国鸿氢能
SINOSYNERGY

# Sino-Synergy Hydrogen Energy Technology (Jiaxing) Co., Ltd.
# 國鴻氫能科技(嘉興)股份有限公司

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

Stock Code : 9663

# GLOBAL OFFERING

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

华泰国际
HUATAI INTERNATIONAL

Joint Bookrunners and Joint Lead Managers
(in alphabetical order)

招銀国际 CMB INTERNATIONAL

廣發証券(香港) GF SECURITIES (HONG KONG)

海通國際 HAITONG

利弗莫尔证券 LIVERMORE HOLDINGS LIMITED

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

# Sino-Synergy Hydrogen Energy Technology (Jiaxing) Co., Ltd.
# 國鴻氫能科技（嘉興）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** | **: 79,520,000 H Shares** |
| **Number of Hong Kong Offer Shares** | **: 7,952,000 H Shares (subject to reallocation)** |
| **Number of International Offer Shares** | **: 71,568,000 H Shares (subject to reallocation)** |
| **Maximum Offer Price** | **: HK$21.35 per H Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027%, the AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565% (payable in full on application in Hong Kong dollars and subject to refund)** |
| **Nominal value** | **: RMB1.00 per H Share** |
| **Stock code** | **: 9663** |

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

***Joint Bookrunners and Joint Lead Managers***
***(in alphabetical order)***

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 "Appendix VII – Documents Delivered to the Registrar of Companies in Hong Kong and Available on Display", 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 for the contents of this prospectus or any other document referred to above.

The Offer Price is expected to be fixed by agreement by the Overall Coordinator (on behalf of the Underwriters) and our Company on or before Friday, 1 December 2023 or such later time as may be agreed between the parties, but in any event, no later than Friday, 1 December 2023. If, for any reason, the Overall Coordinator (on behalf of the Underwriters) and our Company are unable to reach an agreement on the Offer Price by Friday, 1 December 2023, the Global Offering will not become unconditional and will lapse immediately. The Offer Price will be not more than HK$21.35 per Offer Share and is expected to be not less than HK$19.35 per Offer Share although Overall Coordinator (on behalf of the Underwriters), and our Company may agree to a lower price. Applicants for Hong Kong Offer Shares are required to pay, on application, the maximum Offer Price of HK$21.35 for each Hong Kong Offer Share together with a brokerage fee of 1.0%, a SFC transaction levy of 0.0027%, an AFRC transaction levy of 0.00015% and a Hong Kong Stock Exchange trading fee of 0.00565%, subject to refund if the Offer Price as finally determined is less than HK$21.35.

**The Overall Coordinator (on behalf of the Underwriters), may, with the consent of our Company, reduce the number of Hong Kong Offer Shares and/or the indicative Offer Price range below that stated in this prospectus (being HK$19.35 per Offer Share to HK$21.35 per Offer Share) at any time on or prior to the morning of the last date for lodging applications under the Hong Kong Public Offering. In such a case, notices of the reduction in the number of Hong Kong Offer Shares and/or the indicative Offer Price range will be published on the websites of the Stock Exchange at www.hkexnews.hk and our Company at www.sinosynergypower.com as soon as practicable following the decision to make such reduction, but in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering. For further information, please refer to the sections headed "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus.**

Pursuant to the termination provisions contained in the Hong Kong Underwriting Agreement in respect of the Hong Kong Offer Shares, the Sole Sponsor and the Overall Coordinator, acting for itself and on behalf of the Hong Kong Underwriters, has the right in certain circumstances, in its absolute discretion, to terminate the obligations of the Hong Kong Underwriters pursuant to the Hong Kong Underwriting Agreement at any time prior to 8:00 a.m. on the Listing Date. Further details of the terms of the termination provisions are set out in the paragraph headed "Underwriting – Underwriting Arrangements and Expenses – Hong Kong Public Offering – Grounds for Termination" in this prospectus. It is important that you refer to that section for further details.

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, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in accordance with any applicable U.S. state securities laws. The Offer Shares may only be 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 websites of the Stock Exchange (**www.hkexnews.hk**) and our Company (**www.sinosynergypower.com**). If you require a printed copy of this prospectus, you may download and print from the website addresses above.

Monday, 27 November 2023

Your application through the **eWhite Form** service or the **HKSCC EIPO** channel must be for a minimum of 500 Hong Kong Offer Shares and in one of the numbers set out in the table. You are required to pay the amount next to the number you select.

| No. of Hong Kong Offer Shares applied for | Maximum Amount payable(2) on application/ successful allotment *(HK$)* | No. of Hong Kong Offer Shares applied for | Maximum Amount payable(2) on application/ successful allotment *(HK$)* | No. of Hong Kong Offer Shares applied for | Maximum Amount payable(2) on application/ successful allotment *(HK$)* | No. of Hong Kong Offer Shares applied for | Maximum Amount payable(2) on application/ successful allotment *(HK$)* |
|---|---|---|---|---|---|---|---|
| 500 | 10,782.66 | 7,500 | 161,739.86 | 45,000 | 970,439.16 | 500,000 | 10,782,657.38 |
| 1,000 | 21,565.32 | 10,000 | 215,653.14 | 50,000 | 1,078,265.73 | 1,000,000 | 21,565,314.76 |
| 1,500 | 32,347.97 | 12,500 | 269,566.44 | 100,000 | 2,156,531.48 | 1,500,000 | 32,347,972.13 |
| 2,000 | 43,130.62 | 15,000 | 323,479.72 | 150,000 | 3,234,797.21 | 2,000,000 | 43,130,629.50 |
| 2,500 | 53,913.29 | 17,500 | 377,393.01 | 200,000 | 4,313,062.96 | 2,500,000 | 53,913,286.88 |
| 3,000 | 64,695.95 | 20,000 | 431,306.30 | 250,000 | 5,391,328.69 | 3,000,000 | 64,695,944.26 |
| 3,500 | 75,478.60 | 25,000 | 539,132.87 | 300,000 | 6,469,594.43 | 3,500,000 | 75,478,601.63 |
| 4,000 | 86,261.27 | 30,000 | 646,959.44 | 350,000 | 7,547,860.17 | 3,976,000(1) | 85,743,691.45 |
| 4,500 | 97,043.91 | 35,000 | 754,786.02 | 400,000 | 8,626,125.90 | | |
| 5,000 | 107,826.57 | 40,000 | 862,612.59 | 450,000 | 9,704,391.63 | | |

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

(2) This is 50% of the Hong Kong Offer Shares initially offered, and 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) or to the eWhite Form Services Provider (for applications made through the eWhite Form service) while the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy will be paid to the SFC, the Stock Exchange and the AFRC, respectively.

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

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

Hong Kong Public Offering commences . . . . . . . . . . . . . . . . . . . . . . 9:00 a.m. on Monday, 27 November 2023

Latest time for completing electronic applications under the **eWhite Form** service through the designated website **www.ewhiteform.com.hk**[2] . . . . . . . . . . . 11:30 a.m. on Thursday, 30 November 2023

Application lists open[3] . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 11:45 a.m. on Thursday, 30 November 2023

Latest time for (a) completing payment for **eWhite Form** applications by effecting PPS payment transfer(s) and (b) giving **electronic application instructions** to HKSCC[4] . . . . . . . . . . . . 12:00 noon on Thursday, 30 November 2023

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

Application lists close[3] . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 12:00 noon on Thursday, 30 November 2023

Expected Price Determination Date[5] . . . . . . . . . . . . . . . . . . . . . . . . . on or before Friday, 1 December 2023

Announcement of:

- the final Offer Price;

- the level of applications in the Hong Kong Public Offering;

- the level of indications of interest in the International Offering; and

- the basis of allocation of the Hong Kong Offer Shares to be published on the website of the Hong Kong Stock Exchange at **www.hkexnews.hk**[6] and our Company's website at **www.sinosynergypower.com**[7] on or before . . . . . . . . . . . . . . . . . . . . . . . Monday, 4 December 2023

The results of allocations in the Hong Kong Public Offering (including successful applicants' identification document numbers, where appropriate) will be available through a variety of channels (see "How to Apply for Hong Kong Offer Shares – B. Publication of Results"), including the designated results of allocations website at **www.ewhiteform.com.hk/results** with a "search by ID Number" function from . . . . . . . . . . . . . . . 11:00 p.m. on Monday, 4 December 2023

H Share certificates in respect of wholly or partially successful applications to be despatched or deposited into CCASS on or before[8] . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . Monday, 4 December 2023

**eWhite Form** e-Refund payment instructions/ refund cheques in respect of wholly or partially unsuccessful applications to be despatched on or before[8 & 9] . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . Tuesday, 5 December 2023

Dealings in the H Shares on the Hong Kong Stock Exchange expected to commence at . . . . . . . . . . . . . . . . . . . . . . . . . . . . Tuesday, 5 December 2023

(1) All dates and times refer to Hong Kong local time, except as otherwise stated. For details of the structure of the Global Offering, including conditions of the Hong Kong Public Offering, please refer to the section headed "Structure of the Global Offering".

(2) You will not be permitted to submit your application to the **eWhite Form** Service Provider through the designated website at **www.ewhiteform.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 a tropical cyclone warning signal number 8, a black rainstorm warning and/or an Extreme Condition in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, 30 November 2023, the application lists will not open or close on that day. Please refer to the section headed "How to Apply for Hong Kong Offer Shares – E. Severe Weather Arrangements" for further details.

(4) Applicants who apply for the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC should refer to the section headed "How to Apply for Hong Kong Offer Shares – A. Applications for the Hong Kong Offer Shares".

(5) The Price Determination Date is expected to be on or about Friday, 1 December 2023, and, in any event, not later than 12:00 noon on Friday, 1 December 2023. If, for any reason, the Offer Price is not agreed between our Company and the Overall Coordinator (on behalf of the Underwriters) at or before 12:00 noon on Friday, 1 December 2023, the Global Offering will lapse.

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

(7) No temporary documents of title will be issued in respect of the Offer Shares. H Share certificates will only become valid evidence of title **provided that** (i) the Global Offering has become unconditional in all respects and (ii) the Underwriting Agreements have not been terminated in accordance with their respective terms prior to 8:00 a.m. on the Listing Date. Investors who trade H Shares on the basis of publicly available allocation details prior to the receipt of H Share certificates or prior to the H Share certificates becoming valid evidence of title do so entirely at their own risk.

(8) 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. Despatch of H Share certificates and refund of application monies" in this prospectus for details.

Applicants who have applied through the **eWhite Form** service and paid their applications monies through single bank account may have refund monies (if any) dispatched to the bank account in the form of e-Refund payment instructions. Applicants who have applied through the **eWhite Form** 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 cheques by ordinary post at their own risk.

H Share certificates and/or refund cheques for applicants who have applied for Hong Kong Offer Shares will be dispatched by ordinary post, at the applicants' risk, to the addresses specified in the relevant applications.

Further information is set out in "How to Apply for Hong Kong Offer Shares – D. Despatch of H Share certificates and refund of application monies" in this prospectus.

(9) 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 also in respect of wholly or partially successful applications in the event that the final Offer Price is less than the price payable per Offer Share on application. Part of the applicant's identification document number, or, if the application is made by joint applicants, part of the identification document number of the first-named applicant, provided by the applicant(s) may be printed on the refund cheque, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant's identification document number before encashment of the refund cheque. Inaccurate completion of an applicant's identification document number may invalidate or delay encashment of the refund cheque.

**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 the sections headed "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus 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 case, we will make an announcement as soon as practicable thereafter.

## IMPORTANT NOTICE TO PROSPECTIVE INVESTORS

***This prospectus is issued by our Company 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 subscribe for or buy any security other than the Hong Kong Offer Shares. This prospectus may not be used for the purpose of, and does not constitute, an offer to sell or a solicitation of an offer to subscribe for or buy any security in any other jurisdiction or in any other circumstances. 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. 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.***

***You should rely only on the information contained in this prospectus to make your investment decision. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not included in this prospectus must not be relied on by you as having been authorized by us, the Sole Sponsor, the Overall Coordinator, the Sole Global Coordinator, 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 person or party involved in the Global Offering. Information contained on our website, located at www.sinosynergypower.com, does not form part of this prospectus.***

*Page*

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

## OVERVIEW

We are a leading technology-based hydrogen fuel cell company in the PRC focusing on research, development, production and sales of hydrogen fuel cell stacks and hydrogen fuel cell systems. We are dedicated to creating a clean and sustainable world, leading the way in hydrogen energy and creating the future together. Through continued technological innovations and product iterations, we have contributed to the transformation of the hydrogen fuel cell industry as well as the development and commercialization of the hydrogen energy technologies in the PRC since our establishment. According to Frost & Sullivan, we are a leading market player in the hydrogen fuel cell industry in the PRC, and we ranked (i) first in terms of hydrogen fuel cell stacks shipment volume for six consecutive years from 2017 to 2022, (ii) first in terms of sales value of hydrogen fuel cell systems in 2022 and (iii) second in terms of sales volume of hydrogen fuel cell systems in 2022. Leveraging our (i) advanced proprietary technologies and leading research and development capabilities, (ii) cost-effective and mass-production capabilities, (iii) proven ability in operations and market expansions and (iv) years of experience in collaborations with the upstream and downstream participants in our industry, we have succeeded in the independent research and development of products, the domestic procurement and production of core raw materials and production machineries and the high-quality mass-production, continuously leading the development of hydrogen fuel cell industry in the PRC. To continue our success in the hydrogen fuel cell industry, we plan to strengthen our technological capabilities to launch our next-generation self-developed hydrogen fuel cell products and further enrich our downstream hydrogen fuel cell product matrix and comprehensive applications.

Our shipment volume of hydrogen fuel cell stacks has exceeded 650MW as of the Latest Practicable Date. Our production facility in Yunfu commenced operation in 2017, which was the world's largest hydrogen fuel cell stacks production facility at that time and has continued to maintain the industry-leading level since then and up to the Latest Practicable Date in terms of production capacity. Since we began production of our hydrogen fuel cell stacks in 2017, we have been leading the way for the commercialization of the hydrogen fuel cell technologies in the PRC. With the expertise of our research and development team and our experience in the mass-production and commercialization of hydrogen fuel cell products, we have led or participated in the formulation of more than 20 national and industry standards for the hydrogen fuel cell industry, including testing and evaluation method for lifespan and durability of PEM fuel cell stack in vehicles (《車用質子交換膜燃料電池堆使用壽命測試評價方法》).

We have either been one of the major drafters of or provided advice to those standards based on our expertise and research and development capabilities. We also led or participated in a series of national, provincial and municipal research projects, connected both the upstream and downstream of the hydrogen fuel cell industry, and have become a leading comprehensive hydrogen fuel cell company, spearheading the evolution of the hydrogen energy industry.

**Our Industry**

Supportive government policies can be key to the development of and the long-term growth driver for an industry. The hydrogen fuel cell industry in China is largely driven by the PRC government policies. In April 2020, the PRC government issued the Notice on Government Subsidies for Promotion and Application of New Energy Vehicles (《關於完善新能源汽車推廣應用財政補貼政策的通知》), which stipulated that the policy of "award in lieu of subsidy (以獎代補)" will be carried out for hydrogen fuel cell vehicles. In September 2020, the Ministry of Finance, together with several other PRC government departments, jointly issued 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》) (the "**Notice**") to carry out the pilot adoption of hydrogen fuel cell vehicles in order to promote the sustained and orderly development of hydrogen fuel cell vehicle industry in China. In particular, the Notice stated that the awards were to be used for the industrialization of key core technologies of hydrogen fuel cell vehicles, talents recruitment, and the demonstration and application of new models and new technologies. Since August 2021, the PRC government has approved five hydrogen fuel cell vehicle demonstrative city clusters, including Beijing, Shanghai, Guangdong Province, Hebei Province, and Henan Province, all of which support various types of hydrogen fuel cell vehicles, such as passenger vehicles, light- and heavy-duty trucks and commercial buses. For more information on demonstrative city clusters, please see "Industry Overview – Overview of Hydrogen Fuel Cell Stacks and Systems Market – Overview of the Supportive Policies for the Hydrogen Fuel Cell Stacks and Systems Market" in this prospectus.

In addition to the policies mentioned above, local governments also provided additional support to the hydrogen fuel cell vehicles and hydrogen fuel cell systems industry participants, echoing the national development strategy. For instance, Guangdong Province issued the Action Plan for Accelerating the Construction of Fuel Cell Vehicle Demonstration City Clusters (2022-2025) (《廣東省加快建設燃料電池汽車示範城市群行動計劃(2022-2025年)》), which sets the goal of promoting over 10,000 hydrogen fuel cell vehicles by 2025 and emphasized on supporting the development of key components of the hydrogen fuel cell industry, including hydrogen fuel cell stacks, MEAs and bipolar plates, through measures such as providing monetary awards for the research and development of these key components. For more information on the government-promulgated supportive policies, please refer to "Industry Overview – Overview of Hydrogen Fuel Cell Stacks and Systems Market – Overview of the Supportive Policies for the Hydrogen Fuel Cell Stacks and Systems Market" in this prospectus.

The national and local governments' supportive policies, along with the other relevant "award in lieu of subsidy (以獎代補)" policies and the subsidy policies before 2020, were key in promoting the development of the hydrogen fuel cell industry in China by providing incentives to the market participants and directly benefitted participants along the industry value chain, including hydrogen fuel cell vehicle manufacturers, hydrogen fuel cell systems and fuel cell stacks manufacturers like us, and upstream key parts and components suppliers such as the manufacturers of MEAs and DC-to-DC converters. The focus of the awards policies on the industrialization of key core technologies of hydrogen fuel cell vehicles particularly drove the growth of the hydrogen fuel cell stacks and systems market as it encouraged, incentivized and provided funding for the industry development in the direction of key technologies such as those used in the hydrogen fuel cell stacks and hydrogen fuel cell systems. For more information on the policy support for the hydrogen fuel cell market, please refer to "Industry Overview – Overview of Hydrogen Fuel Cell Stacks and Systems Market – Overview of the Supportive Policies for the Hydrogen Fuel Cell Stacks and Systems Market" in this prospectus.

The PRC government usually updates the awards policies for hydrogen fuel cell vehicles each year. Given that China's hydrogen fuel cell vehicle industry is still developing, it will continue to be affected by government subsidies and the annual periodicity of automobile production in the foreseeable future. As such, the future performance and demand of our products rely significantly on government policies and the hydrogen fuel cell vehicle industry development. For more information on the supportive policies and the relevant risks, please refer to "Industry Overview – Overview of Hydrogen Fuel Cell Stacks and Systems Market – Drivers and Development Trend Analysis of Hydrogen Fuel Cell Stacks and Systems Market in China" and "Risk Factors – Risks Relating to Our Industry and Business" in this prospectus.

