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)
(Stock Code: 2570)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2024

FINANCIAL HIGHLIGHTS

- During the Reporting Period, total revenue was approximately RMB648.8 million, representing a year-on-year decrease of approximately 27.5%; among which, the revenue from overseas regions increased by approximately 151.7% year-on-year, and sales revenue of hydrogen fuel cell systems for non-vehicle scenarios increased by approximately 132.6% year-on-year;

- During the Reporting Period, gross profit was approximately RMB111.8 million, representing a year-on-year decrease of approximately 37.8%;

- During the Reporting Period, the loss attributable to the owners of the Company was approximately RMB737.3 million, as compared to the loss attributable to the owners of the Company of approximately RMB529.5 million for the Previous Period;

- During the Reporting Period, the adjusted net loss (non-IFRS measure) of the Company was approximately RMB417.0 million, as compared to the adjusted net loss (non-IFRS measure) of the Company of approximately RMB471.4 million for the Previous Period, representing a year-on-year decrease of approximately 11.5%;

- During the Reporting Period, the net outflow of cash flows used in operating activities was approximately RMB393.2 million, while the net outflow of cash flows used in operating activities of the Company during the Previous Period was approximately RMB718.4 million, representing a year-on-year decrease of approximately 45.3%; and

- No dividends were declared for the year ended December 31, 2024.

Note: "Adjusted net loss (non-IFRS measure)" refers to the net loss for the year adjusted by deducting share-based payments and listing expenses.

The Board of Directors of Shanghai REFIRE Group Limited hereby announces the audited consolidated annual results of the Group for the year ended December 31, 2024, together with comparative figures for the year ended December 31, 2023.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2024

	Notes	**2024**	2023
		RMB'000	*RMB'000*
REVENUE	4	**648,775**	895,278
Cost of sales		**(537,009)**	(715,662)
Cost of sales of goods and services		**(502,425)**	(683,897)
Impairment losses on inventories		**(34,584)**	(31,765)
Gross profit		**111,766**	179,616
Other income and gains	4	**41,750**	59,825
Selling and marketing expenses		**(139,485)**	(134,833)
Administrative expenses		**(454,886)**	(339,670)
Research and development expenses		**(219,368)**	(220,880)
Fair value gains/(losses) on financial assets at fair value through profit or loss, net		**25,206**	(3,120)
Impairment losses on financial assets, net		**(69,898)**	(63,965)
Other expenses		**(1,916)**	(4,960)
Finance costs	6	**(57,593)**	(47,926)
Share of losses of:			
Associates		**(15,182)**	(3,855)
LOSS BEFORE TAX	5	**(779,606)**	(579,768)
Income tax credit	7	**1,847**	2,237
LOSS FOR THE YEAR		**(777,759)**	(577,531)
Loss attributable to:			
Owners of the parent		**(737,301)**	(529,472)
Non-controlling interests		**(40,458)**	(48,059)
		(777,759)	(577,531)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted	8	**RMB(9.03)**	RMB(6.51)

	Notes	**2024**	2023
		RMB'000	*RMB'000*
LOSS FOR THE YEAR		**(777,759)**	(577,531)
OTHER COMPREHENSIVE LOSS			
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:			
Equity investments designated at fair value through other comprehensive income:			
Changes in fair value		**(1,577)**	(3,834)
Income tax effect		**394**	958
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods		**(1,183)**	(2,876)
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences:			
Exchange differences on translation of foreign operations		**(5,278)**	3,673
Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods		**(5,278)**	3,673
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX		**(6,461)**	797
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(784,220)**	(576,734)
Attributable to:			
Owners of the parent		**(743,048)**	(529,577)
Non-controlling interests		**(41,172)**	(47,157)
		(784,220)	(576,734)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	Notes	**31 December 2024** *RMB'000*	31 December 2023 *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**394,254**	452,801
Right-of-use assets		**91,058**	69,419
Other intangible assets		**18,484**	22,456
Investments in associates		**132,590**	99,522
Equity investments designated at fair value through other comprehensive income		**43,541**	47,656
Financial assets at fair value through profit or loss		**89,165**	44,401
Trade receivables	9	**270,764**	403,933
Contract assets	9	**19,689**	30,785
Prepayments, other receivables and other assets		**57,371**	67,892
Deferred tax assets		**14,634**	12,919
Total non-current assets		**1,131,550**	1,251,784
CURRENT ASSETS			
Inventories		**296,875**	239,872
Trade and bills receivables	9	**2,049,241**	1,583,395
Prepayments, other receivables and other assets		**240,025**	296,268
Financial assets at fair value through profit or loss		**91,035**	–
Restricted cash		**49**	746
Cash and cash equivalents		**883,356**	664,510
Total current assets		**3,560,581**	2,784,791
CURRENT LIABILITIES			
Trade and bills payables	10	**873,823**	650,741
Other payables and accruals		**140,328**	141,315
Contract liabilities		**22,528**	12,740
Interest-bearing bank and other borrowings		**1,054,234**	470,443
Lease liabilities		**20,883**	18,921
Tax payable		**150**	1,056
Deferred income		**802**	963
Provision		**20,888**	21,080
Total current liabilities		**2,133,636**	1,317,259

	Notes	**31 December 2024** *RMB'000*	31 December 2023 *RMB'000*
NET CURRENT ASSETS		**1,426,945**	1,467,532
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,558,495**	2,719,316
NON-CURRENT LIABILITIES			
Contract liabilities		**15,154**	13,841
Interest-bearing bank and other borrowings		**504,776**	833,025
Lease liabilities		**22,522**	42,483
Redemption liabilities of a subsidiary		**10,425**	–
Deferred income		**45,890**	58,284
Provision		**20,639**	21,219
Total non-current liabilities		**619,406**	968,852
Net assets		**1,939,089**	1,750,464
EQUITY			
Equity attributable to owners of the parent			
Share capital	11	**86,139**	81,311
Reserves		**1,950,011**	1,743,089
		2,036,150	1,824,400
Non-controlling interests		**(97,061)**	(73,936)
Total equity		**1,939,089**	1,750,464

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

Shanghai REFIRE Group Limited is a limited liability company incorporated in Shanghai 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. On December 6, 2024, the Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited.

During the year, the Group was 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

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with IFRS Accounting Standards, (which include International Accounting Standards ("IASs") and interpretations) issued by the International Accounting Standards Board (the "IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for private equity funds and equity investments which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2024. 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 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised IFRS Accounting Standards for the first time for the current year's financial statements.

Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current* (the "2020 Amendments")
Amendments to IAS 1	*Non-current Liabilities with Covenants* (the "2022 Amendments")
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*

The nature and the impact of the revised IFRS Accounting Standards are described below:

(a) Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

(b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and revised IFRS Accounting Standards, 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]
Annual improvements to IFRS Accounting Standards – Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7[2]

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/reporting 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 IFRS Accounting Standards, 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 IFRS Accounting Standards become effective.

