise period	Commencing on the first trading day of H Shares upon the expiry of the Waiting Period and ending on the last trading day within 12 months from the expiry of the Waiting Period	50%
The second exercise period	Commencing on the first trading day of H Shares upon the expiry of 12 months from the expiry of the Waiting Period and ending on the last trading day within 24 months from the expiry of the Waiting Period	50%

Where options which may be exercised are not exercised within the relevant exercise period, such options shall be cancelled. Where any relevant condition in respect of the exercise of options is not satisfied for the relevant exercise period, the portion of options which may be exercised during the corresponding exercise period shall be cancelled.

(h) Adjustment

If our Company conducts capitalization of capital reserve, bonus shares issue, share subdivision, share split, rights issue or share reduction, the number and price of the options shall be adjusted in accordance with the Pre-IPO Share Option Scheme.

(i) Lock-up Period and Restrictions on Disposals

The Domestic Shares issued to the Eligible Participants pursuant to the exercise of the options are subject to a lock-up period of one year from the date on which the options are exercised, following which the Eligible Participants may dispose of such Domestic Shares in accordance with applicable laws and regulations of the place(s) where our Company's securities are listed and the stock exchange(s) where our Company's securities are listed.

(j) Non-transferability of Options

All options are non-transferable and shall not be used as a form of guarantee or as a repayment of debt.

(k) Change in Control

Despite a change in control, amalgamation or separation of our Company, there shall not be any amendments to the Pre-IPO Share Option Scheme.

(l) Amendments to the Pre-IPO Share Option Scheme

Any amendment to the Pre-IPO Share Option Scheme shall be approved by a general meeting of our Company.

(m) Outstanding Options

As of the Latest Practicable Date, outstanding options to subscribe for an aggregate of 4,828,750 Domestic Shares have been granted to a total of 128 Eligible Participants.

The table below sets out the details of options granted to the Directors, senior management members of our Company and a grantee who is not a connected person of our Company and has been granted options to subscribe for 150,000 Shares under the Pre-IPO Share Option Scheme, which are outstanding as of the Latest Practicable Date.

Name	Address	Positions held within our Group	Number of Domestic Shares under outstanding options granted[1]	Approximate percentage of equity interest in our Company underlying the outstanding options upon completion of the Global Offering[2]
Directors				
Mr. Lin	Room 601, No. 188, Lane 99, Wanding Road, Minhang District, Shanghai, PRC	Chairperson of our Board, executive Director and chief executive officer	1,000,000	1.16%
Dr. HU Zhe (胡哲)	Room 702, No. 2, Lane 388, Moyu Road, Anting Town, Jiading District, Shanghai, PRC	Executive Director, chief operating officer and president	750,000	0.87%
Ms. MA Audrey Jing Nan (馬晶楠)	Room 202, No. 22, Lane 18, Shenzheng Road, Minhang District, Shanghai, PRC	Executive Director and vice president	200,000	0.23%
Dr. ZHAI Shuang (翟雙)	Room 605, No. 24, Lane 12, Minzhi Road, Yangpu District, Shanghai, PRC	Executive Director and deputy executive director of the R&D center	150,000	0.17%
Mr. ZHAO Yongsheng (趙泳生)	Room 301, No. 111, Lane 2078, Anzhi Road, Jiading District, Shanghai, PRC	Executive Director and director of the supply chain center	150,000	0.17%