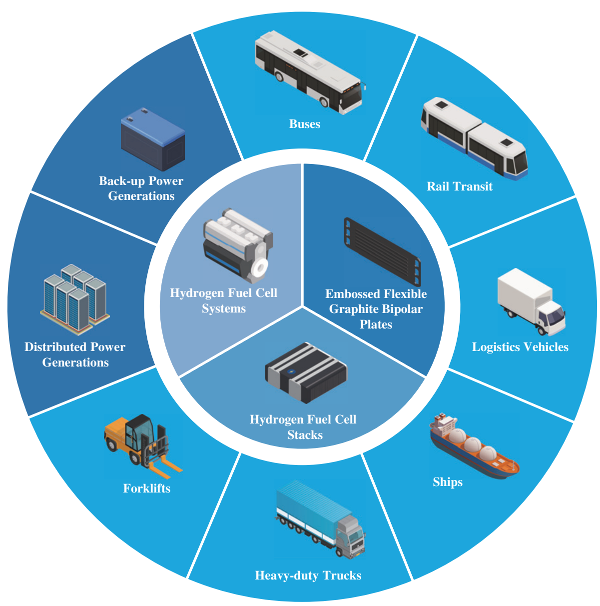
The issues of climate change and environmental pollution have gradually become a common concern of the international community. Hydrogen energy has become an important choice for accelerating energy transformation and upgrading as well as cultivating new economic growth drivers. The hydrogen energy industry comprises hydrogen production, storage, transportation, application and refueling. The types of hydrogen available in the market for fuel cell vehicles include grey hydrogen, blue hydrogen, and green hydrogen. Due to the advantages of low production cost and mature technology, grey hydrogen (hydrogen produced from fossil fuels or industrial by-products) is currently the most common hydrogen in China, accounting for approximately 97% of the total hydrogen production in China in 2022. However, grey hydrogen produces carbon emissions and pollutants because the production process of grey hydrogen includes the combustion of fossil fuels.

Promoted by the implementation of favorable government policies, the demand for hydrogen energy will be further stimulated, and the application of hydrogen energy will be continuously broadened, in particular for hydrogen fuel cells. As a result, the sales volume of hydrogen fuel cell systems is expected to reach 25,027.0MW by the end of 2027, representing a CAGR of 99.2% from 2023, and it is estimated that the number of hydrogen fuel cell vehicles in China will exceed one million in 2030. For more information on the industry landscape of the hydrogen energy market in China, please refer to "Industry Overview – Overview of Hydrogen Energy Industry – Industry Landscape of the Hydrogen Energy Market in China" and "Business – Industry Landscape of Hydrogen Energy Market in China" in this prospectus.

**Our Products**

During the Track Record Period, the embossed flexible graphite bipolar plates we produced were mainly utilized for our further production of hydrogen fuel cell stacks, and our hydrogen fuel cell stacks were mainly (i) incorporated into our hydrogen fuel cell systems or (ii) sold to hydrogen fuel cell system manufacturers for further incorporation into their hydrogen fuel cell systems. Our hydrogen fuel cell systems were mainly sold to downstream transit applications customers, and to a much lesser extent, downstream stationary applications customers. Transit applications mainly include: (i) commercial vehicles such as buses, logistic vehicles and heavy-duty trucks, (ii) construction vehicles such as forklifts, (iii) rail transit, and (iv) ships. Stationary applications mainly include distributed power generations and back-up power generations. During the Track Record Period, approximately 93% or more of the revenue generated each year was from transit applications, primarily buses and heavy-duty trucks, and revenue generated from other transit applications and stationary applications was much lower in comparison. However, as the industry develops and our product portfolio expands, we expect to establish a more substantial and broader presence in other applications.

Below is an illustration of our products and their applications:




Through years of operating experience and the strive for excellence, we have been leading in technological capability, product quality, manufacturing techniques as well as reliable and timely product delivery. As advised by Frost & Sullivan, our products have been proven to be leading the industry in terms of (i) power density, (ii) freeze-start temperature, (iii) lifespan; and (iv) quality, process consistency, and performance stability.

Leveraging the industry-leading performance, our products have been extensively validated and recognized in the market. Having seized the opportunities of transit applications, the number of commercial vehicles installed with our products accounted for more than 50% of the hydrogen fuel cell commercial vehicles in operation nationwide as of the Latest

Practicable Date. We have also been exploring hydrogen energy solutions in a wide range of applications that present market opportunities. For example, in September 2022, five hydrogen-powered rubber-tyred digital rail trams equipped with our SynRoad series hydrogen fuel cell systems were put into operation in Lin-Gang Special Area of Shanghai, which contributed to the promotion and application of hydrogen fuel cells in the rail transit industry.

We have also assembled a team of specialists with solid research and development capabilities, excellent strategic vision and diversified market expansion insights to embrace huge market opportunities and contribute to the adoption of clean energy in the PRC amid the wave of the global energy transformation.

## OUR COMPETITIVE STRENGTHS

We believe our previous success is attributable to the following competitive strengths: (i) a leader in the hydrogen fuel cell industry in the PRC, benefiting from the national and local supportive policies and the huge growth potential of the hydrogen industry; (ii) strong technological capabilities and quality control systems, which set the standards high for competition; (iii) "domestic + scaled + integrated" production, which promotes cost-effectiveness and keeps us ahead of competition; (iv) proven ability to satisfy the various power demands with rich hydrogen fuel cell product matrix and comprehensive applications; (v) strong relationship with upstream suppliers and downstream customers for mutually beneficial collaborations, which fosters industry ecosystem; and (vi) visionary management team comprising largely of experienced experts of hydrogen fuel cell industry.

## OUR STRATEGIES

To achieve our business objectives, we intend to leverage our competitive strengths and implement the following strategies: (i) further investment in research and development of core products to improve product performance and competitiveness; (ii) expand production capacity in accordance with local policies and opportunities; (iii) actively venture into raw materials and components aspects of the industry and enhance industry-wide synergies; (iv) expand the applications of hydrogen fuel cell technology and accelerate the commercialization of hydrogen energy industry; and (v) continue to attract and cultivate professional talents, improve team building, the utilization of information technology, as well as management and operation efficiency.

## OUR OPERATION

We focus on the research, development, production and sale of hydrogen fuel cell stacks and hydrogen fuel cell systems. According to Frost & Sullivan, we occupied the largest market share at 24.4% in terms of shipments of hydrogen fuel cell stacks and the second largest market share at 21.8% in terms of shipments of hydrogen fuel cell systems in the PRC for the year ended 31 December 2022. The end customers of our hydrogen fuel cell stacks and hydrogen fuel cell systems generally include, among others, bus companies, logistics and transportation companies, ports, factories and rail companies.

The table below sets forth a breakdown of our revenue by product type, each expressed as an absolute amount and as percentage of our total revenue, during the Track Record Period.

| | Year ended 31 December | | | | | | Five months ended 31 May | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2020 | | 2021 | | 2022 | | 2022 | | 2023 | |
| | *RMB'000* | *%* | *RMB'000* | *%* | *RMB'000* | *%* | *RMB'000* (*unaudited*) | *%* | *RMB'000* | *%* |
| Hydrogen fuel cell stacks | 109,511 | 48.3 | 26,499 | 5.8 | 11,877 | 1.6 | 2,589 | 4.5 | 1,522 | 1.1 |
| – 9SSL fuel cell stacks(1) | 101,073 | 44.6 | 17,308 | 3.8 | 3,961 | 0.5 | 2,253 | 3.9 | 279 | 0.2 |
| – Self-developed hydrogen fuel cell stacks(2) | 8,438 | 3.7 | 9,191 | 2.0 | 7,916 | 1.1 | 336 | 0.6 | 1,243 | 0.9 |
| Hydrogen fuel cell systems | 112,913 | 49.8 | 413,648 | 90.5 | 732,482 | 97.9 | 52,519 | 91.0 | 139,329 | 97.6 |
| – Incorporated 9SSL fuel cell stacks(1) | 92,367 | 40.7 | 15,490 | 3.4 | 13,531 | 1.8 | 1,496 | 2.6 | – | – |
| – Incorporated self-developed hydrogen fuel cell stacks | 20,546 | 9.1 | 398,158 | 87.1 | 630,465 | 84.3 | 51,023 | 88.4 | 121,471 | 85.0 |
| – Incorporated other hydrogen fuel cell stacks(3) | – | – | – | – | 88,486 | 11.8 | – | – | 17,858 | 12.6 |
| Others(4) | 4,459 | 1.9 | 16,991 | 3.7 | 4,116 | 0.5 | 2,590 | 4.5 | 1,947 | 1.3 |
| **Total revenue** | **226,883** | **100.0** | **457,138** | **100.0** | **748,475** | **100.0** | **57,698** | **100.0** | **142,798** | **100.0** |

*Notes:*

(1) Our revenue generated from our 9SSL fuel cell stacks and hydrogen fuel cell systems incorporated the 9SSL fuel cell stacks decreased during the Track Record Period both in absolute amounts and as a percentage of total revenue mainly due to (i) the shift of 9SSL fuel cell stack's applications from on-road vehicles and industrial vehicles to stationary power as a result of the launch of our self-developed hydrogen fuel cell stacks; and (ii) our customers' changing preference for the higher-powered SynStack G series fuel cell stacks over the 9SSL fuel cell stacks for on-road vehicles and industrial vehicle applications.

With the expected decline in the sales of the 9SSL fuel cell stacks, we performed an impairment assessment, and an impairment loss of RMB57.4 million was subsequently provided to the 9SSL fuel cell stacks license for the year ended 31 December 2020. In addition, the impairment recognized on the inventories of the 9SSL fuel cell stacks and hydrogen fuel cell systems equipped with the 9SSL fuel cell stacks amounted to RMB9.0 million, RMB20.7 million, RMB35.7 million and RMB8.1 million for the years ended 31 December 2020, 2021, 2022 and the five months ended 31 May 2023, respectively. For more information, please refer to "Financial Information – Description of Key Statement of Profit or Loss Items – Cost of Sales" and "Financial Information – Certain Statement of Financial Position Items – Inventories" in this prospectus.

(2) Self-developed hydrogen fuel cell stacks represent SynStack G series fuel cell stacks.

(3) During the Track Record Period, we partnered with Supplier C, one of our top five suppliers for the year ended 31 December 2022, in a collaborative project where we equipped a small number of hydrogen fuel cell systems with hydrogen fuel cell stacks we directly procured from them. For more information, please refer to "Business – Our Products – Hydrogen Fuel Cell Systems" in this prospectus.

(4) Mainly include the occasional sales of hydrogen fuel cell system components and the provision of hydrogen fuel cell related technical services, both of which are recurring in nature and do not require any particular license to be carried out. The increase in revenue for the year ended 31 December 2021 was mainly due to the revenue generated from provision of technical services that amounted to RMB7.6 million to a rail transit customer for the design, development and testing of a high-power hydrogen fuel cell system.

Hydrogen fuel cell stack is a core component for producing hydrogen fuel cell system. In 2020, instead of primarily selling our hydrogen fuel cell stacks directly, we began incorporating our hydrogen fuel cell stacks into our hydrogen fuel cell systems, and then sold such systems to downstream customers. As a result, the proportion of revenue generated from our sale of hydrogen fuel cell systems increased significantly during the Track Record Period. We decided and achieved the shift from primarily selling hydrogen fuel cell stacks to primarily selling hydrogen fuel cell systems that incorporated our hydrogen fuel cell stacks mainly as a result of (i) our technological advantages in the hydrogen fuel cell stacks, being a core component of the hydrogen fuel cell systems, enabling us to expand into the market of hydrogen fuel cell systems efficiently and economically and (ii) through strategically putting more efforts on our hydrogen fuel cell systems products, we have been able to obtain more support from customers of those products, such as hydrogen fuel cell vehicle manufacturers, to promote our products. As advised by Frost & Sullivan, compared to those of hydrogen fuel cell stacks, customers of hydrogen fuel cell systems are positioned further as downstream customers in the industry and therefore possess more industry resources of different application scenarios.

### Average Selling Price and Sales Volume

The following table sets forth a breakdown of our sales volume and average selling price of our hydrogen fuel cell stacks and hydrogen fuel cell systems for the years/periods indicated:

| | Year ended 31 December | | | | | | Five months ended 31 May | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2020 | | 2021 | | 2022 | | 2022 | | 2023 | |
| | Sales volume | Average selling price | Sales volume | Average selling price | Sales volume | Average selling price | Sales volume | Average selling price | Sales volume | Average selling price |
| | *kW* | *RMB per kW* | *kW* | *RMB per kW* | *kW* | *RMB per kW* | *kW* | *RMB per kW* | *kW* | *RMB per kW* |
| Hydrogen fuel cell stacks | 37,578.2 | 2,914.2 | 13,117.2 | 2,020.2 | 7,122.8 | 1,667.5 | 1,016.0 | 2,548.2 | 881.0 | 1,727.6 |
| Hydrogen fuel cell systems | 10,833.0 | 10,423.1 | 84,545.0 | 4,892.6 | 131,300.0 | 5,578.7 | 10,120.0 | 5,189.7 | 37,090.0 | 3,756.5 |

## Gross Profit and Gross Profit Margin

Our gross profit represents our revenue less our cost of sales, and our gross profit margin represents our gross profit divided by our revenue, expressed as a percentage. The table below sets forth the breakdown of the revenue, gross profit, gross profit margin, sales volume, sales power output and average selling price per kW by key product of our Group during the Track Record Period:

| Year ended 31 December 2020 | Revenue | % of total revenue | Gross profit | Gross profit margin | Sales volume | Sales power output | Average selling price |
|---|---|---|---|---|---|---|---|
| | *RMB'000* | *%* | *RMB'000* | *%* | *unit* | *kW* | *RMB per kW* |
| **Hydrogen fuel cell stacks** | **109,511** | **48.3** | **36,625** | **33.4** | **1,356** | **37,578.2** | **2,914.2** |
| 9SSL | 101,073 | 44.6 | 33,204 | 32.9 | 1,259 | 32,996.2 | 3,063.2 |
| SynStack G | 8,438 | 3.7 | 3,421 | 40.5 | 97 | 4,582.0 | 1,841.6 |
| **Hydrogen fuel cell systems** | **112,913** | **49.8** | **36,310** | **32.2** | **187** | **10,833.0** | **10,423.1** |
| <50kw | 61,349 | 27.0 | 17,580 | 28.7 | 98 | 4,508.0 | 13,609.0 |
| 50-100kw | 41,704 | 18.4 | 15,284 | 36.6 | 78 | 5,110.0 | 8,161.2 |
| >100kw | 9,860 | 4.4 | 3,446 | 35.0 | 11 | 1,215.0 | 8,115.4 |
| **Others** | **4,459** | **2.0** | **1,767** | **39.6** | **N/A** | **N/A** | **N/A** |
| **Impairment loss of inventory and licences** | **–** | **–** | **(66,720)** | **N/A** | **N/A** | **N/A** | **N/A** |
| **Total** | **226,883** | **100.00** | **7,982** | **3.5** | **1,543** | **48,411** | **4,686.6** |

| Year ended 31 December 2021 | Revenue | % of total revenue | Gross profit | Gross profit margin | Sales volume | Sales power output | Average selling price |
|---|---|---|---|---|---|---|---|
| | *RMB'000* | *%* | *RMB'000* | *%* | *unit* | *kW* | *RMB per kW* |
| **Hydrogen fuel cell stacks** | **26,499** | **5.8** | **3,902** | **14.7** | **453** | **13,117.2** | **2,020.2** |
| 9SSL | 17,308 | 3.8 | 1,207 | 7.0 | 319 | 6,912.2 | 2,504.0 |
| SynStack G | 9,191 | 2.0 | 2,695 | 29.3 | 134 | 6,205.0 | 1,481.2 |
| **Hydrogen fuel cell systems** | **413,648** | **90.5** | **140,814** | **34.0** | **833** | **84,545.0** | **4,892.6** |
| <50kw | – | – | – | – | – | – | – |
| 50-100kw | 62,693 | 13.7 | 18,163 | 29.0 | 172 | 11,835.0 | 5,297.2 |
| >100kw | 350,955 | 76.8 | 122,651 | 34.9 | 661 | 72,710.0 | 4,826.8 |
| **Others** | **16,991** | **3.7** | **6,203** | **36.5** | **N/A** | **N/A** | **N/A** |
| **Impairment loss of inventory and licences** | **–** | **–** | **(23,391)** | **N/A** | **N/A** | **N/A** | **N/A** |
| **Total** | **457,138** | **100.00** | **127,528** | **27.9** | **1,286** | **97,662** | **4,680.8** |

| Year ended 31 December 2022 | Revenue | % of total revenue | Gross profit | Gross profit margin | Sales volume | Sales power output | Average selling price |
|---|---|---|---|---|---|---|---|
| | *RMB'000* | *%* | *RMB'000* | *%* | *unit* | *kW* | *RMB per kW* |
| **Hydrogen fuel cell stacks** | **11,877** | **1.6** | **2,272** | **19.1** | **187** | **7,122.8** | **1,667.5** |
| 9SSL | 3,961 | 0.6 | 166 | 4.2 | 73 | 1,588.8 | 2,493.1 |
| SynStack G | 7,916 | 1.0 | 2,106 | 26.6 | 114 | 5,534.0 | 1,430.4 |
| **Hydrogen fuel cell systems** | **732,482** | **97.9** | **198,439** | **27.1** | **1,253** | **131,300.0** | **5,578.7** |
| <50kw | 2,735 | 0.4 | (120) | (4.4) | 18 | 190.0 | 14,394.7 |
| 50-100kw | 54,713 | 7.3 | 12,460 | 22.8 | 152 | 10,950.0 | 4,996.6 |
| >100kw | 675,034 | 90.2 | 186,099 | 27.6 | 1,083 | 120,160.0 | 5,617.8 |
| **Others** | **4,116** | **0.5** | **1,399** | **34.0** | **N/A** | **N/A** | **N/A** |
| **Impairment loss of inventory and licences** | **–** | **–** | **(43,307)** | **N/A** | **N/A** | **N/A** | **N/A** |
| **Total** | **748,475** | **100.00** | **158,803** | **21.2** | **1,440** | **138,423** | **5,407.2** |

| Five months ended 31 May 2023 | Revenue | % of total revenue | Gross profit | Gross profit margin | Sales volume | Sales power output | Average selling price |
|---|---|---|---|---|---|---|---|
| | *RMB'000* | *%* | *RMB'000* | *%* | *unit* | *kW* | *RMB per kW* |
| **Hydrogen fuel cell stacks** | **1,522** | **1.1** | **343** | **22.5** | **19** | **881** | **1,727.6** |
| 9SSL | 279 | 0.2 | (21) | (7.5) | 6 | 127 | 2,196.9 |
| SynStack G | 1,243 | 0.9 | 364 | 29.3 | 13 | 754 | 1,648.5 |
| **Hydrogen fuel cell systems** | **139,329** | **97.6** | **34,228** | **24.6** | **372** | **37,090** | **3,756.5** |
| <50kw | 416 | 0.3 | 160 | 38.5 | 3 | 30 | 13,866.7 |
| 50-100kw | 32,169 | 22.5 | 9,498 | 29.5 | 121 | 9,480 | 3,393.4 |
| >100kw | 106,744 | 74.8 | 24,570 | 23.0 | 248 | 27,580 | 3,870.3 |
| **Others** | **1,947** | **1.3** | **421** | **21.6** | **N/A** | **N/A** | **N/A** |
| **Impairment loss of inventory and licences** | **–** | **–** | **(14,841)** | **N/A** | **N/A** | **N/A** | **N/A** |
| **Total** | **142,798** | **100.0** | **20,151** | **14.1** | **391** | **37,971** | **3,760.7** |

Except for that of the year ended 31 December 2020, the average selling prices of all of our products for the years ended 31 December 2021, 2022 and the five months ended 31 May 2023 closely track the average selling price of our hydrogen fuel cell systems products for the respective year/period, mainly due to the significant percentage of revenue generated from the sale of hydrogen fuel cell systems as we shift from primarily selling hydrogen fuel cell stacks to primarily selling hydrogen fuel cell systems that incorporated our hydrogen fuel cell stacks.