3. OPERATING SEGMENT INFORMATION

Management has determined the operating segment based on the information reviewed by the Group's chief operating decision maker, which 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

Most of the non-current assets of the Group are physically located in Mainland China. The geographical location of customers is based on the location at which the customers operate, and most of the revenue of the Group was derived from operations in Mainland China during the year.

Information about major customers

In the year under review, the revenue from the Group's major customers accounted for 50.2% of the total sales for the year and sales to the largest customer included therein amounted to 22.4%.

	2024	2023
	RMB'000	*RMB'000*
Company A	**145,524**	*
Company B	**110,570**	261,789
Company C	**69,749**	*

* *Less than 10% of the Group's revenue*

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2024	2023
	RMB'000	*RMB'000*
Revenue from contracts with customers	**648,775**	895,278

Revenue from contracts with customers

Disaggregated revenue information

	2024	2023
	RMB'000	*RMB'000*
Types of goods or services		
Hydrogen fuel cell systems	**330,521**	637,176
Components	**235,564**	220,082
Hydrogen production systems and related components	**1,931**	7,681
Fuel cell engineering and technical services	**63,217**	23,444
Others	**17,542**	6,895
Total	**648,775**	895,278

	2024	2023
	RMB'000	*RMB'000*
Geographical markets		
Mainland China	**590,349**	872,069
Other countries/regions	**58,426**	23,209
Total	**648,775**	895,278

During the year, the amounts of sales revenue apportioned to the oversea regions were RMB58,426,000 (2023: RMB23,209,000).

	2024	2023
	RMB'000	*RMB'000*
Timing of revenue recognition		
Goods or services transferred at a point in time	**643,832**	888,936
Services transferred over time	**4,943**	6,342
Total	**648,775**	895,278

The following table shows the amounts of revenue recognised in the Reporting Period that were included in the contract liabilities at the beginning of the Reporting Period and recognised from performance obligations satisfied in previous periods:

	2024	2023
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the Reporting Period:	**12,740**	15,069

Other income and gains

An analysis of other income and gains is as follows:

	2024	2023
	RMB'000	*RMB'000*
Other income		
Government grants and subsidies	**31,088**	39,446
Interest income	**6,101**	16,166
Investment income from structured deposits	**–**	1,269
Others	**1,114**	229
Subtotal	**38,303**	57,110
Gains		
Gain on disposal of scrap materials	**884**	665
Remeasurement gain on investment in associates held before business combination	**950**	–
Gains on disposal of associates	**–**	2,010
Gain on exchanges	**968**	–
Gain on third-party debt restructuring	**645**	–
Gain on lease term termination	**–**	40
Subtotal	**3,447**	2,715
Total	**41,750**	59,825

5. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	Notes	**2024** *RMB'000*	2023 *RMB'000*
Cost of goods sold*		**511,761**	598,727
Cost of hydrogen fuel cell engineering and technical services provided*		**4,393**	7,255
Depreciation of property, plant and equipment		**93,989**	92,792
Depreciation of right-of-use assets		**18,630**	18,151
Amortisation of other intangible assets		**9,688**	9,677
Research and development costs*		**33,429**	65,028
Lease payments not included in the measurement of lease liabilities		**4,377**	2,097
Employee benefit expense (including directors' and chief executive's remuneration (note 8)):			
Wages and salaries		**206,839**	250,554
Share-based payment		**339,833**	87,066
Pension scheme contributions and social welfare		**56,331**	65,093
Impairment losses on financial assets, net		**69,898**	63,965
Write-down of inventories to net realisable value		**34,584**	31,765
Gain on lease term termination		**–**	(40)
Warranty provision		**14,266**	18,461
Losses on disposal of items of property, plant and equipment		**884**	512
Loss on disposal of a derivative financial instrument		**–**	719
Remeasurement gain on investments in associates held before business combination	4	**(950)**	–
Gains on disposal of associates	4	**–**	(2,010)
Fair value (gains)/losses on financial assets at fair value through profit or loss		**(25,206)**	3,120
Auditor's remuneration		**2,880**	–
Listing expenses		**20,957**	19,084

* 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 year 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 year are included in "Employee benefit expense".

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2024	2023
	RMB'000	*RMB'000*
Interest on interest-bearing bank and other borrowings	**54,621**	43,373
Transaction cost on redemption liabilities of a subsidiary	**425**	–
Interest on lease liabilities	**2,547**	4,553
Total	**57,593**	47,926

7. 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.

Mainland China

The subsidiaries incorporated in Mainland China 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 those subject to tax preferential policy set out below:

Shanghai Refire Technology Co., Ltd., Shanghai Pando Electric Technology Co., Ltd. and Unilia (Shanghai) Fuel Cells Inc. were granted 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 year.

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. For small-scale low-profit enterprises, the policy of calculating the taxable income at a reduced rate of 25% and levying corporate income tax at a rate of 20% will continue to be in effect until 31 December 2027.

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 year. 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 year.

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 year. No provision for Canada profits tax has been made as the Group had no assessable profits derived from or earned in Canada during the year.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	2024	2023
	RMB'000	*RMB'000*
Current income tax	**(132)**	13
Deferred tax credit	**(1,715)**	(2,250)
Total tax credit for the year	**(1,847)**	(2,237)

A reconciliation of the tax expense/(credit) applicable to loss before tax at the statutory rates for the jurisdiction 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 rate (i.e., the statutory tax rate) to the effective tax rate, are as follows:

	2024	2023
	RMB'000	*RMB'000*
Loss before tax	**(779,606)**	(579,768)
Tax at the statutory tax rate	**(194,902)**	(144,942)
Effect of preferential tax rates	**34,428**	24,957
Losses attributable to a joint venture and associates (a)	**3,796**	964
Expenses not deductible for tax (b)	**70,569**	21,921
Super deduction on research and development expenses	**(24,690)**	(25,256)
Deductible temporary differences not recognised	**9,885**	9,449
Tax losses not recognised	**99,167**	110,670
Tax credit at effective tax rate	**(1,847)**	(2,237)

(a) The share of tax attributable to associates amounting to RMB15,182,000 (2023: RMB3,855,000) is included in "Share of losses of associates" in the consolidated statement of profit or loss.

(b) Expenses not deductible for tax mainly include the tax effect of share-based payments, and non-deductible business entertainment expenses.

8. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amount is based on the loss for the year attributable to ordinary equity holders of the parent, and the weighted average numbers of ordinary shares of 81,642,050 (2023: 81,311,371) outstanding during the year, as adjusted to reflect the new shares issue during the year.

The calculation of the diluted earnings per share amount is based on the loss for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares outstanding during the year, as used in the basic loss per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	2024	2023
Loss		
Loss attributable to ordinary equity holders of the parent (RMB'000)	**(737,301)**	(529,472)
Shares		
Weighted average number of ordinary shares outstanding during the year used in the basic loss per share calculation	**81,642,050**	81,311,371
Loss per share		
Basic and diluted	**RMB(9.03)**	RMB(6.51)

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2024 and 2023.