Name	Address	Positions held within our Group	Number of Domestic Shares under outstanding options granted[(1)]	Approximate percentage of equity interest in our Company underlying the outstanding options upon completion of the Global Offering[(2)]
Senior management members of our Company (other than Directors)				
Mr. ZHENG Zhong (鄭重)	No. 97, Lane 651, Donghuan Road, Jiading District, Shanghai, PRC	Vice president, Board secretary, director of our subsidiary and supervisor of our subsidiaries	150,000	0.17%
Mr. XIE Hongyu (謝紅雨)	Room 1103, Building 2, Lane 29, Zhongjia Road, Nanxiang Town, Jiading District, Shanghai, PRC	Vice president and director of our subsidiaries	200,000	0.23%
Mr. SHAO Liangming (邵良明)	Room 303, No. 6, Lane 1078, Lianyang Road, Baoshan District, Shanghai, PRC	Financial controller	18,250	0.02%
Grantee who is not a connected person of our Company and has been granted options to subscribe for 150,000 Shares				
Mr. LIU Yun (劉贇)	Room 801, No. 2, Lane 1650, Jinxiu Road, Pudong New Area, Shanghai, PRC	Executive president	150,000	0.17%

Notes:

(1) All the options were granted on January 21, 2024, with an exercise price of RMB33.64 per Share. For details of the exercise period, see "6. Pre-IPO Share Option Scheme — (g) Exercise of Options" in this section. As of the date of this prospectus, none of the options granted are exercised.

(2) Without taking into account any H Shares which may be issued pursuant to the exercise of the Over-allotment Option and any Domestic Shares which may be issued pursuant to the exercise of the options granted under the Pre-IPO Share Option Scheme.

The table below sets out the details of options granted to the remaining 119 grantees, who are not Directors, senior management or connected persons of our Company, under the Pre-IPO Share Option Scheme, which are outstanding as of the Latest Practicable Date.

No.	Number/Range of Domestic Shares under outstanding Options granted	Total number of grantees	Total number of Domestic Shares under outstanding options granted(1)	Approximate percentage of equity interest in our Company underlying the outstanding options upon completion of the Global Offering(2)
1.	1 to 99,999	110	1,160,500	1.35%
2.	100,000	9	900,000	1.04%

Notes:

(1) All the options were granted on January 21, 2024, with an exercise price of RMB33.64 per Share. For details of the exercise of options (including any conditions in respect thereof), see "6. Pre-IPO Share Option Scheme — (g) Exercise of Options" in this section. As of the date of this prospectus, none of the options granted are exercised.

(2) Without taking into account any H Shares which may be issued pursuant to the exercise of the Over-allotment Option and any Domestic Shares which may be issued pursuant to the exercise of the options granted under the Pre-IPO Share Option Scheme.

(n) Dilution Effect and Impact on Loss per Share

Subject to any adjustment as set out under the Pre-IPO Share Option Scheme in the event of any capitalization of capital reserve, bonus shares issue, share subdivision, share split, rights issue or share reduction of our Company that may take place after the Listing, the total number of Shares to be issued pursuant to the exercise of the options granted under the Pre-IPO Share Option Scheme shall be no more than 5,267,800 Domestic Shares, representing approximately 6.12% of the total issued share capital of our Company immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised and the options granted under the Pre-IPO Share Option Scheme are not exercised). Assuming a full exercise of the options outstanding under the Pre-IPO Share Option Scheme, the shareholding of our Shareholders immediately following completion of the Global Offering (assuming the Over-allotment Option is not exercised) will be diluted by approximately 5.31%. There is no consequential impact on the loss per Share for the five months ended May 31, 2024 as the options would not be included in the calculation of diluted loss per Share due to anti-dilution.

7. Disclaimers

(a) Save as disclosed in this section and the section headed "History, Development and Corporate Structure" in this prospectus, none of our Directors, Supervisors or any of the parties listed in the paragraph headed "— Other Information — 5. Qualifications of Experts" in this Appendix is:

(i) interested in our promotion, or in any assets which have been, within two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to any member of our Company; or

(ii) materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to our business;

(b) Save in connection with the Hong Kong Underwriting Agreement and the International Underwriting Agreement, none of the parties listed in the paragraph headed "— Other Information — 5. Qualifications of Experts" in this Appendix:

(i) is interested legally or beneficially in any shares in any member of our Group; or

(ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of our Group;

(c) Save as disclosed in this section and the section headed "Directors, Supervisors and Senior Management" in this prospectus, none of our Directors or Supervisors is a director or employee of a company that has an interest in the share capital of our Company which, once the H Shares are listed on the Hong Kong Stock Exchange, would have to be disclosed pursuant to Divisions 2 and 3 of Part XV of the SFO; and

(d) So far as is known to our Directors, none of our Directors or Supervisors or their respective close associates (as defined under the Listing Rules) or Shareholders who owns more than 5% of the issued shares of our Company has any interests in the five largest customers or the five largest suppliers of our Group.