The average selling price of all of our products remained relatively stable at RMB4,686.6/kW and RMB4,680.8/kW for the years ended 31 December 2020 and 2021, respectively, mainly due to the decrease in the average selling price of our hydrogen fuel cell systems products which was in line with the industry trend. The total average selling price of our products further increased from the year ended 31 December 2021 to RMB5,407.2/kW for the year ended 31 December 2022 because some of our hydrogen fuel cell systems included additional components such as the hydrogen storage systems as requested by and to cater to some of our customer's needs and in order to offer a more comprehensive and ready-for-use hydrogen fuel cell solution. The average selling price of all of our products decreased from the year ended 31 December 2022 to RMB3,760.7/kW for the five months ended 31 May 2023 mainly due to the general decreasing trend of the hydrogen fuel cell system selling prices and the decrease in our average raw material cost per kW. For more information, please refer to the section headed "Financial Information – Description of Key Statement of Profit or Loss Items – Revenue – Average selling price and sales volume" in this prospectus.

Our gross profit margin increased from 3.5% for the year ended 31 December 2020 to 27.9% for the year ended 31 December 2021 mainly due to an impairment loss of RMB57.4 million on our 9SSL fuel cell stacks license in 2020. Our gross profit margin decreased from 27.9% for the year ended 31 December 2021 to 21.2% for the year ended 31 December 2022 mainly due to (i) the decrease of gross profit margin of our hydrogen fuel cell systems which is caused by the lower profit margin of the additional components (i.e. hydrogen storage systems and batteries) procured from third parties that were sold together with our hydrogen fuel cell systems in order to provide a more comprehensive and ready-for-use hydrogen fuel cell solution, and (ii) the increase in impairment loss of our inventories and licences. Our gross profit margin increased from 3.0% for the five months ended 31 May 2022 to 14.1% for the five months ended 31 May 2023 mainly due to the significant increase in our gross profit of sales of goods and services, which outpaced the growth in the impairment loss of inventory and licenses.

For more information, please refer to "Financial Information – Description of Key Statement of Profit or Loss Items – Gross Profit and Gross Profit Margin".

## OUR PRODUCTION

### Production Cycle

We adopt a mixed approach for the production of our hydrogen fuel cell stacks and hydrogen fuel cell systems where we commence manufacturing primarily after a customer purchase order is received and confirmed as well as commence manufacturing based on our assessment and estimate of the remaining downstream demand for that year, which is helpful to cope with the seasonality of our products' demands. The production cycle of our products varies depending on the product type, delivery schedule requested by our customers and raw material supply. In general, the production lead time for our hydrogen fuel cell stacks from the first step, being molding processes, to the last step, being packing and storage of finished goods, is around seven days and that for our hydrogen fuel cell systems requires additional three to seven days based on various models. We put great effort in maximizing our production efficiency and utilization rate of raw materials so that we can swiftly respond to changing customer demands while retaining our cost-effectiveness.

**Production Seasonality**

We generally begin production based on orders received and confirmed and our assessment and estimate of the remaining downstream demand for that year. We generally negotiate with our customers during the first half of the year regarding purchase orders, after which we commence production in the second half of the year. Therefore, the final production completion and delivery time will usually be in the second half of the year. As a result, most of the revenue will be recognized in the second half of the year (especially the fourth quarter). In 2020, 2021 and 2022, our revenue for the second half of the year accounted for a majority of our total revenue in the same year. For more information, please refer to "Business – Seasonality" in this prospectus.

**Production Facilities**

We currently manufacture and assemble our embossed flexible graphite bipolar plates, the hydrogen fuel cell stacks and the hydrogen fuel cell systems at our production facility in Yunfu, Guangdong Province. To expand our production capacity and meet the growing demands of our products, we plan to construct additional production facilities in multiple regions in the PRC. As of 31 May 2023, the estimated annual production capacity of our embossed flexible graphite bipolar plates, hydrogen fuel cell stacks and hydrogen fuel cell systems production lines were 1,200,000 pieces of embossed flexible graphite bipolar plates, 300,000kW of hydrogen fuel cell stacks and 2,000 units of hydrogen fuel cell systems, respectively.

For the years ended 31 December 2020, 2021, 2022 and the five months ended 31 May 2023, the utilization rates for (i) our embossed flexible graphite bipolar plates were 43.6%, 66.7%, 75.5% and 32.2%, respectively; (ii) our hydrogen fuel cell stacks were 27.2%, 78.8%, 71.7% and 16.2%, respectively; and (iii) our hydrogen fuel cell systems were 29.6%, 61.1%, 61.1% and 46.9%, respectively.

The following tables set forth the quarterly utilization rate of our embossed flexible graphite bipolar plates, hydrogen fuel cell stacks and hydrogen fuel cell systems for the years indicated, respectively:

***(a) Embossed flexible graphite bipolar plates(1)***

| | First Quarter(3) | Second Quarter | Third Quarter | Fourth Quarter |
|---|---|---|---|---|
| | | *(%)* | | |
| 2020 | 18.7 | 37.0 | 76.2 | 42.6 |
| 2021 | 30.9 | 44.7 | 105.3 | 85.9 |
| 2022 | 71.1 | 66.1 | 71.4 | 93.3 |
| 2023 | 37.6 | N/A | N/A | N/A |

***(b) Hydrogen fuel cell stacks(1)***

| | First Quarter(3) | Second Quarter | Third Quarter | Fourth Quarter |
|---|---|---|---|---|
| | | *(%)* | | |
| 2020 | 4.4 | 19.4 | 43.2 | 41.6 |
| 2021 | 17.3 | 44.0 | 114.3 | 139.7 |
| 2022 | 52.7 | 44.4 | 100.9 | 88.7 |
| 2023 | 13.3 | N/A | N/A | N/A |

### *(c) Hydrogen fuel cell systems[(1)]*

| | First Quarter[(3)] | Second Quarter | Third Quarter | Fourth Quarter |
|---|---|---|---|---|
| | | *(%)* | | |
| 2020[(2)] | N/A | N/A | 40.0 | 78.4 |
| 2021 | 4.0 | 47.6 | 97.4 | 95.4 |
| 2022 | 18.0 | 23.0 | 73.6 | 129.6 |
| 2023 | 47.2 | N/A | N/A | N/A |

*Notes:*

(1) Utilization rate is calculated based on the actual production volume divided by the estimated production capacity.

(2) The commercial productions of our hydrogen fuel cell system products began in the second half of 2020.

(3) For the years ended 31 December 2020, 2021, 2022 and the five months ended 31 May 2022 and 2023, our revenue was RMB226.9 million, RMB457.1 million, RMB748.5 million, RMB57.7 million and RMB142.8 million, respectively. Despite the decrease in the utilization rates of our production facilities for embossed flexible graphite bipolar plates and hydrogen fuel cell stacks in the first quarter of 2023 when compared to the same period in 2022, our revenue increased significantly from the five months ended 31 May 2022 to 2023 mainly due to the increase in the sales volume of our hydrogen fuel cell systems that we manufactured primarily from utilizing graphite bipolar plates and hydrogen fuel cell stacks inventories that we accumulated in the second half of 2022 in anticipation of the improvement and renovation works on our production facilities that we carried out from December 2022 to the first half of 2023. For more information, please refer to the section headed "Financial Information – Certain Statement of Financial Position Items – Inventories" in this prospectus. The utilization rates of our hydrogen fuel cell systems increased from 18.0% in the first quarter of 2022 to 47.2% in the first quarter of 2023.

For more information, please refer to "Business – Our Production" in this prospectus.

The utilization rates for the first quarter of 2023 and the five months ended 31 May 2023 were generally lower as we carried out improvement and renovation works on our production facilities that began in December 2022 and into the first half of 2023.

## COMPETITION

According to Frost & Sullivan, the hydrogen fuel cell stacks and the hydrogen fuel cell systems markets have been experiencing high growth in recent years. From 2018 to 2022, shipments of hydrogen fuel cell stacks in China surged from 74.2MW to 716.6MW, with a CAGR of 76.3%, while the shipments of hydrogen fuel cell systems in China surged from 58.7MW to 602.8MW, with a CAGR of 79.0%, both benefiting from the rapid growth of sales of hydrogen fuel cell vehicles in China. However, these markets are relatively concentrated with (i) the five largest hydrogen fuel cell stacks manufacturers commanding a total market share of 79.6% in 2022 in terms of the market size of hydrogen fuel cell stacks by shipment volume in 2022, of which our market share was 24.4%, ranking first and (ii) the five largest hydrogen fuel cell systems manufacturers in terms of sales volume of hydrogen fuel cell systems commanding a total market share of 85.5% of the market size of hydrogen fuel cell systems by sales volume in 2022, of which our market share was 21.8%, ranking second.

Nevertheless, since 2020, the PRC government has pushed vigorously to establish hydrogen demonstrative 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 hydrogen fuel cell vehicles and related core technologies. For instance, Beijing has set its targets of having a total ownership of 10,370 hydrogen fuel cell vehicles and build 74 hydrogen refueling stations in Beijing by 2025. Therefore, we expect more players to enter this market and the competition to become more intense. We believe that the key competitive factors in this market are technological innovation, product quality and safety, stable customer and supplier relationships, and brand reputation. See "Industry Overview" for more details of the competitive landscape of the industry in which we operate. For risks relating to our competitiveness in the industry, see "Risk Factors – Risks Related to Our Industry and Business – We face intense market competition and the industry may undergo unforeseen changes under rapid development. If we fail to compete successfully, our business and results of operations may be materially and adversely affected".

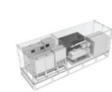
## OUR PRODUCTS

The tables below set forth the details of the major series of our hydrogen fuel cell stacks and hydrogen fuel cell systems during the Track Record Period and up to the Latest Practicable Date:

**Hydrogen Fuel Cell Stacks**

| **Series** | **9SSL** | **SynStack GI** | **SynStack GIII** |
|---|---|---|---|
| **Illustrations** |  |  |  |
| **Key specifications** | | | |
| Thermal management | Liquid-cooled | Liquid-cooled | Liquid-cooled |
| Power range | 5.0-36.7kW | 6.0-84.0kW | 20.4-204.0kW |
| Power density | 2.5kW/L | 3.8kW/L | 4.5kW/L |
| Freeze start temperature | -30°C | -30°C | -35°C |
| Lifespan | >20,000h | >20,000h | >30,000h |

**Hydrogen Fuel Cell Systems**

| **Series** | **SynRoad G110** | **SynRoad H120** | **SynRoad H240** | **SynRail A110** | **SynPower M2** | **SynPower S640** |
|---|---|---|---|---|---|---|
| **Illustrations** |  |  |  |  |  |  |
| **Fuel cell stacks used** | SynStack GI | SynStack GIII | SynStack GIII | 9SSL | third-party fuel cell stacks[(1)] | 9SSL |
| **Key specifications** | | | | | | |
| Rated power | 110kW | 120kW | 240kW | 110kW | 2kW | 640kW |
| Power density | 555W/kg | 714W/kg | 906W/kg | 319W/kg | 268W/kg | 160W/kg |
| Lifespan | ≥20,000h | | | | ≥2,000h | ≥40,000h |
| Freeze-start temperature | -30°C | | | | -5°C | -30°C |

*Note:*

(1) The hydrogen fuel cell stacks used by SynPower M2 were procured from Ballard Power.

For more information on our products, please refer to "Business – Our Products" in this prospectus.

## RESEARCH AND DEVELOPMENT

Our focus on research and development has fueled our growth and enabled us to strengthen our market position. We possess frontier hydrogen fuel cells and related technologies and technical know-how to our self-developed hydrogen fuel cell stacks, hydrogen fuel cell systems and embossed flexible graphite bipolar plates, including critical technology and technical know-how for our production processes.

Our research and development expenses increased by 100.8% from RMB35.9 million for the year ended 31 December 2020 to RMB72.2 million for the year ended 31 December 2021, primarily due to (i) the increase in employee benefit expenses as the size of our research and development team increased and (ii) the increase in cooperative research and development expenses and raw materials as a result of increased research and development projects in areas such as our product iterations and application expansions. Our research and development expenses further increased by 27.2% from RMB72.2 million for the year ended 31 December 2021 to RMB91.8 million for the year ended 31 December 2022, primarily due to an increase in raw materials as a result of increased research and development projects in areas such as our product iterations and application expansions. Our research and development expenses decreased by 18.7% from RMB43.6 million for the five months ended 31 May 2022 to RMB35.5 million for the five months ended 31 May 2023, primarily due to the decrease in raw materials expenses of one of our research and development projects on stationary power applications in 2022. In addition, we received government grants and subsidies of RMB3.8 million, RMB13.8 million, RMB10.7 million and RMB44.5 million for the years ended 31 December 2020, 2021, 2022 and the five months ended 31 May 2023, respectively, accounting for 0.3%, 0.6%, 0.3% and 1.3% of our total assets as of 31 December 2020, 2021, 2022 and 31 May 2023, respectively.

### Our Development History

The development history and breakthrough of our technologies and products can be divided into three stages. The first stage was from our establishment until 2017, when we built the world's largest hydrogen fuel cell stacks production facility at that time, licensed the 9SSL fuel cell stack technology, and developed our own research platform.

Our independent research and development, led by Dr. Liu Zhixiang and Dr. Yan Xiqiang, two senior experts in the hydrogen industry, also began during the first stage. The research direction included hydrogen fuel cell products and the domestic production of the key parts and components. We benefited from the knowledge and insights gained from our mass production of 9SSL fuel cell stacks and the valuable feedback shared by our customers to drive our own research and development efforts. As a result, the second stage of our breakthrough was in October 2020 when we successfully developed and launched the self-developed SynStack GI hydrogen fuel cell stack and SynRoad G series hydrogen fuel cell systems.

With (i) the shift from primarily selling hydrogen fuel cell stacks to primarily selling hydrogen fuel cell systems that incorporated our hydrogen fuel cell stacks in 2020, and (ii) the declining revenue generated from our 9SSL fuel cell stacks and hydrogen fuel cell systems incorporated the 9SSL fuel cell stacks during the Track Record Period, we expect the revenue and gross-profit margin contribution from our hydrogen fuel cell stacks and products related to the 9SSL fuel cell stacks remain at a relatively low level in the future.

The third stage began in April 2022 when, after another two years of research and development, we launched the high-power and long-life SynStack GIII hydrogen fuel cell stacks with excellent performance and lifespan. At the same time, the development of the SynRoad H series fuel cell system was completed.

With our commitment to research and development and our strive for frontier technologies, we plan to continuously develop and launch high-efficiency and high-powered self-developed hydrogen fuel cell stacks and hydrogen fuel cell systems to the market in the future. To more efficiently utilize our resources and focus on developing our unique technological advantages, we did not have plans to obtain new license on new hydrogen fuel cell stacks nor hydrogen fuel cell systems as of the Latest Practicable Date.

## SALES AND MARKETING

During the Track Record Period, we primarily focused our marketing and sales efforts on our hydrogen fuel cell stacks and hydrogen fuel cell systems products. As of 31 May 2023, we had a sales and marketing team of 96 personnel, focusing on business development, customer service and industry coverage. We maintain respective sales teams responsible for our sales efforts in different areas nationwide in accordance with our sales strategy.

## CUSTOMERS AND SUPPLIERS

Our customers mainly comprise hydrogen fuel cell systems manufacturers and hydrogen fuel cell vehicles manufacturers located in the PRC. For the years ended 31 December 2020, 2021, 2022 and the five months ended 31 May 2023, the revenue attributed to our largest customer in each year/period amounted to RMB111.7 million, RMB244.9 million, RMB256.4 million and RMB75.1 million, respectively, accounted for 49.2%, 53.6%, 34.3% and 52.6% of our revenue for the same years/period, respectively, and revenue attributed to our five largest customers in each year/period amounted to RMB217.2 million, RMB402.4 million, RMB634.5 million and RMB135.3 million, respectively, accounted for 95.7%, 88.1%, 84.9% and 94.8% of our revenue for the same years/period, respectively.

Foshan Feichi was our largest customer for the years ended 31 December 2020 and 2021, our second largest customer for the year ended 31 December 2022 and our fifth largest customer for the five months ended 31 May 2023, respectively. As of the Latest Practicable Date, Foshan Feichi was owned as to approximately (i) 8.33% by Guangdong Foshan (Yunfu) Industrial Transfer Industrial Park Investment Development Co., Ltd. (廣東佛山(雲浮)產業轉移工業園投資開發有限公司), one of our substantial Shareholders that had a common director with Foshan Feichi, (ii) 32.33% by Hongyun High-Tech, which was in turn wholly owned by Foshan Automobile Transportation, (iii) 8.33% by Zhuhai Hengqin Zhuoneng Equity Investment Partnership (Limited Partnership) (珠海橫琴卓能股權投資合夥企業(有限合夥)), (iv) 8.33% by Shenghui New Energy Co., Ltd. (昇輝新能源有限公司), and (v) 42.67% by Shanxi Meijin Energy Co., Ltd. (山西美錦能源股份有限公司), respectively. For more information on Foshan Feichi and its relationships with us, please refer to "Business – Customers" in this prospectus.

As advised by Frost & Sullivan, the hydrogen fuel cell system and the hydrogen fuel cell vehicle industries are still at a stage of early development where they are relatively small in scale and high in market concentration. Therefore, during the Track Record Period, most of our revenue were derived from several major customers. For more details, please refer to "Business – Customers".

For the years ended 31 December 2020, 2021, 2022 and the five months ended 31 May 2023, purchases from our largest supplier in each year/period amounted to RMB96.1 million, RMB177.1 million, RMB119.9 million and RMB50.0 million, respectively, accounted for 39.6%, 37.0%, 20.8% and 48.6% of our total amount of purchases, respectively; and purchases from our five largest suppliers in each year/period amounted to RMB175.5 million, RMB293.2 million, RMB305.9 million and RMB77.0 million, respectively, accounted for 72.3%, 61.2%, 53.1% and 74.8% of our total amount of purchases for the same years/period, respectively. Our five largest suppliers during the Track Record Period are primarily raw materials, key components and hydrogen fuel suppliers located in the PRC, Canada, and the U.S. We have shifted most of our key raw materials and components procurement from international suppliers to domestic suppliers in order to (i) lower the unit cost of our products, (ii) maintain better overall control over the logistics process, and (iii) ensure a more stable supply. For more details, please refer to "Business – Raw Materials and Suppliers – Suppliers".