No adjustment has been made to the basic loss per share amount presented for the year ended 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.

9. TRADE AND BILLS RECEIVABLES AND CONTRACT ASSETS

	2024 *RMB'000*	2023 *RMB'000*
Non-current:		
Trade receivables (a)	**275,040**	417,537
Contract assets	**20,000**	31,380
	295,040	448,917
Less: Impairment losses	**(4,587)**	(14,199)
Subtotal	**290,453**	434,718
Current:		
Trade receivables	**2,481,491**	1,974,948
Commercial acceptance bills	**84,402**	25,258
Bank acceptance notes	**8,911**	30,083
	2,574,804	2,030,289
Less: Impairment losses	**(525,563)**	(446,894)
Subtotal	**2,049,241**	1,583,395
Total	**2,399,694**	2,018,113

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 ageing 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 the year is as follows:

	2024 *RMB'000*	2023 *RMB'000*
Current	**1,160,525**	1,137,834
Within 1 year	**730,293**	519,188
1 to 2 years	**281,027**	128,430
2 to 3 years	**16,441**	72,735
3 to 4 years	**42,493**	4,168
4 to 5 years	**370**	125,675
Over 5 years	**99,634**	–
Total	**2,330,783**	1,988,030

The movements in the impairment losses on trade receivables, commercial acceptance bills and contract assets are as follows:

	2024 *RMB'000*	2023 *RMB'000*
At the beginning of the year	**461,093**	400,140
Impairment losses recognised, net	**60,953**	60,953
At the end of the year	**530,150**	461,093

The Group's bills receivable 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.

10. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of the year, based on the invoice date, is as follows:

	2024	2023
	RMB'000	*RMB'000*
Within 1 year	**665,661**	447,319
1 to 2 years	**74,646**	113,317
2 to 3 years	**47,491**	25,801
Over 3 years	**86,025**	64,304
Total	**873,823**	650,741

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.

The Group entered into supplier finance arrangements with Xi'an Jingchan Commercial Factoring Co., Ltd. ("Xi'an Jingchan"), Cloudchain Group Co., Ltd. ("Cloudchain"), and CCB Supply Chain Finance Co.,Ltd. ("CCB Supply Chain") together as the "factoring companies". 1) Pursuant to the agreements, Xi'an Jingchan provided a total credit limit up to RMB200,000,000 for factoring the accounts receivable of the Group's suppliers. To secure the Group's payment obligations, the Group provided a deposit of RMB60,000,000 to Xi'an Jingchan. 2) Cloudchain provided a total credit limit up to RMB50,000,000 from Bank of Communications Co., Ltd., RMB20,000,000 from Bank of Shanghai Co., Ltd. and RMB100,000,000 from Agricultural Bank of China. 3) CCB Supply Chain provided a total credit limit up to RMB20,000,000 from China Construction Bank Co., Ltd.

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 accounts receivable transfer agreements with the factoring companies, whereby their corresponding accounts receivable transfer from the Group to the factoring companies. The factoring companies will pay the suppliers directly for the factored receivable. The Group will subsequently make payments to the factoring companies to settle the factored accounts receivable.

	2024	2023
	RMB'000	*RMB'000*
Carrying amount of financial liabilities that are part of the supplier finance arrangements included in:		
Trade and bills payables of which suppliers have received payments	**144,261**	16,337

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 December 2024, Xi'an Jingchan, Cloudchain and CCB Supply Chain had paid factoring financing funds amounting to RMB45,375,000, RMB82,761,000, and RMB16,125,000, respectively.

11. SHARE CAPITAL

Shares

	2024	2023
	RMB'000	*RMB'000*
Issued and fully paid:		
Share capital	**86,139**	81,311

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	**Share capital**
		RMB'000
At 1 January 2023	81,311,371	81,311
At 31 December 2023 and 1 January 2024	81,311,371	81,311
Issue new shares (a)	4,827,920	4,828
At 31 December 2024	**86,139,291**	**86,139**

(a) On 6 December 2024, the Company issued 4,827,920 shares through Initial Public Offering at the price of HKD147.00 per ordinary share, whose share capital has been fully paid in cash of approximately RMB4,828,000 on the same date.

12. DIVIDENDS

No dividends have been paid or declared by the Company during the year ended 31 December 2024 (2023: nil).

13. EVENTS AFTER THE REPORTING PERIOD

On 2 January 2025, the Group announces that the Stabilising Manager (on its own behalf and on behalf of the International Underwriters) partially exercised the over-allotment option described in the prospectus. This involves a total of 23,180 H shares (the Over-allotted Shares), which is equivalent to approximately 0.48% of the total number of Offer Shares initially available for subscription under the Global Offering before any exercise of the over-allotment option.

MANAGEMENT DISCUSSION AND ANALYSIS

I. BUSINESS OVERVIEW

Market and Industry Review

In 2024, China's top-level policy design for hydrogen energy became more comprehensive. The Government Work Report (《政府工作報告》), as promulgated by the State Council of the People's Republic of China, proposed accelerating the development of emerging hydrogen energy industries. The "Guiding Opinions on Accelerating Green Development in Manufacturing" and the "Guidance on Accelerating the Comprehensive Green Transformation of Economic and Social Development" proposed to promote the entire hydrogen energy supply chain, covering production, storage, transportation, and utilization. In November 2024, the Energy Law of the People's Republic of China (《中華人民共和國能源法》) officially recognized hydrogen as an energy source, placing it alongside oil, coal, natural gas, nuclear power, and hydropower for regulatory purposes. This decision clarified hydrogen's strategic role within the national energy system and its importance for green development. Hydrogen is seen as a crucial pathway for achieving green transformation across multiple sectors, including transportation, industry, construction, and power generation. Globally, hydrogen's significant role in energy transition, as well as China's goals of reaching peak carbon emissions and achieving carbon neutrality, has gained widespread acknowledgment. Driven by policy support and market demand, hydrogen applications, especially in heavy-duty trucks, have seen commercial validation and breakthroughs. Fuel cell vehicle technology has matured, with high-power fuel cell systems now being deployed on a large scale, facilitating heavy-load, high-speed and long-distance transportation. The foundational work in heavy-duty truck applications has paved the way for various uses of hydrogen and fuel cells. Demonstrations of hydrogen applications are emerging in areas such as off-grid ultra-fast charging, material handling, green ports, green mining, oil equipment, and railway transportation. Integrated projects focusing on green hydrogen production, storage, transportation, and utilization are making progress, creating an initial hydrogen-electricity industry ecosystem that combines renewable energy generation, electrolysis for hydrogen production, and the downstream consumption of green hydrogen and fuel cells.