OTHER INFORMATION

1. Estate duty

Our Directors have been advised that no material liability for estate duty is likely to impose on our Company or any of our subsidiaries under the laws of the PRC.

2. Litigation

As of the Latest Practicable Date, no member of our Group was involved in any litigation, arbitration or claim of material importance, and, so far as we are aware, no litigation, arbitration or claim of material importance is pending or threatened against any member of our Group, which would have a material adverse effect on our financial condition or results of operations, taken as a whole.

3. Sole Sponsor

The Sole Sponsor has made an application on behalf of our Company to the Hong Kong Stock Exchange for the listing of, and permission to deal in, our H Shares. All necessary arrangements have been made to enable the securities to be admitted into CCASS.

The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules. The Sole Sponsor will receive a fee of US$1,000,000 to act as a sponsor to our Company in connection with the Global Offering.

4. Preliminary expenses

As of the Latest Practicable Date, our Company has not incurred material preliminary expenses.

5. Qualifications of Experts

The qualifications of the experts (as defined under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) who have given opinions and/or advice in this prospectus are as follows:

Name	Qualifications
China International Capital Corporation Hong Kong Securities Limited	Licensed to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) of regulated activities as defined under the SFO
Ernst & Young	Certified Public Accountants and Registered Public Interest Entity Auditor
Tian Yuan Law Firm.	Company's PRC legal adviser

Name	Qualifications
Tian Yuan Law Firm	Company's PRC legal adviser as to PRC cybersecurity and data privacy protection laws
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co..	Independent industry consultant

6. Consents

Each of the experts as referred to in the paragraph headed "— Other Information — 5. Qualifications of Experts" in this Appendix has given and has not withdrawn its respective written consents to the issue of this prospectus with the inclusion of certificates, letters, opinions or reports and the references to its name included herein in the form and context in which it respectively included.

7. Taxation of Holders of H Shares

(1) Hong Kong

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty. The current rate charged on each of the purchaser and seller is 0.1% of the consideration or, if higher, the fair value of the H Shares being sold or transferred. For further details in relation to taxation, see Appendix III to this prospectus.

(2) Consultation with professional advisers

Potential investors in the Global Offering are urged to consult their professional tax advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in our H Shares (or exercising rights attached to them). None of our Company, our Directors, the Sole Sponsor, the Joint Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, or any other person or party involved in the Global Offering accept responsibility for any tax effects on, or liabilities of, any person, resulting from the subscription, purchase, holding or disposal of, dealing in or the exercise of any rights in relation to our H Shares.

8. No Material Adverse Change

Our Directors confirm that, as of the date of this prospectus, there has been no material adverse change in the financial or trading position of our Company since May 31, 2024 (being the latest balance sheet date of our consolidated financial statements as set out in the Accountants' Report).

9. Promoters

The promoters of our Company are all then 29 shareholders of our Company as of August 20, 2020 before our conversion into a joint stock company with limited liability. Save as disclosed in the section headed "History, Development and Corporate Structure" in this prospectus, within the two years preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given or is proposed to be paid, allotted or given to any promoter in connection with the Global Offering and the related transactions described in this prospectus.

10. Restrictions on Repurchase

For details, see Appendices IV and V to this prospectus.