**Overlapping of Major Customers and Suppliers**

For the year ended 31 December 2020, Guohong Refire was both one of our top five suppliers and top five customers. The purchase from Guohong Refire amounted to RMB37.5 million for the year ended 31 December 2020, and the revenue generated from our sales to Guohong Refire was RMB73.0 million for the year ended 31 December 2020. As of the Latest Practicable Date, Guohong Refire was held as to 35.71%, 34.31% and 29.98% voting rights by our Company, Shanghai Refire Group Limited (上海重塑能源集團股份有限公司) ("**Shanghai Refire**"), an Independent Third Party, and Yunfu Rongda respectively. Shanghai Refire is a company incorporated in the PRC in 2015 with its principal business in, among others, product development in the fields of fuel cell system and control system, fuel cell stack and MEA and power electronics. To the best knowledge of our Directors, Hongyun Hydrogen Energy, our single largest Shareholder, was one of the founding shareholders of Shanghai Refire holding 20% equity interest in September 2015. In March 2017, Hongyun Hydrogen Energy disposed of such equity interest to Mr. Ma and Guangzhou Huahong Yineng Investment Partnership Enterprise (Limited Partnership) (廣州市華鴻億能投資合夥企業(有限合夥)) which, according to public information, subsequently disposed of such equity interests in September 2019. In addition, as confirmed by Mr. Ma on 20 April 2023, Mr. Ma was a 2.17% shareholder of Shanghai Refire. As of 31 December 2022, Shanghai Refire was owned as to 20% by Lin Qi (林琦), 17.93% by Sinopec Group Capital Co., Ltd. and 37 other shareholders which each of them owned less than 6% of the shareholding in Shanghai Refire.

As at the time of its incorporation, Guohong Refire was owned as to 51% and 49% equity interest by our Company and Shanghai Refire, respectively. From its establishment and up to 2020, Guohong Refire had been an important production base of Shanghai Refire, and had produced products based on the processing needs of Shanghai Refire. Historically, we manufactured and sold 9SSL fuel cell stacks, which we assembled, sold and serviced under a license granted to us by Ballard Power, to Guohong Refire for its above-mentioned production and sales of the hydrogen fuel cell systems products. Ballard Power was our exclusive supplier of MEAs used for the manufacturing of the 9SSL fuel cell stacks. Please refer to "Business – Raw Materials and Suppliers – Arrangements with Ballard Power" for more information. To a lesser extent, we had also purchased hydrogen fuel cell system products from Guohong Refire for external sales in response to the occasional needs of our downstream customers.

Considering that (i) since 2020, we have expanded into the hydrogen fuel cell systems market for commercial vehicles and various downstream applications beyond the transit market, and as such, we have shifted from primarily selling hydrogen fuel cell stacks to the mass production and sale of hydrogen fuel cell systems that incorporated our hydrogen fuel cell stacks in 2020 and (ii) to the best knowledge of our Company, Shanghai Refire has mastered the production of hydrogen fuel cell stacks since 2020, our Directors believe that the purpose for which Guohong Refire was established which was mainly positioned as a hydrogen fuel cell system production base had been fulfilled. As of the Latest Practicable Date, we were in negotiations with Shanghai Refire with respect to the liquidation of Guohong Refire, the procedures of which are expected to take place in the second half of 2023.

For more information, please refer to "Business – Customers – Overlapping of Major Customers and Suppliers". Save as disclosed above, during the Track Record Period, no other major customer was also our major supplier, or vice versa.

## PRICING POLICY

We generally price our products taking into consideration factors such as the prevailing market prices and conditions, costs of production, years of business relationship, government awards policy and expected margins.

## SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables set forth summary financial data from our consolidated financial information as of the dates indicated, extracted from the Accountant's 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 IFRS.

### Selected Consolidated Statements of Profit or Loss

| | Year ended 31 December | | | Five months ended 31 May | |
|---|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* *(unaudited)* | *RMB'000* |
| Revenue | 226,883 | 457,138 | 748,475 | 57,698 | 142,798 |
| Cost of sales | (218,901) | (329,610) | (589,672) | (55,979) | (122,647) |
| **Gross profit** | **7,982** | **127,528** | **158,803** | **1,719** | **20,151** |
| Other income | 7,490 | 7,026 | 14,424 | 5,585 | 4,955 |
| Other losses – net | (213) | (3,526) | (19,506) | (19,420) | (675) |
| Net impairment losses on financial assets and contract assets | (19,984) | (92,402) | (98,144) | (23,858) | (1,717) |
| Selling expenses | (8,007) | (22,995) | (49,279) | (9,961) | (13,910) |
| Research and development expenses | (35,945) | (72,192) | (91,815) | (43,629) | (35,469) |
| Administrative expenses | (150,283) | (616,251) | (181,385) | (63,691) | (65,703) |
| **Operating loss** | **(198,960)** | **(672,812)** | **(266,902)** | **(153,255)** | **(92,368)** |
| **Finance (costs)/income – net** | **(24,349)** | **(15,529)** | **(6,791)** | **(5,416)** | **105** |
| Share of losses of joint ventures and associates accounted for using the equity method | (723) | (6,606) | (19,986) | (143) | – |
| **Loss before income tax** | **(224,032)** | **(694,947)** | **(293,679)** | **(158,814)** | **(92,263)** |
| Income tax credit/(expense) | 2,673 | (8,096) | 13,452 | 44 | 4,005 |
| **Loss for the year/period** | **(221,359)** | **(703,043)** | **(280,227)** | **(158,770)** | **(88,258)** |
| **(Loss)/income for the year/period attributable to:** | | | | | |
| Owners of the Company | (214,826) | (703,076) | (273,416) | (157,072) | (86,079) |
| Non-controlling interests | (6,533) | 33 | (6,811) | (1,698) | (2,179) |
| | **(221,359)** | **(703,043)** | **(280,227)** | **(158,770)** | **(88,258)** |

**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 the potential impacts of non-cash 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 payments. Share-based payments was non-cash in nature, representing (i) the Share Incentive Scheme through which we offered share awards to our employees and (ii) equity transactions of equity interests in the Single Largest Shareholder. Please refer to Note 29 of the Accountant's Report as Appendix I to this prospectus for more information. The following table reconciles our adjusted net loss (non-IFRS measure) for the years/periods presented to the most directly comparable financial measure calculated and presented in accordance with IFRS:

| | Year ended 31 December | | | Five months ended 31 May | |
|---|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| | | | | *(unaudited)* | |
| **Reconciliation of net loss to adjusted net loss (non-IFRS measure):** | | | | | |
| Loss for the year/period | (221,359) | (703,043) | (280,227) | (158,770) | (88,258) |
| Add: | | | | | |
| – Share-based payments | 118,289 | 546,043 | 54,316 | 14,247 | 12,129 |
| **Adjusted net loss (non-IFRS measure)** | **(103,070)** | **(157,000)** | **(225,911)** | **(144,523)** | **(76,129)** |

As both the hydrogen fuel cell industry and the hydrogen fuel cell vehicle industry are still at the early stage, factors such as the relatively high production costs, limited downstream applications and limited development in the upstream and downstream of the hydrogen fuel cell and hydrogen fuel cell vehicle industries affected our profitability and we remained loss-making. We recorded net losses for the years ended 31 December 2020, 2021 and 2022 and the five months ended 31 May 2023 primarily due to (i) share-based payments we recorded for the years ended 31 December 2020 and 2021 from equity transactions of equity interests in the Single Largest Shareholder and Share Incentive Scheme, (ii) impairment loss on intangible asset related to 9SSL fuel cell stacks license and impairment loss on inventories, (iii) the impairment loss of our trade receivables, and (iv) the continuous expansion of our business scale during the Track Record Period and the resulting increase in the relevant expenses. In addition, **we expect to continue to record net losses until at least 2025**.

For more information, please refer to "Financial Information – Description of Key Statement of Profit or Loss Items".

**Selected Consolidated Statements of Financial Position**

| | As of 31 December | | | As of 31 May |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Total current assets | 1,043,656 | 1,827,791 | 2,371,352 | 2,407,399 |
| Total current liabilities | 475,665 | 491,029 | 982,765 | 1,088,734 |
| **Net current assets** | **567,991** | **1,336,762** | **1,388,587** | **1,318,665** |
| Total non-current assets | 325,316 | 560,052 | 1,048,560 | 1,099,242 |
| **Total assets less current liabilities** | **893,307** | **1,896,814** | **2,437,147** | **2,417,907** |
| Total non-current liabilities | 252,323 | 377,978 | 138,149 | 194,892 |
| **Net assets** | **640,984** | **1,518,836** | **2,298,998** | **2,223,015** |
| Equity attributable to owners of the Company | 638,885 | 1,516,704 | 2,303,677 | 2,229,873 |
| Non-controlling interests | 2,099 | 2,132 | (4,679) | (6,858) |

Our net current assets increased by 135.3% from RMB568.0 million as of 31 December 2020 to RMB1,336.8 million as of 31 December 2021 mainly attributable to an increase in trade and bills receivables as our sales increased in 2021 and an increase in cash and cash equivalents due to capital injection from our Shareholders. Our net current assets remained relatively stable from as of 31 December 2021 to as of 31 May 2023.

We recorded net assets of RMB641.0 million, RMB1,518.8 million, RMB2,299.0 million and RMB2,223.0 million as of 31 December 2020, 2021, 2022 and 31 May 2023, respectively. Our net assets increased from RMB641.0 million as of 31 December 2020 to RMB1,518.8 million as of 31 December 2021 primarily due to (i) capital injection of RMB1,049.9 million and (ii) share-based payments of RMB546.0 million, which was partially offset by loss for the year of RMB703.0 million. Our net assets increased from RMB1,518.8 million as of 31 December 2021 to RMB2,299.0 million as of 31 December 2022 mainly due to our issue of new Shares of RMB1,006.4 million, which was partially offset by loss for the year of RMB280.2 million. Our net assets decreased from RMB2,299.0 million as of 31 December 2022 to RMB2,223.0 million as of 31 May 2023 mainly due to the loss for the period of RMB88.3 million, which was partially offset by the share-based payment of RMB12.1 million.

**Selected Consolidated Statements of Cash Flow**

| | Year ended 31 December | | | Five months ended 31 May | |
|---|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000 (unaudited)* | *RMB'000* |
| Net cash used in operating activities | (86,631) | (560,708) | (261,271) | (150,014) | (87,763) |
| Net cash used in investing activities | (65,779) | (231,624) | (446,603) | (235,455) | (14,637) |
| Net cash generated from/(used in) financing activities | 536,023 | 1,035,827 | 713,894 | (34,431) | 67,755 |
| Net increase/(decrease) in cash and cash equivalents | 383,613 | 243,495 | 6,020 | (419,900) | (34,645) |
| Cash and cash equivalents at the beginning of the year/period | 85,033 | 468,384 | 711,819 | 711,819 | 718,183 |
| Effect of foreign exchange rate changes | (262) | (60) | 344 | 88 | 6 |
| **Cash and cash equivalents at the end of the year/period** | **468,384** | **711,819** | **718,183** | **292,007** | **683,544** |

We recorded net cash used in operating activities of RMB86.6 million, RMB560.7 million, RMB261.3 million, RMB150.0 million and RMB87.8 million for the years ended 31 December 2020, 2021, 2022 and the five months ended 31 May 2022 and 2023, respectively, as we incurred significant operating expenses to support our business development, primarily included the purchase of raw materials for our productions and the increase in employee benefit expenses. For details, please refer to "Financial Information – Liquidity and Capital Resources – Cash Flows" and "Risk Factors – Risks Relating to Our Industry and Business – We recorded net losses in the past and had negative cash flows from operating activities, all of which may continue if we may not be able to implement our business plans successfully in the future" in this prospectus.

**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 31 December | | | As of or for the five months ended 31 May |
|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2023 |
| Gross profit margin(1) | 3.5% | 27.9% | 21.2% | 14.1% |
| Current ratio(2) | 2.2 | 3.7 | 2.4 | 2.2 |
| Quick ratio(3) | 1.7 | 2.9 | 2.0 | 1.9 |
| Gearing ratio(4) | 0.9 | 0.4 | 0.1 | 0.2 |

*Notes:*

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

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

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

(4) Calculated by dividing total borrowings by total equity as of the end of the year/period.

## SUSTAINABLE OPERATION

To pave the way for long-term success in this newly developed and fast growing market, we have been focusing on product development, research and development, and growth in our customer base, rather than seeking short-term financial return or profitability. As both the hydrogen fuel cell industry and the hydrogen fuel cell vehicle industry are still at the early stage, factors such as the relatively high production costs, limited downstream applications and limited development in the upstream and downstream of the hydrogen fuel cell and hydrogen fuel cell vehicle industries affected our profitability and we remained loss-making. With breakthroughs in our research and development and the achievement of mass production, we expect to gradually reduce our production costs, accelerate our industry's commercialization and increase our profitability and revenue. Due to the successful implementation of our growth strategies, we have experienced a robust business growth during the Track Record Period.

The number of our customers grew from 38 for the year ended 31 December 2020 to 57 for the year ended 31 December 2021 and further increased to 74 for the year ended 31 December 2022. From the five months ended 31 May 2022 to the five months ended 31 May 2023, the number of our customers grew from 29 to 33. We had 67 customers in 2023 up to the Latest Practicable Date. Despite the growth of our customer base, we make great efforts to retain our existing customers. For instance, substantially all of the major customers for our self-developed hydrogen fuel cell products in 2021 remained as our customers in 2022. Our revenue increased (i) by 101.5% from RMB226.9 million for the year ended 31 December 2020 to RMB457.1 million for the year ended 31 December 2021, (ii) by 63.7% from RMB457.1 million for the year ended 31 December 2021 to RMB748.5 million for the year ended 31 December 2022, and (iii) by 147.5% from RMB57.7 million for the five months ended 31 May 2022 to RMB142.8 million for the five months ended 31 May 2023.

Our overall gross profit margin increased from 3.5% for the year ended 31 December 2020 to 27.9% for the year ended 31 December 2021 mainly due to the absence of an impairment loss of RMB57.4 million on our 9SSL fuel cell stacks license in 2020. Our gross profit margin decreased from 27.9% for the year ended 31 December 2021 to 21.2% for the year ended 31 December 2022 mainly due to (i) the decrease of gross profit margin of our hydrogen fuel cell systems, which is caused by the lower profit margin of the additional components (i.e. hydrogen storage systems and batteries) procured from third parties that were sold together with our hydrogen fuel cell systems in order to provide a more comprehensive and ready-for-use hydrogen fuel cell solution, and (ii) the increase in impairment loss of our inventories and licences. Our gross profit margin increased from 3.0% for the five months ended 31 May 2022 to 14.1% for the five months ended 31 May 2023 mainly due to the significant increase in our gross profit of sales of goods and services, which outpaced the growth in the impairment loss of inventory and licenses.

While our business expanded, our gross profit margin of sales of goods and services remained at a relatively stable level at 32.9% and 33.0% for the years ended 31 December 2020 and 2021, and at 22.9% and 24.5% for the five months ended 31 May 2022 and 2023, respectively, which we successfully achieved through measures including shifting the procurement of key raw materials and components to domestic suppliers and incorporating our self-developed hydrogen fuel cell stacks into our hydrogen fuel cell systems. Our gross profit of sales of goods and services decreased from 33.0% to 27.0% from the year ended 31 December 2021 to 2022 primarily due to the decrease in the gross profit margin of our hydrogen fuel cell systems, which was caused by the lower profit margin of the additional components (i.e. hydrogen storage systems and batteries) procured from third parties that were sold together with our hydrogen fuel cell systems in order to provide a more comprehensive and ready-for-use hydrogen fuel cell solution. Please refer to "Financial Information – Description of Key Statement of Profit or Loss Items – Gross Profit and Gross Profit Margin" for more information.

In addition, we have a healthy cash balance to support our operations and future business expansion. As of 30 September 2023, our cash and cash equivalent was RMB485.4 million, which is sufficient to cover our net cash flows used in operating activities, providing ample liquidity for our continuing business operations.

Notwithstanding the above, we recorded net losses and net operating cash outflow during the Track Record Period, and we currently expect such positions may continue until we achieve greater economies of scale and obtain more purchase orders. For the years ended 31 December 2020, 2021, 2022 and the five months ended 31 May 2023, we recorded net losses of RMB221.4 million, RMB703.0 million, RMB280.2 million and RMB88.3 million, respectively, which were largely due to (i) share-based payments we recorded for the years ended 31 December 2020 and 2021 from equity transactions of equity interests in the Single Largest Shareholder and Share Incentive Scheme. For more information, please refer to Note 29 of the Accountant's Report as Appendix I to this prospectus; (ii) impairment loss on intangible assets related to 9SSL fuel cell stacks license; (iii) continuous expansion of our business scale during the Track Record Period and the resulting increase in the relevant expenses; and (iv) the impairment loss of our trade receivables. In addition, we expect to continue to record net losses until at least 2025. For risks related to our financial position, please refer to "Risk Factors – Risks Relating to Our Industry and Business – We recorded net losses in the past and had negative cash flows from operating activities, all of which may continue if we may not be able to implement our business plans successfully in the future" in this prospectus.

In the future, 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**

As a leading provider of hydrogen fuel cell stacks and hydrogen fuel cell systems in China, we are well-positioned to generate sustainable revenue growth in the future. Our revenue growth will be driven by the following factors: (i) improving product performance and market competitiveness, (ii) expanding the applications of our hydrogen fuel cell products, (iii) expanding our geographical presence and production capacity, (iv) enhancing marketing efforts and (v) enlarging and diversifying our customer base.

**Ability to Manage Costs and Enhance Operating Leverage**

During the Track Record Period, we incurred significant operating expenses, including administrative expenses, research and development expenses and selling expenses, to support our business expansion, develop new products and enhance our brand recognition. To further improve our operating leverage, improve our production efficiency and lower our average production costs, we plan to carry out the following: (i) supply management, (ii) manufacturing improvement, (iii) product upgrade and (iv) operating leverage.

**Improving Cash Flow and Ability to Raise Funds**

To mitigate risks related to our net operating cash outflows, we expect to improve our cash flow positions by continuously enhancing working capital efficiency. We believe our working capital position will be improved and we possess the ability to raise funds when necessary, mainly taking into consideration of (i) our increased revenue and improved operating leverage, (ii) our enhanced collection efforts and credit assessment, (iii) stronger supply management, (iv) efficient inventory management, and (v) financial resources available to us. For more information on our plan to improve cash flow and our ability to raise funds, please refer to "Business – Sustainable Operation" in this prospectus.