In 2024, the hydrogen energy industry underwent a significant transition from being policy-driven to market-driven growth. The application of hydrogen energy expanded from demonstration city clusters to non-demonstration city clusters in China, from commercial vehicle scenarios to other scenarios, and from the domestic Chinese market to international markets, which presented a series of opportunities and challenges. Throughout 2024, we achieved steady growth. We maintained the stability and competitive advantage of our core business in automotive fuel cells, leading the industry in installation volumes for heavy-duty trucks. Our overseas operations experienced significant growth, and our business innovation efforts delivered phased successes, including the completion of product development and initial validation for off-grid ultra-fast charging projects. Additionally, the green hydrogen integrated project in Taiyang Mountain, Ningxia officially commenced, marking a major advancement for the "electricity-hydrogen-electricity" business model. On December 6, 2024, we were successfully listed on the Main Board of the Stock Exchange, officially entering the international capital market. This achievement represents an important milestone in the development of the Company.

1) **We are dedicated to technological innovation and are firmly making investments in the future, to solidify our advantages in performance, reliability, longevity, environmental adaptability, and cost-effectiveness in hydrogen energy technologies and expertise.**

In 2024, we advanced the development of control algorithms specifically designed for heavy-duty truck logistics scenarios to improve product environmental adaptability and reduce cold start times, offering more stable and reliable solutions for heavy-duty logistics. We have also continuously upgraded our stack system products by optimizing the production processes of membrane electrodes and refining intelligent assembly technologies for stacks, thus significantly enhancing stack performance and power density while increasing system reliability. Additionally, we have successfully developed second-generation hydrogen ultra-fast charging equipment. Moreover, we have also conducted forward-looking technology studies and pre-research for next-generation products to promote the customized development of core materials and back-end design matching.

2) **With our strong technical capabilities and product advantages, we are actively promoting the deployment of our products from demonstration city clusters to non-demonstration city clusters in China, thereby accelerating the commercialization of hydrogen energy applications.**

In 2024, we led the heavy-duty truck market and continuously advanced the commercial application of hydrogen-powered trucks in coal, steel, and chemical transportation across regions such as Shanxi, Shaanxi, Xinjiang, Inner Mongolia, Henan, and Hebei. Within the fuel cell vehicle demonstration city clusters, we successfully deployed over 1,000 new vehicles. In collaboration with China Petrochemical Corporation (中國石油化工集團有限公司), we established the "Beijing-Shanghai Hydrogen Corridor", completing a trial operation of 1,500 km along the Beijing-Shanghai Expressway, marking the world's first large-scale, long-distance, cross-regional practical transportation test for hydrogen vehicles, and paving the way for innovative trunk highway logistics scenarios. Beyond automotive applications, we actively explored and developed other commercially viable scenarios. We launched several hydrogen ultra-fast charging stations in highway service areas, commercial centers, and urban communities, improving the charging experience for electric vehicle users. Additionally, in China, we deployed the first 1.5 MW hydrogen power station as part of a "hydrogen-for-oil" green drilling demonstration project and put into operation the first hydrogen-powered unmanned heavy-duty mining dump truck at an open-pit coal mine.

3) **With our comprehensive hydrogen technology solutions covering the entire process from hydrogen production to hydrogen application, we are actively promoting integrated green hydrogen projects to establish a robust hydrogen-electricity ecosystem.**

The green hydrogen production, storage, transportation, and utilization integrated project in Taiyang Mountain, Ningxia officially commenced in 2024. In collaboration with our hydrogen-electricity ecosystem partners, we are jointly developing the "Taiyang Mountain Model", which integrates wind, solar, hydrogen, storage, transmission, and utilization. Additionally, we have signed an agreement with the Yinchuan High-Tech Industrial Development Zone to support a green hydrogen production, storage, transportation, and utilization integrated project. By leveraging the experience gained from the Taiyang Mountain project, we aim to explore and replicate the integrated green hydrogen solution model.

4) **We continue to expand our global presence, with our products and technologies earning international certifications, resulting in sustainable and significant growth in overseas markets.**

In 2024, we collaborated with CRRC Qishuyan Locomotive Co., Ltd. (中車戚墅堰機車有限公司) to develop hydrogen-powered locomotives that were exported to Chile, helping Ferrocarril de Antofagasta a Bolivia become the first freight company in South America to use hydrogen-powered locomotives. At the Saudi Tecshift Summit, our hydrogen-powered heavy-duty trucks, equipped by Hyperview, made their debut, meeting the needs for long-distance transportation and heavy loads in desert regions, leading the green transformation of heavy-duty transport in the Middle East. Additionally, our hydrogen-powered street-washing vehicles were officially launched at the release event of the "Hong Kong Hydrogen Development Strategy", marking another hydrogen application in Hong Kong and contributing to the improvement of the city's environment. Furthermore, we participated in prominent global exhibitions such as the 2024 International Hydrogen & Fuel Cell Expo in Japan and the 2024 Hannover Messe in Germany, showcasing China's hydrogen energy achievements and promoting international exchanges in the hydrogen industry.

5) **As a leading technology company in China's hydrogen energy industry, we collaborate with upstream and downstream industry partners to jointly build a hydrogen ecosystem.**

In June 2024, we signed a framework cooperation agreement with Contemporary Amperex Technology Co., Limited (寧德時代新能源科技股份有限公司) to jointly provide robust power for the hydrogen energy and fuel cell vehicle market and explore multi-domain hydrogen-electricity synergistic applications. Focusing on the Taiyang Mountain project, we established strategic partnerships with Tan Kah Kee Innovation Laboratory (嘉庚創新實驗室), Shanghai Taiqingchen Energy Technology Co., Ltd. (上海泰氫晨能源科技有限公司), Sinopec Engineering Incorporation (中國石化工程建設有限公司), Sinopec Sales Co., Ltd. Ningxia Petroleum Branch (中國石化銷售有限公司寧夏石油分公司), FAW Jiefang New Energy Business Division (一汽解放新能源事業部), Weina Hydrogen Energy Technology Co., Ltd. (維納氫能科技有限公司), Ningxia Ruike Chemical Co., Ltd. (寧夏瑞科化工有限公司), and other industry partners. Together with Hubei Chutian Smart Communication Co., Ltd. (湖北楚天智慧交通股份有限公司), CAMS New Energy Technology Co., Ltd. (開邁斯新能源科技有限公司), and Hydrogen Integrated Power Energy Technology (Suzhou) Co., Ltd. (氫積電能源技術(蘇州)有限公司), we accelerated the application of hydrogen ultra-fast charging. Additionally, we continued to expand our collaboration with various sectors in Hong Kong to promote the development of the hydrogen energy ecosystem.

6) **The Company was first listed on the Main Board of the Stock Exchange on December 6, 2024.**

Listing on the Stock Exchange has not only opened up broader and more convenient financing channels for us, helping to improve financing efficiency and provide financial support for our technology research and development as well as project construction; it has also further enhanced our Company's image and brand value. During the preparation for the listing, we optimized our management and financial systems in accordance with compliance requirements, improving governance standards and operational norms, which helped enhance our overall competitiveness and reduce operating risks.