11. Binding Effect

This prospectus shall have the effect, if an application is made in pursuance of it, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

12. Bilingual Prospectus

The English and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided under section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

13. Financial Adviser

BNP Paribas Securities (Asia) Limited ("**BNP Paribas**") has been appointed by our Company as financial adviser in respect of the Listing and the Global Offering. The appointment of BNP Paribas is at our Company's own initiative and not made pursuant to the requirements of the Listing Rules, and the appointment of BNP Paribas is separate and distinct from the appointment of the Sole Sponsor (which is required to be made by us pursuant to the Listing Rules). The role of BNP Paribas in the Listing and the Global Offering is different from that of the Sole Sponsor in that it focuses on providing general financial advisory services to our Company in respect of the Listing and the Global Offering, including providing advice regarding the appropriate corporate structure and investment positioning of our Company, and the timing and other aspects of the Global Offering. BNP Paribas is a corporation licensed to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities) and Type 6 (advising on corporate finance) of regulated activities as defined under the SFO.

14. Miscellaneous

Save as otherwise disclosed in this section and the sections headed "History, Development and Corporate Structure" and "Underwriting" in this prospectus:

(a) within the two years preceding the date of this prospectus, (i) our Company has not issued nor agreed to issue any share or loan capital fully or partly paid either for cash or for a consideration other than cash; and (ii) no commission, discount, brokerage or other special term has been granted in connection with the issue or sale of any shares of our Company;

(b) no Share or loan capital of our Company, if any, is under option or is agreed conditionally or unconditionally to be put under option;

(c) our Company has not issued nor agreed to issue any founder shares, management shares or deferred shares;

(d) our Company has no outstanding convertible debt securities or debentures;

(e) there is no arrangement under which future dividends are waived or agreed to be waived;

(f) there has been no interruption in our business which may have or have had a significant effect on the financial position in the last 12 months;

(g) our Company is not presently listed on any stock exchange or traded on any trading system; and

(h) our Company is a joint stock limited company and is subject to the PRC Company Law.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to a copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were:

(i) a copy of the material contracts referred to in the paragraph headed "Further Information about the Business of Our Company — 1. Summary of Material Contracts" in Appendix VI to this prospectus; and

(ii) the written consents referred to in the paragraph headed "Other Information — 6. Consents" in Appendix VI to this prospectus.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the website of the Hong Kong Stock Exchange at **www.hkexnews.hk** and our website at **www.refire.com** during a period of 14 days from the date of this prospectus:

(a) the Articles of Association;

(b) the Accountants' Report prepared by Ernst & Young, the text of which is set out in Appendix I to this prospectus;

(c) the audited consolidated financial statements of our Group for the three financial years ended December 31, 2021, 2022 and 2023 and the five months ended May 31, 2024;

(d) the report prepared by Ernst & Young on the unaudited pro forma financial information of our Group, the text of which is set out in Appendix II to this prospectus;

(e) the industry report issued by Frost & Sullivan referred to in the section headed "Industry Overview" in this prospectus;

(f) the PRC legal opinion issued by Tian Yuan Law Firm, our legal adviser as to PRC law, in respect of, among other things, the general matters and property interests of our Group under the PRC laws;

(g) the legal opinion issued by Tian Yuan Law Firm, our legal adviser as to PRC cybersecurity and data privacy protection laws;

(h) the material contracts referred to in the paragraph headed "Further Information about the Business of Our Company — 1. Summary of Material Contracts" in Appendix VI to this prospectus;

(i) the service contracts referred to in the paragraph headed "Further Information about Our Directors, Supervisors and Substantial Shareholders — 3. Service Contracts" in Appendix VI to this prospectus;

(j) the Pre-IPO Share Option Scheme;

(k) the written consents referred to in the paragraph headed "Other Information — 6. Consents" in Appendix VI to this prospectus; and

(l) the PRC Company Law, the PRC Securities Law, the Overseas Listing Trial Measures and the Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》) issued by the CSRC together with unofficial English translations thereof.

DOCUMENT AVAILABLE FOR INSPECTION

A list of grantees under the Pre-IPO Share Option Scheme, containing all details as required under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance, will be available for inspection at the office of O'Melveny & Myers, at 31/F, AIA Central, 1 Connaught Road Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus.

Shanghai REFIRE Group Limited