## SUMMARY OF MATERIAL RISK FACTORS

Our business and the Global Offering involve certain risks, which are set out in the section headed "Risk Factors" in this prospectus. You should read that section in its entirety carefully before making an investment decision in the Offer Shares. Some of the major risks we face include: **(i) changes to or eliminations of the PRC government policies and regulatory framework supporting the hydrogen energy industry and the hydrogen fuel cell vehicle industry could have a material impact on our industry and our business operation; (ii) the demand for our products depends on the trend and development of the hydrogen fuel cell vehicle industry in China and the availability of other types of new energy products. There are uncertainties in future market demand and we cannot assure that we will continue to obtain sufficient purchase orders in the future**; (iii) we are in a new industry where emerging technologies used in hydrogen fuel cell systems may not be mature. Any major product defects, malfunctions or negative news concerning the hydrogen fuel cell vehicle industry may damage our reputation and adversely affect our business, financial condition and results of operations; (iv) 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; (v) we recorded net losses in the past and had negative cash flows from operating activities, all of which may continue if we may not be able to implement our business plans successfully in the future; (vi) we are exposed to credit risk of our customers and failure to collect our trade and bills receivables in a timely manner may affect our financial condition and results of operations; and (vii) we depend on certain major customers for the majority of our revenue and the loss of any of these customers could adversely affect our business, financial condition, results of operations and cash flows.

## RELATIONSHIP WITH OUR SINGLE LARGEST SHAREHOLDER

As at the Latest Practicable Date, Hongyun Hydrogen Energy held approximately 18.24% of our issued share capital. Hongyun Hydrogen Energy is held as to 99.99% and 0.01% equity interest by Huahui Technology (of which Mr. Chen is its general partner) and Mr. Chen respectively. Immediately upon completion of the Global Offering (without taking into account any Shares to be issued under the Pre-IPO Share Incentive Scheme), Hongyun Hydrogen Energy will own approximately 15.44% of our issued share capital and will continue to be our single largest Shareholder upon Listing. Throughout the Track Record Period, Hongyun Hydrogen Energy is an investment holding company which has been under Mr. Chen's control and it is expected that such control will continue after the Listing. See "History, Development and Corporate Structure" and "Relationship with Hongyun Hydrogen Energy" for details.

## OFFERING STATISTICS

The statistics in the following table are based on the assumption that the Global Offering is completed and 79,520,000 H Shares are issued pursuant to the Global Offering, without taking into account any Shares to be issued pursuant to the Pre-IPO Share Incentive Scheme.

| | Based on an Offer Price of HK$19.35 per Offer Share | Based on an Offer Price of HK$21.35 per Offer Share |
|---|---|---|
| Market capitalization of our Shares[1] | HK$10,024.1 million | HK$11,060.2 million |
| Market capitalization of our H Shares | HK$1,538.7 million | HK$1,697.8 million |
| Unaudited pro forma adjusted net tangible assets per share[2] | HK$7.51 | HK$7.80 |

*Notes:*

(1) The calculation of market capitalization of our Shares is based on 518,041,669 Shares expected to be in issue immediately upon completion of the Global Offering, without taking into account any Shares to be issued under the Pre-IPO Share Incentive Scheme.

(2) The unaudited pro forma adjusted net tangible assets per share is arrived at after the adjustment referred to in "Appendix II – Unaudited Pro Forma Financial Information".

## PRE-IPO INVESTORS

We completed several rounds of Pre-IPO Investments since our establishment. Our Pre-IPO Investors will be restricted from trading for 12 months from the Listing Date. For further details regarding the identities of the Pre-IPO Investors, key terms of these Pre-IPO Investments and the Pre-IPO Investors' rights, see "History, Development and Corporate Structure – Pre-IPO Investments."

## USE OF PROCEEDS

We estimate the net proceeds of the Global Offering which we will receive, assuming an Offer Price of HK$20.35 per Offer Share (being the mid-point of the Offer Price range stated in this prospectus), will be approximately HK$1,509.4 million, after deduction of underwriting fees and commissions and other estimated expenses in connection with the Global Offering, without taking into account any Shares to be issued under the Pre-IPO Share Incentive Scheme. We intend to use the net proceeds of the Global Offering for the following purposes:

- Approximately HK$603.8 million, or approximately 40.0% of our total estimated net proceeds, is intended to be used to expand the production capabilities of our hydrogen fuel cell stacks and hydrogen fuel cell systems.

- Approximately HK$302.0 million, or approximately 20.0% of our total estimated net proceeds, is intended to be used to fund the research and development of hydrogen fuel cell stacks, hydrogen fuel cell systems, graphite bipolar plates and hydrogen production equipment.

- Approximately HK$150.9 million, or approximately 10.0% of our total estimated net proceeds, is intended to be used to fund the investment in, the potential acquisition of, or the alliance with companies in our upstream industry in order to consolidate and strengthen our supply chain.

- Approximately HK$150.9 million, or approximately 10.0% of our total estimated net proceeds, is intended to be used for the (i) joint development of downstream transit and stationary applications of our product portfolios in order to increase the downstream demand for our products and (ii) further development of domestic applications and the increase of local demands for our products by establishing joint ventures with the local governments and companies from both upstream and downstream participants of our industry.

- Approximately HK$150.9 million, or approximately 10.0% of our total estimated net proceeds, is intended to be used for team building, talents recruitment and training, as well as enhanced compensation and incentives to key personnel to support our growth and expansion.

- Approximately HK$150.9 million, or approximately 10.0% of our total estimated net proceeds, will be used for working capital and other general corporate purposes.

For more details, please refer to "Future Plans and Use of Proceeds".

## LEGAL PROCEEDINGS AND COMPLIANCE

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. 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. As of August 2023, we had completed all the necessary adjustments of the contribution base of social insurance and housing provident fund for our employees to fully comply with the relevant PRC laws and regulations. During the Track Record Period and up to the Latest Practicable Date, there had been no legal, arbitration or administrative proceedings pending or threatened against us or any of our Directors which could have a material adverse effect on our financial condition or results of operations. For more information, please refer to "Business – Legal Proceedings and Compliance" in this prospectus.

## RECENT DEVELOPMENTS

We expect to record a substantial amount of net loss and operating cash outflow in 2023 as we continue to increase investment in research and development activities, incur employee-related expenses to recruit and retain talents and expand our production scales. However, we intend to adopt certain measures to maintain sustainability and continue to grow our business to achieve profitability. For more information, please see "Business – Sustainable Operation" in this prospectus.

For the six months ended 30 June 2023, we ranked first in terms of the total installed capacity of fuel cell systems and the corresponding insurance registration for hydrogen fuel cell vehicles in China.

As Yunfu Rongda was expected to withdraw its investment from Guohong Refire, we entered into a supplemental agreement with Yunfu Rongda in June 2023, which stipulated that (i) approximately RMB39.7 million and RMB38.1 million of the investment sum shall be returned to Yunfu Rongda by us and Shanghai Refire, respectively, and (ii) Yunfu Rongda shall transfer approximately 15.3% and 14.7% of the interests of Guohong Refire back to us and Shanghai Refire, respectively. We returned the RMB39.7 million investment to Yunfu Rongda in June 2023.

In August 2023, the PRC government issued the Guidelines for the Construction of a Standard System for the Hydrogen Energy Industry (2023 Edition) (《氫能產業標準體系建設指南(2023版)》), which was the first guideline for the construction of a standard system for the entire hydrogen energy industry chain at the national level in the PRC, and it clarified the key tasks of domestic and international hydrogen energy standardization work in the next few years. Our Directors believe that (i) this policy conveys the signal that the PRC government is actively promoting the strategic and planned development of the hydrogen energy industry, which will not only help to promote the market's confidence in the development of hydrogen energy industry but also help to increase the market's acceptance of hydrogen fuel cell products, thereby increasing the sales of our products; (ii) by promoting the standards-formulation of the core components in the upstream and midstream of the hydrogen energy industry, the policy would push for the improvement of the quality of the raw materials and core components that we utilize in our productions and help with the development of the overall hydrogen energy supply chain. As a result, it is expected that we will have more qualified suppliers to choose from and that our supply chain will be improved; and (iii) by promoting participation in setting up international hydrogen energy-related standards, the policy could help with the future promotion of our products to the overseas markets.

Our Directors confirm that, up to the date of this prospectus, there has not been any material adverse change in our financial or trading position or prospects since 31 May 2023, and there has not been any event since 31 May 2023 which would materially affect the information shown in the Accountant's Report set out in Appendix I to this prospectus.

## DIVIDEND

No dividends have been paid or declared by our Company during the Track Record Period. Our Board may declare dividends in the future after taking into account our results of operations, financial condition, cash requirements and availability, legal requirements and other factors as it may deem relevant at such time. Our dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by us in the future. PRC laws require that dividends be paid by PRC companies only out of the profit for the year calculated according to PRC accounting principles. PRC laws also require a PRC company to set aside at least 10% of its after-tax profits, if any, to fund its statutory reserves, which are not available for distribution as cash dividends. As advised by our PRC Legal Advisers, according to the PRC Company Law, each of the PRC subsidiaries of the Company can pay dividend from the after-tax profit once (i) it sets aside as statutory reserves at least 10% of its after-tax profit until the cumulative amount of its reserves reaches 50% of its registered capital, and (ii) any losses of the PRC subsidiaries from prior fiscal years have been offset. Based on the above, and considering that we incurred accumulated losses as of 31 May 2023, we are not able to pay any dividend before we have made up for such accumulated losses. For more information, please refer to "Financial Information – Dividend" in this prospectus.

## LISTING EXPENSES

The estimated total listing expenses (based on the mid-point of our indicative price range for the Global Offering and without taking into account any Shares to be issued under the Pre-IPO Share Incentive Scheme) for the Global Offering, which represents approximately 5.7% of the gross proceeds, are approximately RMB100.1 million of which, (i) RMB47.6 million is underwriting-related expenses (including but not limited to commissions and fees); and (ii) RMB52.5 million is non-underwriting-related expenses, including (a) RMB36.0 million of fees and expenses of legal advisers and reporting accountant; and (b) RMB16.5 million of other fees and expenses. During the Track Record Period, we incurred listing expenses of RMB30.6 million of which RMB0.7 million and RMB0.4 million were accounted for in the consolidated statements of profit or loss for the year ended 31 December 2022 and the five months ended 31 May 2023, respectively. The amount of RMB29.5 million was listing expenses incurred and directly attributable to the issue of shares and recognised in the consolidated statement of financial position as of 31 May 2023 and is expected to be accounted for as a reduction in equity upon the completion of the Global Offering. We expect to incur additional listing expenses of approximately RMB69.5 million, of which approximately RMB3.5 million is expected to be recognised as administrative expenses and approximately RMB66.0 million is expected to be recognised as a deduction in equity directly. The listing expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

## CERTAIN WAIVER FROM COMPLIANCE WITH THE LISTING RULES

We have applied to the Stock Exchange to exercise its discretion under Rule 8.08(1)(d) of the Listing Rules to grant, and the Stock Exchange has granted us, a waiver from strict compliance with the minimum public float requirement under Rule 8.08(1)(a) of the Listing Rules so that the minimum percentage of the Shares from time to time to be held by the public will be 15% of the total issued share capital of our Company (including the Shares that may be issued under the Pre-IPO Share Incentive Scheme). For more details, see "Waivers from Strict Compliance with the Listing Rules – Waiver in relation to Public Float Requirements" in this prospectus.

## IMPACT OF COVID-19 ON OUR OPERATIONS AND FINANCIAL PERFORMANCE

In response to the spread of the COVID-19 virus, including variants and mutant strains, such as Delta and Omicron variants, the PRC government implemented numerous measures, including travel bans and restrictions, quarantines, stay-at-home orders and shutdowns. While our manufacturing facilities maintained normal operations since the outbreak of the COVID-19 pandemic, the outbreak of COVID-19 had the following impact on our business, results of operations, and financial condition during the Track Record Period: (i) certain of our domestic raw material suppliers has suspended operation temporarily as they were located in areas affected by COVID-19, (ii) we experienced logistics delays as a result of the pandemic and (iii) certain of our construction in progress was delayed. In particular, with respect to the effect on supplies, the lock-downs in certain cities in China, as part of the COVID-19 mandates, have slightly increased the logistics costs for the industry, and temporarily increased the cost of key raw materials of hydrogen fuel cell stacks and hydrogen fuel cell systems by less than 10.0%, according to Frost & Sullivan.

Specifically, in 2020, although the outbreak of COVID-19 had certain negative impact on the procurement, production and logistics of our customers' industry, such as the hydrogen fuel cell vehicle industry, and resulted in a delay of the downstream demand for the hydrogen fuel cell stacks and hydrogen fuel cell systems, participants in our industry were making continuous efforts to jointly support the establishment and applications of demonstrative city clusters in order to further promote the commercialization of hydrogen fuel cell products. With the issuance of the "awards in lieu of subsidy (以獎代補)" supportive policy in the third quarter of 2020, the market demand has since continued to increase.

In December 2022, the PRC government eased the restrictions previously imposed to control the COVID-19 pandemic. Given the recent relaxation of the strict pandemic control measures, we do not expect any further material adverse effects on our overall long-term business and financial performance. We are closely monitoring the development of the COVID-19 pandemic and continuously evaluating any potential impact on our business operations.

## APPLICATION FOR LISTING UNDER RULE 8.05(3) OF THE LISTING RULES 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 the Rule 8.05(3) of the Listing Rules, 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 31 December 2022, being approximately RMB748.5 million (equivalent to approximately HK$813.7 million), which is over HK$500 million, and (ii) our expected market capitalization at the time of Listing, which, based on the low end of the indicative Offer Price range, exceeding HK$10,024.1 million.

*In this prospectus, unless the context otherwise requires, the following terms shall have the meanings set out below. Certain technical terms are explained in the section headed "Glossary of Technical Terms" in this prospectus.*

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| "Accountant's Report" | the accountant's report from the Reporting Accountant, 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" | our articles of association which will come into effect upon the Listing Date, 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 the Board |
| "Authorized Representatives" | the authorized representatives of the Company for the purpose of Rule 3.05 of the Listing Rules |
| "Ballard Hong Kong" | Ballard Hong Kong Limited, a company incorporated under the laws of Hong Kong on 19 July 2016, a wholly-owned subsidiary of Ballard Power |
| "Ballard Power" | Ballard Power Systems Inc., a Toronto Stock Exchange and NASDAQ listed company incorporated in Canada; and its principal businesses include development and manufacture of hydrogen fuel cells |
| "Board" or "Board of Directors" | the Board of Directors of our Company |
| "Business Day" or "business day" | a day on which banks in Hong Kong are generally open for normal banking business to the public and which is not a Saturday, Sunday, or public holiday in Hong Kong |

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| "Capital Market Intermediaries" | the capital market intermediaries participating in the Global Offering and has the meaning ascribed thereto under the Listing Rules |
| "CCASS" | the Central Clearing and Settlement System established and operated by HKSCC |
| "China" or "PRC" | the People's Republic of China, but for the purpose of this document and for geographical reference only and except where the context requires otherwise, references in this document to "China" and the "PRC" do not apply to Hong Kong, Macau Special Administrative Region and Taiwan |
| "close associate(s)" | has the meaning ascribed to it under the Listing Rules |
| "Company Law" or "PRC Company Law" | the Company Law of the People's Republic of China (《中華人民共和國公司法》) as amended, supplemented or otherwise modified from time to time |
| "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", "our Company" or "the Company" | Sino-Synergy Hydrogen Energy Technology (Jiaxing) Co., Ltd. (國鴻氫能科技(嘉興)股份有限公司), a joint stock limited company incorporated under the laws of the PRC, the predecessor of which, Guangdong Sino-Synergy Hydrogen Energy Technology Co., Ltd. (廣東國鴻氫能科技有限公司), was established as a limited liability company under the laws of the PRC on 30 June 2015 |
| "connected person(s)" | has the meaning ascribed to it under the Listing Rules |
| "connected transaction(s)" | has the meaning ascribed to it under the Listing Rules |
| "Corporate Governance Code" | the Corporate Governance Code set out in Appendix 14 to the Listing Rules |

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| "COVID-19" | a viral respiratory disease caused by the severe acute respiratory syndrome coronavirus |
| "CSRC" | the China Securities Regulatory Commission (中國證券監督管理委員會) |
| "Data Security Counsel" | Beijing Dacheng Law Offices, LLP (Shenzhen) (北京大成(深圳)律師事務所), an independent counsel engaged by us for the assessment of data security related activities carried out by our Group during the Track Record Period |
| "Director(s)" or "our Directors(s)" | the director(s) of our Company |
| "Domestic Share(s)" | ordinary Shares in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi |
| "EIT" | the PRC enterprise income tax |
| "EIT Law" | Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得税法》), as amended, supplemented or otherwise modified from time to time |
| "ESOP Platforms" | the employee shareholding platforms, namely Gongqingcheng Hongsheng Fengyuan Investment Partnership (Limited Partnership) (共青城鴻盛豐源投資合夥企業(有限合夥)), Gongqingcheng Hongsheng Fengtai Investment Partnership (Limited Partnership) (共青城鴻盛豐泰投資合夥企業(有限合夥)), Gongqingcheng Hongsheng Fengying Investment Partnership (Limited Partnership) (共青城鴻盛豐盈投資合夥企業(有限合夥)) and Gongqingcheng Zeyuan Investment Partnership (Limited Partnership) (共青城澤源投資合夥企業(有限合夥)) |
| "**eWhite Form**" | the application for Hong Kong Offer Shares to be issued in the applicant's own name, submitted online through the designated website at **www.ewhiteform.com.hk** |
| "**eWhite Form** Service Provider" | the **eWhite Form** service provider designated by our Company, as specified on the designated website at **www.ewhiteform.com.hk** |

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| "Exchange Participant(s)" | a person: (a) who, in accordance with the Hong Kong Listing Rules, may trade on or through the Hong Kong Stock Exchange; and (b) whose name is entered in a list, register or roll kept by the Hong Kong Stock Exchange as a person who may trade on or through the Hong Kong Stock Exchange |
| "Extreme Conditions" | extreme conditions caused by a super typhoon 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 |
| "Foshan" | a prefecture-level city in central Guangdong Province, the PRC |
| "Foshan Automobile Transportation" | Foshan Automobile Transportation Group Co., Ltd. (佛山市汽車運輸集團有限公司), a limited liability company incorporated in China in 1950, and its principal businesses include road transportation and public passenger transport |
| "Foshan Feichi" | Foshan Feichi Automobile Technology Co., Ltd. (佛山市飛馳汽車科技有限公司) a limited liability company incorporated in the PRC in 2001 and its principal businesses include manufacture of automotive parts and accessories and manufacture of intelligent vehicle mounted equipment |
| "Frost & Sullivan" or "F&S" | Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an independent market research and consulting company which prepared the Frost & Sullivan Report |
| "Frost & Sullivan Report" | an independent market research report prepared by F&S, which was commissioned by our Company for the purpose of this prospectus |
| "General Rules of HKSCC" | General Rules of HKSCC published by the Stock Exchange and as amended from time to time |