II. OUTLOOK AND PROSPECTS

Prospects for new products and services marketed or published

Currently, there is a strong global and Chinese consensus on the development of the hydrogen energy industry. China's hydrogen energy industry policies, laws and regulations are also improving, bringing long-term certainty to the industry's growth. In 2025, we will continue advancing product and technology development to meet market demands for cost-effectiveness and performance. We will continue promoting commercial applications of hydrogen energy with a focus on heavy-duty trucks and expanding its application scenarios. Additionally, we will explore integrated green hydrogen projects to build the hydrogen energy ecosystem, ensuring our sustained high-quality development.

1) **Promoting commercial applications of hydrogen energy with a focus on heavy-duty trucks.**

   We will continue to expand our presence in the low-cost hydrogen market by leveraging affordable hydrogen resources from industries such as steel, coking, petrochemicals and chlor-alkali, alongside local freight transport scenarios to reduce operational costs. Hydrogen-powered heavy-duty trucks still hold immense growth potential in bulk cargo transportation within these sectors. By capitalizing on policies like toll reduction and exemption introduced in various regions, we aim to broaden the application of hydrogen-powered heavy-duty trucks in highway and medium-to-long-haul transportation scenarios, gradually expanding the market. Furthermore, with our extensive and comprehensive product portfolio and partnerships, we will actively promote the commercial application in off-grid supercharging and other diversified fields.

2) **Accelerating the advancement of integrated green hydrogen ecosystem projects to further solidify our leadership in comprehensive hydrogen technology solutions.**

   By replicating the model of integrated green hydrogen projects, we will help local markets increase renewable energy consumption while reducing the cost of hydrogen production from renewables. As these projects are progressively implemented, we aim to boost sales of hydrogen equipment and components such as water electrolysis systems, while expanding the application of hydrogen in areas including heavy-duty trucks, hydrogen energy storage, and power generation.

3) **Continuing R&D efforts on fuel cell systems and hydrogen equipment to meet market demands and support business growth.**

   We will further enhance product durability, reliability, efficiency, safety, and cost-effectiveness to gain competitive advantages and create value for our customers. Leveraging our technological and product portfolio spanning hydrogen production equipment to end-use applications, we will strengthen our technological edge in critical segments and deliver comprehensive green energy solutions to customers.

4) Expanding our first-mover advantage overseas and accelerating global expansion to sustain performance growth.

Building on our ongoing global market presence, we are the first company to achieve commercial application overseas, with bulk orders already secured. We will continue to strengthen front-end sales networks, build global brand awareness, and launch marketing campaigns in broader international markets and regions, including Europe, the Middle East, and Southeast Asia, to drive customer growth.

III. FINANCIAL REVIEW

Revenue

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 and sales of hydrogen energy vehicles.

During the Reporting Period, the Group's revenue amounted to approximately RMB648.8 million, as compared to approximately RMB895.3 million during the Previous Period, representing a decrease of approximately 27.5%. The decrease was mainly because (i) the development of commercialization scenarios for hydrogen energy and the construction of related infrastructure is still in its early stage; and (ii) the fluctuations in certain customer demands and orders, thus leading to a slight year-on-year decrease in the sales of hydrogen fuel cell systems and their components.

The following table sets forth a breakdown of the revenue by product type for the years indicated:

	2024	2023
	RMB'000	*RMB'000*
Types of goods or services		
Hydrogen fuel cell systems	**330,521**	637,176
Components	**235,564**	220,082
Hydrogen production systems and related components	**1,931**	7,681
Fuel cell engineering and technical services	**63,217**	23,444
Others	**17,542**	6,895
Total	**648,775**	895,278

Notes:

– Components mainly included hydrogen supply systems, fuel cell engine accessories, energy storage systems and others for fuel cell vehicles, and cell stack, MEA, bipolar plate, DC-to-DC boost converters, hydrogen circulation systems and others for fuel cell systems.

– Others mainly included the provision of after-sales services and sales of hydrogen energy vehicles.

During the Reporting Period, out of the revenue of the Group, the revenue from overseas regions amounted to RMB58.4 million, of which approximately RMB23.2 million was incurred in the Previous Period, representing an increase of approximately 151.7%. The increase was mainly due to (i) our continuous marketing expansion of overseas business centered on the European, North American and Southeast Asian markets; and (ii) the recognition of fuel cell products and technologies by overseas customers, thus achieving sustained and significant growth in overseas results.

During the Reporting Period, out of the revenue of the Group, the revenue from sales of hydrogen fuel cell systems in non-vehicle scenarios amounted to RMB54.1 million, of which approximately RMB23.3 million was incurred in the Previous Period, representing an increase of approximately 132.6%. The increase was mainly due to our commercial applications in various fields, such as off-grid supercharging and power stations.

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. Our cost of sales was RMB537.0 million in 2024, representing decrease of approximately 25.0% from RMB715.7 million in 2023. The decrease was in line with the change in our revenue during the Reporting Period.

Gross Profit and Gross Profit Margin

Our gross profit represents our revenue less the cost of sales, and our gross profit margin represents our gross profit divided by our revenue, expressed as a percentage.

Our gross profit decreased by approximately 37.8% from RMB179.6 million for the Previous Period to RMB111.8 million for the Reporting Period. Our gross profit margin decreased from approximately 20.1% for the Previous Period to approximately 17.2% for the Reporting Period. The decrease is mainly due to (i) the decrease in our revenue during the Reporting Period; and (ii) that the provision for product quality guarantee funds were included in product costs instead of sales expenses.

Other Income

Our other income decreased by approximately RMB18.8 million or approximately 32.9% from approximately RMB57.1 million for the Previous Period to approximately RMB38.3 million for the Reporting Period, mainly because (i) the government grants and subsidies received and recognized during the Reporting Period decreased by approximately RMB8.4 million; and (ii) the bank interest income decreased by approximately RMB10.1 million during the year.

Selling, Administrative, Research and Development and Other Expenses

The Group's selling and marketing expenses mainly increased from approximately RMB134.8 million for the Previous Period to approximately RMB139.5 million for the Reporting Period, mainly due to the increase in share-based payment expenses recognized under our Company's share option incentive scheme and employee share option schemes. After excluding share-based payment expenses, the Group's selling and marketing expenses mainly decreased from approximately RMB131.3 million in the Previous Period to approximately RMB85.0 million in the Reporting Period, mainly due to the control in selling expenses and the adjustment of after-sales service into principal operating costs as a result of changes in the IFRS Accounting Standards.

The Group's administrative expenses increased from approximately RMB339.7 million for the Previous Period to approximately RMB454.9 million for the Reporting Period, mainly due to the increase in share-based payment expenses recognized under the Company's share option incentive schemes and share option scheme. After excluding share-based payment expenses and the listing expenses, the Group's administrative expenses mainly decreased from approximately RMB259.1 million for the Previous Period to approximately RMB226.8 million for the Reporting Period, mainly due to the decrease in the number of administrative staff and the control of administrative management expenses.

The Group's research and development expenses decreased from approximately RMB220.9 million for the Previous Period to approximately RMB219.4 million for the Reporting Period. After excluding share-based payment expenses, the Group's research and development expenses mainly decreased from approximately RMB200.8 million for the Previous Period to approximately RMB143.8 million for the Reporting Period, mainly because we focused on and streamlined the product lines, improved research and development personnel activity and increased research and development resource investment efficiency.

Net Impairment Losses on Financial Assets and Contract Assets

The Group's impairment losses on financial assets and contract assets increased from approximately RMB64.0 million for the Previous Period to approximately RMB69.9 million for the Reporting Period, primarily due to the increase in the amount of provision for expected credit losses for trade receivables.

Income Tax

The Group's income tax credit primarily represents the Group's total current income tax and deferred income tax credit under the relevant income tax rules and regulations in the jurisdictions where we operate during the year. For the year, the Group recorded an income tax credit of approximately RMB1.8 million (2023: approximately RMB2.2 million).

Finance Costs

The Group's finance costs mainly consist of interest expenses on borrowings. For the Reporting Period, finance costs of the Group amounted to approximately RMB57.6 million (2023: finance costs of approximately RMB47.9 million), mainly due to the increase in interest expenses on borrowings.

Loss Attributable to Owners of the Company

As a result of the foregoing, loss attributable to owners of the Company amounted to approximately RMB737.3 million for the Reporting Period, as compared to approximately RMB529.5 million for the Previous Period.

Non-IFRS Measure

We define "adjusted net loss (non-IFRS measure)" as a loss for the year adjusted by adding back share-based payments and listing expenses in connection with the Company's global offering. Share-based payments were non-cash in nature, representing the employee incentive scheme through which we offered share awards to our employees. The following table reconciles our adjusted net loss (non-IFRS measure) for the years indicated:

	2024	2023
	RMB'000	*RMB'000*
Loss for the year	**(777,759)**	(577,531)
Adjustment (by adding back):		
Share-based payments	**339,833**	87,066
Listing expenses in connection with the Company's global offering	**20,957**	19,084
Total	**(416,969)**	(471,381)

Borrowings and Charges on Group's Assets

As of December 31, 2024, the Group's loans were approximately RMB1,559.0 million. The proportion of the Group's non-current borrowings in the total borrowings was approximately 32.4% as of December 31, 2024, ensuring the healthy and stable cash flow of the Group in the future. The Directors believe that the Group's debt level and financial structure have laid a solid foundation for the Group to withstand market volatility and diminish financial risks. All bank borrowings and loans are denominated in RMB.

		2024	
	Effective interest rate (%)	**Maturity**	**RMB'000**
Current			
Bank loans – unsecured	2.8-4.15	2025	364,467
Current portion of long-term bank loans – unsecured	2.9-4.2	2025	281,726
Current portion of long-term bank loans – secured	3.6	2025	8,084
Current portion of long-term other borrowings – sale leaseback – secured	4	2025	45,779
Current portion of long-term other borrowings – unsecured	4	2025	93,454
Current portion of long-term other borrowings – secured	4.2	2025	260,724
Subtotal – current			1,054,234

	Effective interest rate (%)	2024 Maturity	RMB'000
Non-current			
Bank loans – unsecured	2.9-4.2	2026-2027	409,850
Bank loans – secured	3.6	2029	62,000
Other borrowings – sale leaseback – secured	4	2026	32,926
Subtotal – non-current			504,776
Total			1,559,010

Liquidity, Financial and Capital Resources

The Group's primary sources of liquidity consist of cash generated from operating activities, bank borrowings, and proceeds from the listing of H Shares on the Stock Exchange. The Group's cash and cash equivalents primarily consist of bank balances. We may require additional cash due to changing business conditions or other future developments.

As of December 31, 2024, the Group had cash and cash equivalents, including restricted cash of approximately RMB883.4 million, representing an increase of approximately 32.8% compared to approximately RMB664.5 million for the Previous Period. As of December 31, 2024, the Group had net current assets of approximately RMB1,426.9 million, as compared to approximately RMB1,467.5 million as of December 31, 2023. The current ratio of the Group, which is calculated as current assets divided by current liabilities as at the end of each financial period, decreased to approximately 1.7 as of December 31, 2024 from approximately 2.1 as of December 31, 2023.

Gearing Ratio

The gearing ratio is calculated as net debts divided by the sum of total capital and net debt as at the end of each financial period. The gearing ratio remained relatively stable at 0.46 as at December 31, 2024, as compared to the gearing ratio of 0.45 as at December 31, 2023.

Significant Investments, Material Acquisitions and Disposals

The Group did not make any significant investments, material acquisitions or disposals of subsidiaries, associates and joint ventures during the Reporting Period.

Contingent Liabilities

Pursuant to the supplemental arrangement signed with a major customer, FAW Jiefang, who was also one of the Group's shareholders in December 2023 and 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 RMB252,560,000 before December 31, 2025 and RMB180,880,000 before December 31, 2024. For amount due before December 31, 2024, RMB56,056,000 has been received in 2024 and the remaining is in collecting process. 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, the 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 December 31, 2024.

Foreign Exchange Risk

While the Group primarily operates in the PRC and transactions are primarily denominated and settled in Renminbi, the Group also has business operations in other overseas markets. As such, the Group is exposed to foreign currency risk arising from fluctuations in exchange rates between the RMB and other currencies relating to the Group's business. Further, the Group is subject to foreign currency risk attributable to the bank balances that are denominated in currencies other than RMB. The Group seeks to limit the exposure to foreign currency risk by minimizing its net foreign currency position. The Group did not enter into any hedging transactions in respect of foreign currency risk as of December 31, 2024. The Directors expect that the fluctuation of the RMB exchange rate will not have a material adverse effect on the operation of the Group.

Capital Expenditures

The Group's capital expenditures primarily relate to payments of property, plant and equipment and land lease. For the year ended December 31, 2024, the Group's capital expenditures were approximately RMB60.6 million (2023: approximately RMB142.1 million).

Capital Commitments

The Group's capital commitments comprise contracted but not provided for capital commitments for (i) the acquisition of property, plant and equipment; and (ii) associates and other unlisted investments. As at December 31, 2024, the Group recorded total capital commitments of RMB159.9 million, as compared to those of RMB150.9 million as at December 31, 2023.

Employee and Remuneration Policy

As of December 31, 2024, the Group had a total of 414 full-time employees. We primarily recruit our personnel through recruitment agencies, on-campus job fairs, referrals and online channels, including our corporate website and social networking platforms.

We place a strong emphasis on training our employees to develop their skills. Pursuant to our employee training policy, we provide our employees with opportunities to participate in training sessions and seminars on safety production, fire safety and emergency care, as well as teambuilding activities to cultivate our corporate culture.

Employee benefit expenses consist of (i) wages and salaries; (ii) share-based payments; and (iii) pension scheme contributions and social welfare.