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| "Global Offering" | the Hong Kong Public Offering and the International Offering |
| "Grantee" | grantee of the Pre-IPO Share Option(s) |
| "Greater Bay Area" | the Guangdong-Hong Kong-Macao Greater Bay Area (Greater Bay Area) comprises the two Special Administrative Regions of Hong Kong and Macao, and the nine municipalities of Guangzhou, Shenzhen, Zhuhai, Foshan, Huizhou, Dongguan, Zhongshan, Jiangmen and Zhaoqing in Guangdong Province |
| "Group," "our Group," "we," "us," or "our" | our Company and its subsidiaries (or the Company and any one or more of its subsidiaries, as the content may require), or where the context so requires, in respect of the periods before the Company became the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of the Company at the relevant time |
| "Guohong Refire" | Guangdong Guohong Refire Energy Technology Co., Ltd. (廣東國鴻重塑能源科技有限公司), an associated company of us incorporated in the PRC in 2016 which was held as to 35.71% voting rights by our Company as at the Latest Practicable Date |
| "H Share(s)" | overseas listed foreign share(s) in the share capital of our Company with nominal value of RMB1.00 each, to be subscribed for and traded in HK dollars and listed on the Hong Kong Stock Exchange |
| "H Share Registrar" | Boardroom Share Registrars (HK) Limited |
| "HKSCC" | Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited |

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| "HKSCC EIPO channel" | 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 or a designated HKSCC Participant's stock account through causing HKSCC Nominees to apply on your behalf, instructing your broker or custodian who is a HKSCC Participant to submit an EIPO application on your behalf through FINI in accordance with your instruction |
| "HKSCC Nominees" | HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC |
| "HKSCC Operational Procedures" | the operational procedures of the HKSCC, containing the practices, procedures and administrative or other requirements relating to HKSCC's services and the operations and functions of the systems established, operated and/or otherwise provided by or through HKSCC (including FINI and CCASS) as from time to time in force |
| "HKSCC Participant" | means 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 People's Republic of China |
| "Hong Kong dollars" or "HK dollars" or "HK$" | Hong Kong dollars, the lawful currency of Hong Kong |
| "Hong Kong Listing Rules" or "Listing Rules" | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time) |
| "Hong Kong Offer Shares" | the 7,952,000 H Shares initially being offered for subscription in the Hong Kong Public Offering (subject to reallocation as described in the section headed "Structure of the Global Offering" in this prospectus) |

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| "Hong Kong Public Offering" | the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong at the Offer Price (plus brokerage of 1%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565%) on the terms and subject to the conditions described in this prospectus, as further described in the section headed "Structure of the Global Offering – The Hong Kong Public 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 Takeovers Code" or "Takeovers Code" | the Code on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time |
| "Hong Kong Underwriters" | the underwriters of the Hong Kong Public Offering as listed in the section headed "Underwriting – Hong Kong Underwriters" in this prospectus |
| "Hong Kong Underwriting Agreement" | the underwriting agreement dated 23 November 2023 relating to the Hong Kong Public Offering entered into by our Company, Mr. Chen, Hongyun Hydrogen Energy, Huahui Technology, the Overall Coordinator and the Hong Kong Underwriters, as further described in "Underwriting – Underwriting Arrangements and Expenses – Hong Kong Public Offering – Hong Kong Underwriting Agreement" |
| "Hongyun High-Tech" | Guangdong Hongyun High-Tech Investment Co., Ltd. (廣東鴻運高新技術投資有限公司), a company incorporated in the PRC on 26 January 2018 mainly engaged in high-tech industrial investment, new energy industry investment, and transportation industry investment |
| "Hongyun Hydrogen Energy" or "Single Largest Shareholder" | Guangdong Hongyun Hydrogen Energy Technology Co., Ltd. (廣東鴻運氫能源科技有限公司), a company incorporated in the PRC on 21 May 2015 and is our single largest Shareholder. Further details of which are set out in the section headed "Relationship with Hongyun Hydrogen Energy – Our Single Largest Shareholder" |

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| "Huahui Technology" | Foshan Huahui Technology Investment Partnership (Limited Partnership) (佛山華匯科技投資合夥企業(有限合夥)), a limited partnership incorporated in the PRC on 21 May 2019, which is mainly engaged in project investment |
| "IAS" | International Accounting Standards |
| "IFRS" | IFRS Accounting Standards, which include standards, amendments and interpretations promulgated by the International Accounting Standards Board and the International Accounting Standards and Interpretation issued by the International Accounting Standards Committee |
| "Independent Third Party" or "Independent Third Parties" | an individual(s) or a company(ies) who or which to the best of our Directors' knowledge, information and belief, having made all reasonable enquiries, is/are not connected with our Company or our connected persons as defined under the Listing Rules |
| "Inner Mongolia" | the Inner Mongolia Autonomous Region, an autonomous region in the PRC |
| "International Offer Shares" | the 71,568,000 H Shares being initially offered for subscription under the International Offering subject to adjustment and reallocation as described in the section headed "Structure of the Global Offering" in this prospectus |
| "International Offering" | the conditional placing of the International Offer Shares at the Offer Price outside the United States in offshore transactions in accordance with 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 |

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| "International Underwriting Agreement" | the international underwriting agreement relating to the International Offering and expected to be entered into by our Company, Mr. Chen, Hongyun Hydrogen Energy, Huahui Technology, the Overall Coordinator and the International Underwriters on or about 1 December 2023, as further described in the section headed "Underwriting – Underwriting Arrangements and Expenses – International Offering" in this prospectus |
| "Joint Bookrunners" | the joint bookrunners as named in the section headed "Directors, Supervisors and Parties Involved in the Global Offering" of this prospectus |
| "Joint Lead Managers" | the joint lead managers as named in the section headed "Directors, Supervisors and Parties Involved in the Global Offering" of this prospectus |
| "Latest Practicable Date" | 18 November 2023, being the latest practicable date for ascertaining certain information in this prospectus before its publication |
| "Listing" | the listing of the H Shares on the Main Board of the Stock Exchange |
| "Listing Committee" | the Listing Committee of the Stock Exchange |
| "Listing Date" | the date, expected to be on or around Tuesday, 5 December 2023, on which the H Shares are listed and on which dealings in the Shares are first permitted to take place on the Stock Exchange |
| "Main Board" | the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange |
| "Ministry of Finance" or "MOF" | the Ministry of Finance of the PRC (中華人民共和國財政部) |
| "Mr. Chen" | Mr. Chen Xiaomin (陳曉敏), the chairman of the Board and an executive Director |
| "NDRC" | National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會) |

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| "Nomination Committee" | the nomination committee of the Board |
| "Offer Price" | the final offer price per Offer Share in Hong Kong dollars (exclusive of a brokerage fee of 1.0%, a SFC transaction levy of 0.0027%, a Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015%) of not more than HK$21.35 and expected to be not less than HK$19.35, at which the Hong Kong Offer Shares are to be subscribed for, to be determined in "Structure of the Global Offering – Pricing of the Global Offering" |
| "Offer Share(s)" | the Hong Kong Offer Shares and the International Offer Shares |
| "PBOC" | the People's Bank of China (中國人民銀行), the central bank of the PRC |
| "PRC GAAP" | generally accepted accounting principles of PRC |
| "PRC government" or "State" | the Central People's Government of the People's Republic of China, including all governmental subdivisions (including provincial, municipal and other regional or local government entities) and their instrumentalities or, where the context requires, any of them |
| "PRC Legal Advisers" | JunHe LLP, the legal advisers to our Company as to the laws of the PRC |
| "PRC Litigation Counsel" | Scihead Law Firm, the legal advisers to our Company as to PRC litigation matters |
| "Pre-IPO Investment(s)" | the pre-IPO investment(s) in our Group undertaken by the Pre-IPO Investors, details of which are set out in the "History, Development and Corporate Structure – Pre-IPO Investments" |
| "Pre-IPO Investors" | the investors of the Pre-IPO Investments, details of which are set out in the section headed "History, Development and Corporate Structure – Pre-IPO Investments" |

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| "Pre-IPO Share Incentive Scheme" | the pre-IPO share incentive scheme of our Company approved and adopted by our Board on 28 October 2022, as amended from time to time, a summary of the principal terms of which is set forth in "Appendix VI – Statutory and General Information – D. Pre-IPO Share Incentive Scheme" |
| "Pre-IPO Share Option" or "Option" | option(s) granted under the Pre-IPO Share Incentive Scheme |
| "Price Determination Agreement" | the agreement to be entered into between our Company and the Overall Coordinator (on behalf of the Underwriters) on the Price Determination Date to record and fix the Offer Price |
| "Price Determination Date" | the date, expected to be on or around Friday, 1 December 2023 and in any event no later than 12:00 noon on Friday, 1 December 2023, on which the Offer Price will be determined |
| "prospectus" | this prospectus being issued in connection with the Hong Kong Public Offering |
| "Province" | a province or, where the context requires, a provincial level autonomous region or municipality, under the direct supervision of the central people's government of the PRC |
| "Regulation S" | Regulation S under the U.S. Securities Act |
| "Remuneration Committee" | the remuneration committee of the Board |
| "Reporting Accountant" | PricewaterhouseCoopers |
| "RMB" or "Renminbi" | Renminbi, the lawful currency of China |
| "SAFE" | the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局) |
| "SAT" | the State Taxation Administration of the PRC (中華人民共和國國家稅務總局) |
| "SCNPC" | the Standing Committee of the National People's Congress (全國人民代表大會常務委員會) |

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| "Securities and Futures Ordinance" or "SFO" | Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time |
| "SFC" | Securities and Futures Commission of Hong Kong |
| "Share(s)" | ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, comprising our Domestic Shares and our H Shares |
| "Share Incentive Scheme" | the share incentive plan adopted by us pursuant to the resolutions dated 23 March 2020, 29 December 2020 and 29 November 2021, pursuant to which Shares were issued to ESOP Platforms. For more information, please refer to Note 29(a) of the Accountant's Report as Appendix I to this prospectus |
| "Shareholder(s)" | holder(s) of our Share(s) |
| "Sole Global Coordinator" | Huatai Financial Holdings (Hong Kong) Limited |
| "Sole Sponsor", "Overall Coordinator" and "Sponsor – OC" | Huatai Financial Holdings (Hong Kong) 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 the Board |
| "subsidiary" or "subsidiaries" | has the meaning ascribed to it under the Listing Rules |
| "substantial shareholder" | has the meaning ascribed to it under the Listing Rules |
| "Supervisor(s)" | supervisor(s) of our Company |
| "Supervisory Committee" | the board of supervisors of our Company |
| "Synergy Power" | Guangdong Synergy Hydrogen Power Co., Ltd. (廣東國鴻氫能動力有限公司) previously known as (Guangdong Synergy Ballard Hydrogen Power Co., Ltd. (廣東國鴻巴拉德氫能動力有限公司)), a company incorporated in the PRC in 2016 and wholly-owned by our Company |

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| "Track Record Period" | the three financial years ended 31 December 2020, 2021, 2022 and the five months ended 31 May 2023 |
| "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》) issued by the CSRC on 17 February 2023 and effective from 31 March 2023 |
| "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." or "US" | the United States of America, its territories, its possessions and all areas subject to its jurisdiction |
| "US dollars" or "US$" or "USD" | United States dollars, the lawful currency of the United States |
| "U.S. Securities Act" | the United States Securities Act of 1933, as amended, supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder |
| "Yangtze River Delta" | a triangle-shaped megalopolis generally comprising the Wu Chinese-speaking areas of Shanghai, southern Jiangsu Province and northern Zhejiang Province |
| "Yunfu" | a prefecture-level city in western Guangdong Province, the PRC |
| "Yunfu Rongda" | Yunfu Rongda Asset Management Co., Ltd. (雲浮市融達資產經營有限公司), a company incorporated in the PRC on 5 September 2005 |
| "%" | per cent |

*In this prospectus, the terms "subsidiaries" and "substantial shareholder" shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.*

*Certain amounts and percentage figures included in this prospectus have been subject to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding.*

*For ease of reference, the names of the PRC established companies or entities, laws or regulations have been included in this prospectus in both the Chinese and English languages; in the event of any inconsistency, the Chinese versions shall prevail.*

***This glossary of technical terms contains definitions of certain terms used in this prospectus in connection with our Group and our business. Some of these may not correspond to standard industry definitions or usage of these terms.***

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| "air-cooled" | the circulation of air directly over hot areas to keep the stack within operating temperatures |
| "air compressor" | an electric pneumatic device that converts power into potential energy stored in pressurized air |
| "anode" | an electrode through which the conventional current enters a polarized electrical device, which contrasts with a cathode |
| "bipolar plate" | a key component of a single hydrogen fuel cell, which connects and separates the individual hydrogen fuel cells in series to form a hydrogen fuel cell stack with required voltage, aids uniform distribution of fuel gas and oxygen over the entire active surface area of the membrane-electrode assemblies |
| "brittleness" | the property of a material that fractures when subjected to stress but has a little tendency to deform before rupture |
| "CAGR" | compound annual growth rate |
| "cathode" | through which the conventional current enters a polarized electrical device, which contrasts with an anode |
| "CHP" | combined heat and power, also known as cogeneration, which is the concurrent production of electricity or mechanical power and useful thermal energy (heating and/or cooling) from a single source of energy |
| "DC-to-DC converter" | an electronic circuit or electromechanical device that converts a source of direct current from one voltage level to another |
| "dynamic load change" | the ability of the hydrogen fuel cell engine to respond quickly under unsteady operating conditions, which requires a hydrogen fuel cell engine with good dynamic response characteristics to meet the vehicle's power requirements in a timely manner. The dynamic load change characteristics include start time, freeze-start performance and others |

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| "electrochemical reaction" | a process either caused or accompanied by the passage of an electric current and involving in most cases the transfer of electrons between two substances – one a solid and the other a liquid |
| "electrolyte" | a medium containing ion that is electrically conducting through the movement of ions, but not conducting electrons itself |
| "end-plate" | used either at the end of a hydrogen fuel cell stack to apply pressure on the cells to maintain the structure as well as to prevent the gases from escaping from between the plates |
| "external circuit" | composed of all the connected components within an electrolytic cell to achieve desired conditions, which can include resistors, connecting wires, capacitors, and lamps |
| "expanded graphite" | a modified graphite that has a layered structure with interlayer space |
| "factory acceptance test" or "FAT" | test undertaken at production facility to certify that the product tested meets the intended functional requirements and standards |
| "flow field" | flow field is one of the core components of a proton-exchange membrane fuel cell, and its structure directly affects the utilization efficiency of the reaction gas and the drainage and heat dissipation performance of the hydrogen fuel cell |
| "freeze start" | the starting of a vehicle engine at a temperature below the freezing point |
| "fuel cell" | an electrochemical cell that converts the chemical energy of hydrogen and an oxidizing agent (often oxygen) into electricity through a pair of redox reactions |
| "graphite bipolar plates" | bipolar plates made from graphite carbon |
| "hydrogen fuel cell stack" or "fuel cell stack" | an assembly of individual cells arranged in series and parallel to achieve the required voltage and power output |
| "hydrogen" | a chemical element with the symbol H and atomic number 1 |

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| "hydrogen circulation pump" or "hydrogen pump" | a device within a fuel cell to ensure hydrogen recirculation |
| "hydrogen consumption ratio" | the percentage of hydrogen consumed per unit of electricity generated |
| "hydrogen ion" | created when a hydrogen atom loses or gains an electron |
| "hydrogen fuel cell system" or "fuel cell system" | a power system that generates electricity through an electrochemical reaction, primarily for automotive vehicles. In a hydrogen fuel cell, hydrogen and oxygen are combined to generate electricity, heat, and water |
| "hydrogen fuel cell vehicles" | vehicles that use propulsion systems similar to that of electric vehicles, where energy stored as hydrogen is converted to electricity by fuel cells |
| "kilowatts" or "kW" | a unit equal to one thousand watts |
| "liquid-cooled" | the reduction of heat in electronic and mechanical devices through exploiting the properties of liquids |
| "MEA(s)" or "membrane electrode assemblies" | an assembled stack of proton-exchange membranes, catalyst and flat plate electrode used in hydrogen fuel cells, which is the core component of a hydrogen fuel cell stack where electrochemical reaction takes place |
| "megawatts" or "MW" | a unit equal to one million watts |
| "Mpa" | megapascal pressure per unit, a unit of pressure or tension measurement equals to 1,000,000 pascals |
| "oxidize" | to cause an atom or group of atoms to lose electrons during a chemical reaction |
| "PEMFC", "PEM" or "proton-exchange membrane fuel cell" | a semipermeable membrane generally made from ionomers and designed to conduct protons while acting as an electronic insulator and reactant barrier, for example, to oxygen and hydrogen gas |
| "power density" | it is a measurement of power output per unit mass/volume; and for a hydrogen fuel cell system it refers to its rated power divided by mass and is usually presented in kW/kg, and for a hydrogen fuel cell stack it refers to its rated power divided by volume and is usually presented in kW/L |

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| "R&D" | research and development |
| "voltage" | a representation of the electric potential energy per unit charge |
| "working efficiency" | the ratio of the net output of a fuel cell engine at rated power output to the heat value of the fuel entering the hydrogen fuel cell stack, which is the most commonly used measure of hydrogen fuel cell operation economy |

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 the Company which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our operations and business prospects;
- the amount and nature of, and potential for, future development of our business;
- our business strategies and plans to achieve these strategies;
- our future debt levels and capital needs;
- changes to the 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;
- general economic, political and business conditions in the 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.

Additional factors that could cause actual performance or achievement to differ materially including but not limited to those discussed in "Risk Factors" and elsewhere in this prospectus. In some cases, we use the words "aim," "anticipate," "believe," "can," "continue," "could," "estimate," "expect," "forecast," "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 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.

We caution you not to place undue reliance on these forward-looking statements which are based on 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. Statements of or references to our intentions or those of any of our Directors are made as of the date of this prospectus. Any such intentions may change in light of future developments.

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.

***Any investment in the H Shares involves a high degree of risk. Potential investors should consider carefully all the information set out in this prospectus and, in particular, should evaluate the following risks associated with the investment in our H Shares. Any of the risks and uncertainties described below could have a material adverse effect on our business, financial condition, results of operations, prospects or on the trading price of our H Shares, and could cause you to lose all or part of your investment. The order in which the following risks are presented does not necessarily reflect the likelihood of their occurrence or the relative magnitude of their potential material adverse effect on our business, financial condition, results of operations, prospects or on the trading price of our H Shares.***

## RISKS RELATING TO OUR INDUSTRY AND BUSINESS

**Changes to or eliminations of the PRC government policies and regulatory framework supporting the hydrogen energy industry and the hydrogen fuel cell vehicle industry could have a material impact on our industry and our business operation.**

The development and profitability of our business operations are significantly dependent on laws, policies and regulations that support hydrogen energy industry and hydrogen fuel cell vehicle industry in the PRC, as the sale of our products depends on the market demand for hydrogen fuel cell vehicles. The PRC government has promulgated a series of policies and development plans to support and encourage hydrogen fuel cell vehicles and hydrogen fuel cell-related development in the PRC.

From time to time, gaps may exist among different preferential polices that would cause market uncertainties with respect to that downstream demands for hydrogen fuel cell vehicles, and would in turn affect our sales and performance. For example, in March 2019, the Ministry of Finance, together with several other PRC government departments, jointly issued the Notice on Further Improving the Fiscal Subsidy Policies for the Promotion and Application of New Energy Vehicles (《關於進一步完善新能源汽車推廣應用財政補貼政策的通知》) which stipulated that the then subsidy standards for qualified hydrogen fuel cell vehicles would end in June 2019, and new subsidy policies would be promulgated for the period afterwards. It was not until April 2020 that Ministry of Finance, together with several other PRC government departments, jointly issued the Notice on Government Subsidies for Promotion and Application of New Energy Vehicles (《關於完善新能源汽車推廣應用財政補貼政策的通知》), which stipulated that the policy of "award in lieu of subsidy (以獎代補)" will be carried out for hydrogen fuel cell vehicles, but details regarding the implementation of the policy were not specified. In September 2020, the Ministry of Finance, together with several other PRC government departments, jointly issued 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》) to carry out the pilot adoption of hydrogen fuel cell vehicles in order to promote the sustained and orderly development of hydrogen fuel cell vehicle industry in China. Since August 2021, the Chinese government has approved five hydrogen fuel cell vehicle demonstrative city clusters, including Beijing, Shanghai, Guangdong Province, Hebei Province, and Henan Province. In addition, in March 2022, the NDRC and the National Energy Administration jointly 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 energy industry chain and expanding low-carbon hydrogen supply.

In addition, as the regulatory framework and government policies in China for hydrogen fuel cell vehicles are relatively new and still evolving, these government policies may be subject to restrictions and uncertainties beyond our control and the Chinese government may also continuously adjust and change these policies. Any reduction or cancellation of the favorable industry policies promulgated by the relevant government such as awards or other economic incentives due to policy changes, fiscal tightening or otherwise, or any government guidance that reduces the demand for hydrogen fuel cell vehicles could weaken the competitiveness of the hydrogen fuel cell vehicle industry generally, in which event there may be a material and adverse effect on our business, financial condition and results of operations.

Further, given that there is a relatively long time gap, generally over two years, between when hydrogen fuel cell vehicle manufacturers sell their vehicles and when they may collect their qualified awards in full, our hydrogen fuel cell vehicle customers may experience capital constraints from time to time, and as a result, may negatively affect the collections of our trade receivables and our cash flow positions, in which event there may be material and adverse effect on our business, financial condition and results of operations. For detailed mechanism on the application of awards by the hydrogen fuel cell vehicle manufacturers, please see "Industry Overview – Overview of Hydrogen Fuel Cell Stacks and Systems Market – Overview of the Supportive Policies for the Hydrogen Fuel Cell Stacks and Systems Market – Relevant policies in the use of hydrogen fuel cell systems in the transportation industry" in this prospectus.

**The demand for our products depends on the trend and development of the hydrogen fuel cell vehicle industry in China and the availability of other types of new energy products. 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 hydrogen fuel cell vehicles in China, especially in the hydrogen fuel cell vehicle market. The hydrogen fuel cell vehicle industry in China is still in the early stage of development, characterized by changing technologies, immature infrastructure, 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 vehicle manufacturers are even exiting the hydrogen fuel cell vehicle market and changing their business focus to the development of electric vehicles. In addition, the rapidly evolving market and the availability of the alternative or new products or technologies, such as battery electric vehicles and hybrid electric vehicles, may adversely affect our business and prospects in ways we do not currently anticipate. Other factors that may affect the development of the hydrogen fuel cell vehicle industry and the adoption of hydrogen fuel cell vehicles include:

- the continuous availability of government subsidies and incentives to buy, use and operate hydrogen 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 hydrogen fuel cell vehicles, especially if there are adverse events or accidents related to the quality or safety of hydrogen 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 hydrogen fuel cell vehicles and hydrogen fuel cell systems;

- the improvement in hydrogen fuel cell vehicles and hydrogen fuel cell systems;

- the environmental consciousness of consumers; and

- macroeconomic factors.

If there are major changes in the future development trends in the hydrogen 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 hydrogen fuel cell systems may not be mature. Any major product defects, malfunctions or negative news concerning the hydrogen fuel cell vehicle industry may damage our reputation and adversely affect our business, financial condition and results of operations.**

At present, the hydrogen fuel cell vehicle industry in China is still in the early stage of commercialization, where emerging technologies used in hydrogen fuel cell systems and vehicles may be immature. Errors, defects, or poor performance can arise due to design flaws, defects in raw materials or components or manufacturing difficulties, which can affect the quality and performance of our products. New generation of products or upgraded 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, loss of revenue, increases in customer service 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 fuel cell vehicle industry, any negative news or incidents about the hydrogen fuel cell systems, hydrogen transport vehicles and hydrogen refueling stations could result in unfavorable effect on the whole industry and market reputation 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.

**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.**

The hydrogen fuel cell industry evolves rapidly and technologies relating to embossed flexible graphite bipolar plates, hydrogen fuel cell stacks and hydrogen fuel cell systems are subject to rapid changes and developments. The corresponding technological developments enable hydrogen fuel cell stacks and the hydrogen fuel cell systems to progressively improve in terms of their operational performance and power output. Accordingly, the market is seeing more cost-effective and efficient hydrogen fuel cell stacks and hydrogen fuel cell 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. Accordingly, we have devoted resources to our research and development efforts. Our total research and development expenses amounted to RMB35.9 million, RMB72.2 million, RMB91.8 million and RMB35.5 million for the years ended 31 December 2020, 2021, 2022 and the five months ended 31 May 2023, respectively. 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.

**Factors that impact the new energy material sector may materially and adversely affect our business, financial condition and results of operations.**

We are subject to factors that may impact the new energy material sector and the new energy industry and as a whole. Any adverse change in the government policies toward the new energy material market may adversely affect our business. The new energy material market has historically benefited from government subsidies, economic incentives and government policies that support the growth of the new energy industry. For example, on 14 July 2023, the NDRC released the "Industrial Structure Adjustment Guidance Catalogue (2023 Edition, Draft for Comment)" (產業結構調整指導目錄(2003年本，徵求意見稿)), which listed the hydrogen fuel cell technology as an encouraged technology. However, these policies are subject to changes and such changes may not be favorable to the new energy material market. For instance, governments may reduce the grants, subsidies and other forms of economic and regulatory incentives new energy materials manufacturers are entitled to. Any of the foregoing could materially and adversely affect price competitiveness of new energy materials and reduce the demand for new energy materials. Accordingly, we face risks related to the ongoing national monitoring and dynamic policy changes which may materially and adversely affect business, results of operations, financial condition and prospects.

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

During the Track Record Period, we recorded net losses of RMB221.4 million, RMB703.0 million, RMB280.2 million and RMB88.3 million for the years ended 31 December 2020, 2021, 2022 and the five months ended 31 May 2023, respectively, primarily due to (i) share-based payments we recorded for the years ended 31 December 2020 and 2021 from equity transactions of equity interests in the Single Largest Shareholder and Share Incentive Scheme. For more information, please refer to Note 29 of the Accountant's Report as Appendix I to this prospectus; (ii) impairment loss on intangible asset related to 9SSL fuel cell stacks license and impairment loss on inventories; (iii) continuous expansion of our business scale during the Track Record Period and the resulting increase in the relevant expenses; and (iv) the impairment loss of our trade receivables. Given that we had decreasing gross profit margin, increasing expenses and recurring net losses incurred during the Track Record Period, even though our sales volume and revenue may increase in light of the continuing implementation of the favorable PRC government policies and regulatory framework supporting the hydrogen fuel cell vehicle industry, we may continue to incur losses until we can obtain sufficient purchase orders and expand our sales to the level of economies of scale that enable us to become profitable. We recorded net cash used in operating activities of RMB86.6 million, RMB560.7 million, RMB261.3 million and RMB87.8 million for the years ended 31 December 2020, 2021, 2022 and the five months ended 31 May 2023, respectively.

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 hydrogen fuel cell vehicle industry, increasing market competition, failure of collecting our trade and bills 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.

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

As of 31 December 2020, 2021, 2022 and the five months ended 31 May 2023, our trade and bills receivables amounted to RMB288.4 million, RMB646.8 million, RMB1,163.2 million and RMB1,221.1 million, respectively. Our trade receivables turnover days were 495 days, 430 days, 521 days and 1,478 days for the corresponding years/period, respectively.

Given that our trade and bills receivables were on an increasing trend during the Track Record Period, should the creditworthiness of our customers deteriorate or should a significant number of our customers fail to settle their trade and bills receivables in full for any reason, we may incur impairment losses and our results of operations and financial position could be materially and adversely affected. In addition, there may be a risk of delay in payment by our customers beyond their respective credit period, which in turn may also result in an impairment loss provision. There is no assurance that we will be able to fully recover our trade and bills receivables from the customers or that they will settle our trade and bills receivables in a timely manner. In the event that settlements from customers are not made on a timely manner, or at all, our financial position and results of operations may be materially and adversely affected.

**We are subject to the recoverability risks of our contract assets.**

Contract assets primarily relate to our Group's right to consideration in exchange for goods and services that we have transferred to a customer. Contract assets represent retention receivables that are consideration withheld by customers which are unsecured, interest-free and recoverable after the completion of the warranty period of the relevant contracts, generally the shorter of five years or when the vehicle that carries our product travels for 200,000 kilometers after the control of goods transferred to the customers. Our contract assets amounted to RMB1.9 million, RMB18.2 million, RMB41.1 million and RMB43.0 million as of 31 December 2020, 2021, 2022 and the five months ended 31 May 2023, respectively. The increase in our contract assets was mainly because we entered into more sales contracts during the Track Record Period. Should the creditworthiness of our customers deteriorate or a significant number of our customers fail to certify or settle their payments for any reason, we may incur impairment losses and our financial position and results of operations could be materially and adversely affected. During the Track Record Period, we recorded loss allowance provision for contract assets of RMB0.1 million, RMB1.6 million, RMB5.0 million and RMB5.6 million for the years ended 31 December 2020, 2021, 2022 and the five months ended 31 May 2023, respectively.

**Grey hydrogen is commonly used in China to operate hydrogen fuel cell vehicles, which causes certain environmental impact and involves regulatory compliance risks.**

During the Track Record Period, hydrogen fuel cell vehicle manufacturers are 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 grey hydrogen, blue hydrogen, and green hydrogen. Due to the advantages of low production cost and mature technology, grey hydrogen (hydrogen produced from fossil fuels or industrial by-products) is currently the most common hydrogen in China, accounting for approximately 97% of the total hydrogen production in China in 2022. While grey hydrogen is a readily available and established method for hydrogen production, it has several environmental impact and regulatory compliance risks associated with it, including (i) significant carbon emission into the atmosphere as the production process of grey hydrogen releases carbon dioxide ($CO_2$) as a by-product, (ii) fossil fuel dependency as the grey hydrogen production is heavily reliant on fossil fuels, which creates a continued dependency on fossil fuels for hydrogen production, hindering efforts to transition towards more sustainable and renewable sources of energy, as well as being exposed to fluctuations in oil, coal and natural gas prices, and (iii) potential regulatory and policy restrictions associated with the continued use of grey hydrogen as governments and international bodies place more emphasis on reducing greenhouse gas emissions. Accordingly, the hydrogen fuel cell vehicle manufacturers, our primary group of customers during the Track Record Period, face risks related to the environmental and potential policy changes, which may in turn, materially and adversely affect business, results of operations, financial condition, and prospects of our Company.

**We depend on certain major customers for the majority of our revenue and the loss of any of these customers could adversely affect our business, financial condition, results of operations and cash flows.**

As advised by Frost & Sullivan, the hydrogen fuel cell system and the hydrogen fuel cell vehicle industries are still at a stage of early development where they are relatively small in scale and high in market concentration. During the Track Record Period, most of our revenue was generated from a limited number of customers. For the years ended 31 December 2020, 2021, 2022 and the five months ended 31 May 2023, 95.7%, 88.1%, 84.9% and 94.8% of our total revenue were generated from our five largest customers, respectively. Any decline in business with our significant customers could have an adverse impact on our business, financial condition, and results of operations. Our future success is dependent upon the continued purchases of our products by our major customers. If we are unable to broaden our customer base and expand relationships with potential customers, our business will continue to be impacted by demand fluctuations. Demand fluctuations could also have a negative impact on our revenue, business, financial condition, results of operations and cash flows. Our dependence on our major customers exposes us to additional risks. Any slowdown, delay or reduction in a customer's orders could result in excess inventories or unexpected quarterly fluctuations in our operating results and liquidity. Each of our major customers has significant purchasing leverage over us to require changes in sales terms including pricing, payment terms and product delivery schedules, which could adversely affect our business, financial condition, results of operations and cash flows.

**We shifted from primarily selling hydrogen fuel cell stacks to primarily selling hydrogen fuel cell systems that incorporated our hydrogen fuel cell stacks in 2020, and we cannot assure you its continued growth as it has a limited operating track record.**

In 2020, we shifted from primarily selling hydrogen fuel cell stacks to primarily selling hydrogen fuel cell systems that incorporated our hydrogen fuel cell stacks. For more information, please see "Business – Our Operation" in this prospectus. Therefore, considering we have a limited operating track record of our self-developed fuel cell system product, it is uncertain whether our shift would achieve and sustain high levels of demand, consumer acceptance and market recognition. Our historical success in selling hydrogen fuel cell stacks is not indicative of our performance in the hydrogen fuel cell systems business, as the customers involved and their requirements are different. Risks and challenges we may face include our ability to, among others, navigate the changing environment of government supportive policies and trends and development of the hydrogen fuel cell vehicle industry. If we fail to address such risks and challenges, our business, financial condition, and results of operations may be materially and adversely affected.

**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.**

We generally begin production based on orders received and confirmed and our assessment and estimate of the remaining downstream demand for that year. We generally negotiate with our customers during the first half of the year regarding purchase orders, after which we commence production in the second half of the year. Therefore, the final production completion and delivery time will usually be in the second half of the year. As a result, most of the revenue will be recognized in the second half of the year (especially in the fourth quarter). In 2020, 2021 and 2022, our revenue for the second half of the year accounted for a majority of our total revenue in the same year. For the years ended 31 December 2020, 2021 and 2022, our revenue recorded in the fourth quarter amounted to RMB184.4 million, RMB299.5 million and RMB432.1 million, representing 81.3%, 65.5% and 57.7% of our total revenue for the same years, respectively. For more information, please refer to "Business – Seasonality" in this prospectus.

The majority of our production activities generally take place during the second half of each year also because we are subject to the seasonality of the hydrogen fuel cell vehicle industry, which is the downstream industry our primary group of customers were in during the Track Record Period. As advised by Frost & Sullivan, the hydrogen fuel cell vehicle industry is subject to seasonality mainly because awards policies for hydrogen fuel cell vehicles were generally announced or updated during the first half of each year by the relevant local governments, therefore hydrogen fuel cell vehicle manufacturers generally place their orders accordingly after policy updates. For example, for the year ended 31 December 2020, as the detailed terms of the awards policy "awards in lieu of subsidy (以獎代補)" were not issued until September, our customers placed fewer orders during the first half of 2020 and resulted in a decrease of our revenue for the year. Our order confirmation and production arrangements were in accordance with this practice during the Track Record Period.

Given that the hydrogen fuel cell vehicle industry in China is still developing and will continue to be affected by the annual periodicity of government subsidy policy and vehicle production for the foreseeable future, we expect the seasonal characteristics of our product sales and revenue recognition will continue. Accordingly, comparison of sales and operating results from different periods in any given financial year may not be relied upon as indicators of our performance.

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

We generally provide a limited warranty with a warranty period being the shorter of five years or when the vehicle that carries our products travels for 200,000 kilometers after the control of goods transferred to the customers. Our warranties for hydrogen fuel cell stacks and hydrogen fuel cell systems mainly cover testing, repairing or replacing faulty parts. We have been maintaining warranty provisions to cover warranty-related claims. Our warranty provisions were RMB11.4 million, RMB11.6 million, RMB17.7 million and RMB17.3 million as of 31 December 2020, 2021, 2022 and 31 May 2023, respectively. If our warranty provisions are inadequate to cover future warranty claims on our products, our financial condition, results of operations, and cash flows could be materially and adversely affected.

We expect to record and adjust warranty provisions based on changes in estimated costs and actual warranty costs. However, given that (i) the hydrogen fuel cell vehicle industry in China is at its early stage, (ii) we have experienced significant growth in our revenue from the years ended 31 December 2020 to 2022 and from the five months ended 31 May 2022 to 2023, and (iii) 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 for the future. As such, we may be subject to significant and unexpected warranty expenses in the future. We cannot assure you that the then-existing warranty provisions will be sufficient to cover all claims.

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

For the years ended 31 December 2020, 2021, 2022 and the five months ended 31 May 2023, purchases from our five largest suppliers in each year/period amounted to RMB175.5 million, RMB293.2 million, RMB305.9 million and RMB77.0 million, respectively, accounted for 72.3%, 61.2%, 53.1% and 74.8% of our total amount of purchases for the years/period, respectively. We rely on 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 MEAs. Any of our major suppliers' 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.

Furthermore, any significant increase in the price of key components and raw materials required for our production will increase our costs and may adversely affect our results of operations if we are not able to pass on the increased costs to our customers in a timely manner or at all. The price of these key components and raw materials may be affected by factors beyond our control, such as market demand for, and supply of, such materials, inflation and global economic cycles. We cannot assure that we will not experience any shortage or significant price increase in the supply of these raw materials and components in the future. If any of our major suppliers is unwilling or unable to provide us with high-quality raw materials or components in required quantities and/or at commercially acceptable prices, on satisfactory terms in a timely manner, or at all, or any shortage or large fluctuation in raw material prices occurs, it would materially and adversely affect our production, business and results of operations.

**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. For the years ended 31 December 2020, 2021, 2022 and the five months ended 31 May 2023, the utilization rates for (i) our embossed flexible graphite bipolar plates were 43.6%, 66.7%, 75.5% and 32.2%, respectively; (ii) our hydrogen fuel cell stacks were 27.2%, 78.8%, 71.7% and 16.2%, respectively; and (iii) our hydrogen fuel cell systems were 29.6%, 61.1%, 61.1% and 46.9%, respectively. Due to the seasonality of our business, our utilization rates are higher in the second half of the year. For more information on the utilization rates of our products by quarter, please refer to "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.