Use of Net Proceeds from the Global Offering

The H Shares of the Company were first listed on the Main Board of the Stock Exchange on December 6, 2024. Without taking into account the exercise of the over-allotment option on January 2, 2025, after deducting underwriting fees, commissions and other related listing expenses, the net proceeds of the Group's initial public offering amounted to approximately HK$619.9 million (the "**Net Proceeds**"). The Net Proceeds will be allocated and utilized in accordance with the purposes and proportions set out in the Prospectus, and there is no change in the intended use of the Net Proceeds as disclosed in the Prospectus.

The following table sets out the intended use of the Net Proceeds and a summary of their utilization as of December 31, 2024:

	Intended use of net proceeds	**Allocation of net proceeds**	**Percentage of total Net Proceeds**	**Amount of net proceeds utilized up to December 31, 2024**	**Balance of net proceeds unutilized as at December 31, 2024**	**Intended timetable for the use of the unutilized net proceeds** (Note)
(i)	To fund our R&D activities and production capacity expansion of our hydrogen fuel cell systems	HK$461.8 million	74.5%	None	HK$461.8 million	By December 31, 2028
(ii)	To fund our production capacity expansion of our hydrogen production systems	HK$94.9 million	15.3%	None	HK$94.9 million	By December 31, 2027
(iii)	For the expansion of our overseas market footprint	HK$47.7 million	7.7%	None	HK$47.7 million	By December 31, 2028
(iv)	For our working capital and general corporate purposes	HK$15.5 million	2.5%	None	HK$15.5 million	By December 31, 2028
Total		HK$619.9 million	100%	None	HK$619.9 million	

Note: The intended utilization timetable for the unutilized net proceeds is based on the Group's current best estimate and is subject to changes depending on the Group's uncontrollable future development and activities.

On January 2, 2025, the over-allotment option as described in the Prospectus was partially exercised, and an aggregate of 23,180 H Shares has been allotted and issued by the Company. The Company received additional net proceeds of approximately HK$3.4 million, after deduction of offering expenses payable by the Company in connection with the partial exercise of the over-allotment option. The Company will utilize the additional net proceeds on a pro-rata basis for the purposes as set out in the Prospectus.

DIVIDEND

The Board did not recommend the payment of a final dividend for the year ended December 31, 2024.

THE AGM, CLOSURE OF REGISTER OF MEMBERS OF H SHARES AND ASCERTAINING OF ELIGIBILITY FOR ATTENDING THE AGM

The Company will hold the AGM on Monday, May 19, 2025. A notice of the AGM will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.refire.com), and sent to the Shareholders in the manner as required by the Listing Rules in due course.

The register of members of H Shares will be closed from Wednesday, May 14, 2025 to Monday, May 19, 2025, both days inclusive, during which no transfer of H Shares will be registered, in order to determine the holders of the H Shares who are entitled to attend and vote at the AGM.

To be eligible to attend and vote at the AGM, all properly completed transfer documents, accompanied by relevant share certificates, must be lodged with the Company's H share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Tuesday, May 13, 2025 for registration.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the CG Code as its own code of corporate governance. For the period from the Listing Date up to December 31, 2024, the Company has complied with all applicable code provisions of the CG Code during the Reporting Period except for the deviations as explained below. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

Under paragraph C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. For the period from the Listing Date up to December 31, 2024, Mr. LIN Qi ("**Mr. Lin**") is the chairman of the Board and the chief executive officer of the Company. With considerable experience in the fuel cell industry and having served in the Group since its establishment, Mr. Lin is in charge of the overall corporate and business strategies of the Group. Despite the fact that the roles of the chairman of the Board and the chief executive officer are both performed by Mr. Lin, which constitutes a deviation from paragraph C.2.1 of the CG Code, the Board considers that vesting the roles of the chairman of the Board and the chief executive officer both in Mr. Lin is beneficial to the management of the Group. The balance of power and authority is ensured by the operation of the Board and the senior management, which comprises experienced individuals. Currently, the Board consists of five executive Directors, one non-executive Director and three independent non-executive Directors, and therefore will have a strong independence element in its composition. The Board will continue to review the effectiveness of the corporate governance structure of the Group in order to assess whether the separation of the roles of chairman and chief executive officer is necessary.

Paragraph C.5.1 of the CG Code provides that Board meetings should be held at least four times a year at approximately quarterly intervals with active participation of the majority of the Directors, either in person or through electronic means of communication. As the Company was only first listed on the Stock Exchange on December 6, 2024, no meeting was held by the Board during the period from the Listing Date to December 31, 2024. The Company expects to continue to convene at least four regular meetings in each financial year at approximately quarterly intervals in accordance with code provision C.5.1 of the CG Code.

Paragraph D.3.3 of the CG Code provides that members of the Audit Committee should liaise with the Board and the senior management and the committee must meet, at least twice a year, with the auditors. As the Company was only first listed on the Stock Exchange on December 6, 2024, no meeting was held by the Audit Committee during the period from the Listing Date to December 31, 2024. The Company expects to continue to convene at least two regular meetings in each financial year at approximately semi-annually intervals in accordance with code provision D.3.3 of the CG Code.

Paragraph F.1.1 of the CG Code provides that the issuer should have a policy on the payment of dividends. As the Company intends to retain all of its future earnings to finance the development and growth of the Company's business, it has not yet adopted a dividend policy to declare or pay any dividends. The declaration and payment of any dividends in the future will be determined by our Board and subject to the Articles of Association and the Company Law of the People's Republic of China (《中華人民共和國公司法》), 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 laws, any future net profits obtained by the Company must first be used to make up for its accumulated prior losses, after which the Company is obliged to allocate at least 10% of its net profits to the statutory capital reserve until the cumulative amount of the statutory capital reserve exceeds 50% of the Company's registered capital. Therefore, the Company will only be able to declare dividends after (i) all its historical accumulated losses from prior fiscal years have been made up for; and (ii) the Company has allocated sufficient net profits to the statutory capital reserve as described above. The Board will regularly review the Company's status and consider adopting a dividend policy if and when appropriate.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding all dealings of the Company's securities by Directors, Supervisors, and the senior management of the Group, who are likely to be in possession of unpublished inside information of the Company's securities due to their position or employment.

Specific enquiries have been made to all the Directors and Supervisors, and all Directors and Supervisors have confirmed that they have complied with the Model Code during the period from the Listing Date to December 31, 2024. In addition, no incident of non-compliance with the Model Code by the senior management of the Group was noted by the Company during the period from the Listing Date to December 31, 2024.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The H Shares of the Company were first listed on the Main Board of the Stock Exchange on December 6, 2024. From the Listing Date to December 31, 2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The Audit Committee has been established with written terms of reference in compliance with the Listing Rules and the CG Code. The Audit Committee comprises three members, including three independent non-executive Directors, namely Mr. CHEN Fei, Dr. QIAN Meifen and Mr. LI Wei. Mr. CHEN Fei is the chairperson of the Audit Committee.

The Audit Committee has, together with the management and the external auditor, reviewed the accounting policies and practices adopted by the Group as well as the internal control matters, and also reviewed the Group's consolidated financial statements for the year ended December 31, 2024. The Audit Committee of the Company has reviewed and confirmed that the annual financial results for the year ended December 31, 2024 comply with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

SCOPE OF WORK OF ERNST & YOUNG

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, and consolidated statement of other comprehensive income and the related notes thereto for the year ended December 31, 2024 as set out in this announcement have been agreed by the Group's auditors, Ernst & Young, to the amounts set out in the Group's consolidated financial statements for the Reporting Period. The work performed by Ernst & Young in this respect did not constitute an assurance engagement, and consequently, no opinion or assurance conclusion has been expressed by Ernst & Young on this announcement.

EVENTS AFTER THE REPORTING PERIOD

Exercise of the Over-allotment Option

On January 2, 2025, the over-allotment option as described in the Prospectus was partially exercised, and an aggregate of 23,180 H Shares has been allotted and issued by the Company. The Company received additional net proceeds of approximately HK$3.4 million, after deduction of offering expenses payable by the Company in connection with the partial exercise of the over-allotment option. The Company will utilize the additional net proceeds on a pro-rata basis for the purposes as set out in the Prospectus.

For further details, please refer to the announcement of the Company dated January 2, 2025.

Change of Supervisors

Due to work re-arrangement reasons, Mr. SUN Bei has resigned as an employees' representative Supervisor of the current session of the Supervisory Committee with effect from January 27, 2025, and Mr. JI Yizhi has resigned as a shareholders' representative Supervisor of the current session of the Supervisory Committee with effect from the date on which the proposed election of Mr. DONG Yazhou ("**Mr. Dong**") as a shareholders' representative Supervisor is approved by the shareholders of the Company.

Mr. LIU Tiezhong was elected as an employees' representative Supervisor of the current session of the Supervisory Committee at an employees' representative assembly of the Company held on January 27, 2025, for a term commencing on January 27, 2025 and ending on the expiration of the term of office of the current session of the Supervisory Committee.

Further, the Supervisory Committee resolved to propose to elect Mr. Dong as a shareholders' representative Supervisor of the current session of the Supervisory Committee at a meeting of the Supervisory Committee held on January 27, 2025. The proposed election of Mr. Dong as a shareholders' representative Supervisor was duly passed by the Shareholders at an extraordinary general meeting of the Company held on February 19, 2025, and Mr. Dong would serve as a shareholders' representative Supervisor for a term commencing on February 19, 2025 and ending on the expiration of the term of office of the current session of the Supervisory Committee. Following the election of Mr. Dong as a shareholders' representative Supervisor on February 19, 2025, the resignation of Mr. JI Yizhi as a shareholders' representative Supervisor of the current session of the Supervisory Committee has taken effect.

For further details, please refer to the announcements of the Company dated January 27, 2025 and February 19, 2025, and the circular of the Company dated January 27, 2025.

Proposed Implementation of H Share Full Circulation

On February 28, 2025, the Company has submitted a filing (the "**CSRC Filing**") to the China Securities Regulatory Commission (中國證券監督管理委員會), in respect of the implementation of the full circulation of H Shares. Under the CSRC Filing, the Company has made an application to the CSRC on behalf of certain shareholders of the Company for conversion of a total of 16,369,877 Domestic Shares held by such shareholders into H Shares and the listing of such converted H Shares on the Stock Exchange (the "**Conversion and Listing**"). Upon obtaining all the filings and/or approvals from relevant regulatory authorities (including the CSRC and the Stock Exchange) and having complied with all the applicable laws, regulations and rules, such Domestic Shares will be converted into H Shares, and such H Shares will be listed and traded on the Main Board of the Stock Exchange.

As at the date of this announcement, details of the implementation plan of the Conversion and Listing have not been finalized. The Company will make further announcement(s) on the progress of the Conversion and Listing in accordance with the requirements under the Listing Rules and/or the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as and when appropriate. The Conversion and Listing are subject to the performance of other relevant procedures required by the CSRC, the Stock Exchange and other relevant domestic and overseas regulatory authorities.

For further details, please refer to the announcement of the Company dated February 28, 2025.

PUBLICATION OF ANNUAL RESULTS AND 2024 ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.refire.com). The annual report of the Company for the year ended December 31, 2024, containing all the information required by the Listing Rules, will be published on the respective websites of the Stock Exchange and the Company in due course.

APPRECIATION

The Board would like to express its sincere gratitude to the Shareholders, management team, employees, business partners and customers of the Group for their continuous support and contribution to the Group.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the meanings as set out below.

"AGM"	the forthcoming 2024 annual general meeting of the Company to be held on Monday, May 19, 2025
"Articles of Association"	the articles of association of the Company currently in force
"Audit Committee"	the audit committee of the Board
"Board" or "Board of Directors"	the board of Directors
"CG Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"China" or "PRC"	the People's Republic of China, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan
"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
"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

"Group", "our Group", "we", "us" or "our"	our Company and its subsidiaries, or any one of them as the context may require or, where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries, or any one of them as the context may require, were or was engaged in and which were subsequently assumed by it
"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 subscribed for and traded in Hong Kong dollars and listed on the Stock Exchange
"Hong Kong dollars" or "HKD" or "HK$"	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Listing Date"	December 6, 2024, on which the H Shares were first listed and dealings in the H Shares first commenced on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange (as amended, supplemented or otherwise modified from time to time)
"Main Board"	the stock market (excluding the option market) operated by the Stock Exchange, which is independent of and operated in parallel with the GEM of the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
"Previous Period"	For the year ended December 31, 2023
"Prospectus"	the prospectus of the Company dated November 28, 2024
"Renminbi" or "RMB"	Renminbi, the lawful currency of the PRC
"Reporting Period"	for the year ended December 31, 2024
"R&D"	research and development
"Share(s)"	ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, including both Domestic Share(s) and H Share(s)
"Shareholder(s)"	holder(s) of our Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules

"Supervisor(s)"	the supervisor(s) of the Company
"Supervisory Committee"	the supervisory committee of the Company
"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"U.S. dollars" or "US$"	United States dollars, the lawful currency of the United States
"%"	per cent

Note: The English translation of Chinese names of entities included in this announcement is prepared for identification purpose only.

By order of the Board
Shanghai REFIRE Group Limited
Mr. LIN Qi
Chairman of the Board

Hong Kong, March 28, 2025

As at the date of this announcement, the Board comprises Mr. LIN Qi, Dr. HU Zhe, Ms. MA Audrey Jing Nan, Dr. ZHAI Shuang and Mr. ZHAO Yongsheng as executive Directors, Mr. LIU Huiyou as non-executive Director, Mr. LI Wei, Dr. QIAN Meifen and Mr. CHEN Fei as independent non-executive Directors.