**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 RMB217.9 million, RMB388.5 million, RMB379.7 million and RMB370.5 million as of 31 December 2020, 2021, 2022 and as of 31 May 2023, respectively. Our inventories mainly consist of raw materials, work in progress, finished goods and materials for consigned processing. 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. In addition, our inventories are subject to impairment if their net realizable value falls before we sell them. During the Track Record Period, we made provisions for the decline in value of inventories based on the excess of carrying value of inventories over its net realizable value. As of 31 December 2020, 2021, 2022 and as of 31 May 2023, our provision for impairment of inventories were RMB20.3 million, RMB43.7 million, RMB87.0 million and RMB101.8 million, respectively, representing an increasing trend during the Track Record Period. With the development of the hydrogen fuel cell stacks and hydrogen fuel cell systems markets 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 condition and results of operations.

**Share-based compensation expenses may cause shareholding dilution to our existing Shareholders and have a material and adverse effect on our financial performance.**

During the Track Record Period, we incurred share-based payment expenses of RMB118.3 million, RMB546.0 million, RMB54.3 million and RMB12.1 million for the years ended 31 December 2020, 2021, 2022 and the five months ended 31 May 2023, respectively. The share-based payment expenses are primarily resulted from (i) equity transactions of equity interests in the Single Largest Shareholder; and (ii) our Share Incentive Scheme. For details, please refer to Note 29 of the Accountant's Report as 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.

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

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

**Our products use flammable fuels and some generate high voltages, which could subject our business to product safety, product liability or other claims.**

Our business exposes us to potential product safety, product liability and similar claims that are inherent in electrical products, and in products that use hydrogen or hydrogen-rich reformate fuels. High-voltage electricity poses potential shock hazards, and hydrogen is a flammable gas and therefore a potentially dangerous fuel. Any accidents involving our products or other hydrogen-based products could materially impede widespread market acceptance and demand for our hydrogen fuel cell products. Involvement in litigation could result in significant expense to us, adversely affecting the development and sales of our products, and diverting the efforts of our technical and management personnel, whether or not the litigation is resolved in our favor. In addition, we may be held responsible for damages beyond the scope of our insurance coverage. We also cannot predict whether we will be able to maintain our insurance coverage on acceptable terms.

**We are exposed to market fluctuations of prices of hydrogen fuel cell stacks and hydrogen fuel cell systems we produce.**

Declines in prices of hydrogen fuel cell stacks and hydrogen fuel cell systems we produce could materially and adversely affect our business, financial condition and results of operations. According to Frost & Sullivan, the average price of hydrogen fuel cell stacks in China has decreased from approximately RMB7,800/kW in 2018 to approximately RMB2,000/kW in 2022, representing a CAGR of about -28.8%, while the average price of hydrogen fuel cell systems in China decreased from approximately RMB12,300/kW in 2018 to approximately RMB4,800/kW in 2022 representing a CAGR of -21.0%. Moreover, the average prices of hydrogen fuel cell stacks and hydrogen fuel cell systems are expected to further decline driven by technological breakthroughs and scaled production, according to Frost & Sullivan.

Furthermore, our business, financial condition and results of operations may be materially and adversely affected by, among others, the following factors:

- if there is a significant fluctuation of prices of hydrogen fuel cell stacks and hydrogen fuel cell systems we produce, our customers may be unwilling to honor their contractual commitments to purchase these products at pre-agreed pricing terms;

- a tightening of available credit may make it more difficult for us to obtain, or may increase our financing costs for our business;

- a decline in the value of hydrogen fuel cell stacks and hydrogen fuel cell systems we produce may result in write-downs; and

- the production of hydrogen fuel cell stacks and hydrogen fuel cell systems may be curtailed or suspended if it is no longer economically viable for us to produce them in a cost-effective manner.

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

For the years ended 31 December 2020, 2021, 2022 and the five months ended 31 May 2023, we recorded share of losses of joint ventures and associates of RMB0.7 million, RMB6.6 million, RMB20.0 million and less than RMB0.1 million, respectively. The increase of our share of losses of joint ventures and associates from the year ended 31 December 2020 to 2022 was primarily due to the increased loss in results of operations of Guohong Refire. If the share of results of our joint ventures and 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 joint ventures and associates, especially when no dividend is declared by such parties and investment in these vehicles is not as liquid as other investment products. Acquisition of any large target or large investment in a joint venture or associate would require significant financial resources, resulting in significant cash outflow, increased debt financing, or both. Dividends from joint ventures or associates are an integral part of our cash flow without which may adversely affect our results of operations and financial condition. Even when our joint ventures and associates become profitable and we recognize profits through share of results of joint ventures and associates under equity accounting in future, we may not receive any cash flow from the associates or joint venture 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 and joint ventures 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 and joint ventures to fund our operations from time to time, or at all.

**Our results of operations and financial condition may be adversely affected by fair value changes of financial assets at fair value through other comprehensive income and valuation uncertainty due to the use of unobservable inputs.**

During the Track Record Period, we made long-term investments in two unlisted companies and several debts investments, of which we classified as financial assets at fair value through other comprehensive income. The fair value of such financial assets amounted to RMB0.3 million, RMB12.3 million, RMB89.4 million and RMB89.4 million as of 31 December 2020, 2021, 2022 and 31 May 2023, respectively. We are exposed to the risk of fluctuation of the fair value of such financial assets. We cannot assure you that the net assets value of the unlisted companies will increase or the market condition will keep flourishing in the future. We may incur fair value losses in our financial assets, which may adversely affect our financial condition and results of operations.

**We are exposed to fair value changes for derivative financial instruments at fair value through profit or loss.**

During the Track Record Period, we had derivative financial instruments primarily representing the obligation to buy back shares of our associated companies. Our derivative financial instruments remained relatively stable at RMB20.5 million and RMB18.5 million as of 31 December 2020 and 2021, respectively. Our derivative financial instruments increased by 110.9% from RMB18.5 million as of 31 December 2021 to RMB39.0 million as of 31 December 2022 and further increased to RMB39.6 million as of 31 May 2023 mainly due to our increased obligation to buy back shares from 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 the year ended 31 December 2022. The net changes in the fair value of such financial assets are recorded as our operating income or loss, and therefore directly affect our results of operations. In addition, we had net profit on derivative financial instruments at fair value through profit or loss of RMB0.7 million for the year ended 31 December 2020, and net loss on derivative financial instruments at fair value through profit or loss of RMB2.4 million, RMB20.5 million and RMB0.6 million for the years ended 31 December 2021 and 2022 and the five months ended 31 May 2023, respectively.

The fair value of our obligation to buy back shares of our associated companies has been arrived at on the basis of a valuation carried out by an independent qualified professional valuer, which requires judgment and assumptions and involves the use of unobservable input, such as the expected net cash outflows and the discount rate. Changes in the basis and assumptions used in the estimation could materially affect the fair value of our derivative financial instruments. Factors beyond our control can significantly influence and cause adverse changes to the estimates and thereby affect the fair value. These factors include, but are not limited to, general economic conditions, changes in market interest rates and stability of the capital markets. The valuation may involve a significant degree of judgment and assumptions which are inherently uncertain, and may result in material adjustment, which in turn may materially and adversely affect our results of operations.

**We may not be successful in expanding our operations and opening new facilities in a timely or cost-effective manner.**

We are undertaking future expansion projects based on our future business planning. For more information on our production expansion plan, please refer to "Business – Our Production – Production Expansion Plan" in this prospectus. The success of our future expansion projects depends on factors such as the progress of the construction conducted by third parties, local laws and regulations, government support in the form of awards or tax breaks, and customer demand for our expanded production capacity which are beyond our control. In addition, the integration of future expansion projects into our existing operations may be subject to unforeseeable delays, which may, among others, increase our integration costs, strain our production capacity at other locations, decrease our production efficiency and cause delays in delivery of customer orders.

Furthermore, as we expect to expand our business operations in the future, we anticipate additional depreciation and operational expenses. The depreciation and operational expenses may increase in the future and adversely affect our profitability. Accordingly, we may not be able to achieve the expansion of our operations in a timely or cost-effective manner.

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

We are a leading provider of hydrogen fuel cell stacks and hydrogen fuel cell systems in the PRC according to Frost & Sullivan. We currently face, and will continue to face, significant competition from manufacturers of similar products. The market concentrations for hydrogen fuel cell stacks and hydrogen fuel cell systems are high as the top five players accounted for approximately 79.6% and 85.5%, respectively, of the total shipment volume of hydrogen fuel cell stacks and the total sales volume of hydrogen fuel cell systems in the PRC in 2022, according to Frost & Sullivan. In addition, with the breakthrough of core technologies as well as the increasing market demand for hydrogen fuel cell stacks and systems, the number of hydrogen fuel cell system companies in China increased from approximately 70 in 2017 to approximately 150 in 2022, according to Frost & Sullivan.

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

- 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 products, 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.

Our competitors may have substantially more financial and other resources, research and development capabilities, longer operating histories, as well as broader product application and larger market shares. 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.

**Failure to protect our leasehold interests or comply with the relevant regulation regarding our lease may cause interruptions to our business operations.**

As of 31 May 2023, we failed to register the lease agreements for 23 of our leased properties in the PRC. For more information, please refer to "Business – Properties – Leased and used buildings – Buildings" in this prospectus. Although our PRC Legal Advisers have advised us that the lack of registration will not affect the validity of these lease agreements, we may be ordered to rectify such non-compliance within a prescribed period and failing of which may lead to a fine of RMB1,000 to RMB10,000 for each unregistered lease agreement, and the maximum potential fine we may be subject to in relation to our failure to complete these lease registrations is RMB230,000.

As of 31 May 2023, for 17 properties in use located in the PRC, the lessors or the providers of such properties did not provide us with the relevant title certificates or relevant authorization documents evidencing their rights to lease or permit us to use the properties. For more information, please refer to "Business – Properties – Leased and used buildings – Title defects" in this prospectus. If the counterparties are not entitled to lease or provide such properties, there are risks that we will not be able to continue to use such properties. If this occurs, we may have to renegotiate with the owners or other parties who have the right to lease or to provide these properties, and the terms may be less favorable to us. We may also be forced to relocate. There can be no assurance that legal disputes or conflicts concerning such properties will not arise in the future.

**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. 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, which may exceed our insurance coverage to repair or replace any damaged equipment or facilities. In addition, our ability to manufacture and supply products and our ability to meet our delivery obligations to our customers would be significantly disrupted and our relationships with our customers could be damaged, which could have a material and adverse effect on our business, financial condition and results of operations.

**Our success depends upon our key personnel, and any failure to attract and retain necessary talents may materially and adversely affect our business, financial condition, results of operations and prospects.**

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

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

**Our business depends on our ability to protect our intellectual property rights, and we may be exposed to intellectual property infringement and other claims by third parties.**

We rely primarily on a combination of our patents, know-how, trademarks as well as confidentiality agreements to protect our intellectual property rights. For more information, please refer to "Business – Intellectual Property" in this prospectus.

During the Track Record Period and as of the Latest Practicable Date, we had been involved in certain legal proceedings regarding intellectual property rights. For more information, please see "Business – Legal Proceedings and Compliance" in this prospectus. Although we have adopted certain internal control measures, as disclosed in "Business – Intellectual Property" of this prospectus, we cannot assure you such internal control measures will remain effective and that infringement of our intellectual property rights by other parties and leakage of our know-how or technological secrets do not exist now or will not occur in the future. To protect our intellectual property rights and maintain our competitive advantage, we may engage in legal proceedings against parties who we believe are infringing upon our intellectual property rights. Legal proceedings are often costly and may divert management attention and our other resources away from our business. In certain situations, we may have to initiate legal proceedings in foreign jurisdictions, in which case we are subject to additional risks as to the result of the proceedings and the amount of damages that we pursue to recover. In addition, we have no insurance coverage against litigation costs and would have to bear all costs arising from such litigation to the extent we are unable to recover them from other parties.

Our success also depends on our ability to use, develop and protect our technology and know-how without infringing the intellectual property rights of third parties. We cannot assure you that we will not be subject to claims of infringement upon the intellectual property rights of third parties. The validity and scope of any potential claims relating to our production technology and know-how involve complex scientific, legal and factual questions and analysis and, therefore, may be highly uncertain. The defense and prosecution of intellectual property suits, patent opposition proceedings and related legal and administrative proceedings can be both costly and time consuming and may significantly divert the efforts and resources of our technical and management personnel. An adverse determination in any such litigation or proceedings to which we are a party may subject us to significant liability to third parties, require us to seek licenses from third parties, pay ongoing royalties or redesign our products, or subject us to injunctions prohibiting the production and sale of our products or the use of our technologies. Protracted litigation may also result in our customers or potential customers deferring or limiting their purchase of our products until resolutions of such litigations.

**Significant impairment charges to our balance of intangible assets could materially and adversely impact our financial condition and results of operations.**

Our intangible assets consist of software, patents and licenses. Our intangible assets amounted to RMB32.0 million, RMB29.7 million, RMB24.9 million and RMB26.5 million as of 31 December 2020, 2021, 2022 and as of 31 May 2023, respectively. Intangible assets are tested whenever events or changes in circumstances indicate that the carrying amount of those assets exceeds its recoverable amount, which is determined based on the higher of fair value less cost to sell and value in use. During the Track Record Period, we recorded impairment losses on intangible assets of RMB57.4 million, nil, nil and nil for the years ended 31 December 2020, 2021, 2022 and the five months ended 31 May 2023, respectively. Any significant impairment losses charged against our intangible assets could have a material adverse effect on our business, financial condition and results of operations.

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

Our other receivables and prepayments primarily consist of (i) value-added tax recoverable, (ii) prepayment to suppliers, (iii) deposit, and (iv) other receivables from related parties. Our other receivables and prepayments amounted to RMB68.7 million, RMB79.9 million, RMB125.6 million and RMB132.7 million as of 31 December 2020, 2021, 2022 and 31 May 2023, respectively. We measure impairment of other receivables as either 12-month expected credit loss or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. 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 other receivables and prepayments. Significant impairment losses on other receivables and prepayments may have a material adverse effect on our financial condition and results of operations.

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

We are subject to various regulatory requirements relating to cybersecurity and data privacy, including the PRC Data Security Law (《中華人民共和國數據安全法》), the Cybersecurity Law of PRC (《中華人民共和國網絡安全法》) and the Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》). See "Regulatory Overview – Regulations on Internet Information Security and Privacy Protection" for more details. Should our data processing activities be subject to these laws and regulations, we are required to ensure that our data processing activities are carried out in a lawful, legitimate, specific and clear manner, and be directly related to the design, production, sales, use, operation and maintenance, among others, of the vehicles. Pursuant to the Personal Information Protection Law of the PRC, a service provider shall obtain the consent of the persons whose data is gathered when collecting and using personal information and shall comply with other circumstances as prescribed by laws and regulations. Our data processing activities do not involve collecting or tracing any personal information of vehicle users and as advised by the Data Security Counsel, according to Regulation on Protecting the Security of Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》), we are not a critical information infrastructure operator. Instead, we primarily collect and store limited system operating data from our hydrogen fuel cell systems for analyzing the operations of our products and to support the research and development for product upgrades, which are not used to identify the owner, driver, and occupant of the vehicle. We may incur further expenses to comply with laws and regulations relating to data privacy, data security and consumer protection, as well as relevant industry standards and contractual obligations.

In addition, 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 governmental 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.

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

We are subject to certain laws and regulations that require us to obtain and maintain various approvals, licenses, permits and certificates from different authorities to operate our business. 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. Although we are committed to applying for the renewal and/or reassessment of these approvals, permits, licenses and certificates when required by applicable laws and regulations, we cannot assure you that we can successfully obtain such renewals and/or reassessment. Any failure by us to obtain the necessary renewals and/or reassessment or otherwise maintain all approvals, licenses, permits and certificates necessary to carry out our business at any time could cause severe disruption to our business and prevent us from continuing to carry out our business, which could have a material adverse effect on our business, financial condition and results of operations.

We may also be required to obtain additional approvals, permits, licenses or certificates that were previously not required to operate our existing business as a result of new regulations coming into effect, changes to interpretation or implementation of existing laws and regulations. We cannot assure you that we will successfully obtain such approvals, permits, licenses or certificates. Our failure to obtain the additional approvals, permits, licenses or certificates may restrict the conduct of our business, decrease our revenue and/or increase our costs, which could materially reduce our profitability and prospects.

**We may not continue to enjoy preferential tax treatments.**

Our results of operations and profitability are affected by changes in tax rates in the PRC. We and certain entities within our Group have been accredited as a High-tech Enterprise and enjoyed a preferential PRC enterprise income tax rate at 15% historically. For more information, please refer to "Financial Information – Description of Key Statement of Profit or Loss Items – Income Tax Credit/(Expense)" in this prospectus. Our effective tax rates may change from year to year due to the availability or expiration of any preferential tax treatments. We cannot assure you that the PRC policies with respect to the preferential tax treatments we currently enjoy would not be unfavorably changed, or that the approval for such preferential tax treatments would be granted to us in a timely manner, or at all.

**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.**

For the years ended 31 December 2020, 2021, 2022 and the five months ended 31 May 2023, we received government grants and subsidies of RMB3.8 million, RMB13.8 million, RMB10.7 million and RMB44.5 million, respectively. The government grants and subsidies we received are mainly grants and subsidies provided by local governments supporting various industry-related research and development activities. Such government grants and subsidies may be discretionary and are subject to certain selection criteria and procedures stipulated by the local governments, which we may not be qualified for in the future. 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 and subsidies, are beyond our control. We can neither assure you that any changes would be favorable to our business, nor that we will be able to receive any such government grants or subsidies in the future. If we do not receive government grants and subsidies in subsequent periods after the Track Record Period or if the amount of government grants and subsidies we are entitled to decreases, our financial condition for such periods may be adversely affected.

**Our business is capital-intensive, the sources of our future financing can be uncertain, and our working capital can be unstable during certain quarters.**

We operate in a capital-intensive industry that requires substantial capital and other long-term expenditures, including expenditures for the construction of production facilities. To the extent that we expand or add new production facilities, we expect to fund the related financial commitments and other capital and operating expenses from a combination of cash on hand, cash generated from operations, banking facilities and proceeds from the Global Offering. We expect to have sufficient cash and/or committed financing to meet our obligations as they fall due. 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, part of our expansions requires us to procure raw materials, as a result, during certain quarters we may incur higher working capital needs that may affect our working capital sufficiency. We cannot assure that we will not experience any higher working capital needs in the future, and our business, financial condition, results of operations and working capital may be affected.

**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 their services provided may not be provided in a timely manner or be of satisfactory quality. If the third-party service providers do not perform satisfactorily, substantially reduce the amount and scope of services provided to us, substantially increase the prices of their services or terminate their business relationship with us, we may need to replace the third-party service providers or take other remedial actions which could increase our costs of operations. As we do not have direct control over the third-party service providers, if they become involved in any unauthorized provision of services which are incompliant with our requirements or that of our customers, our reputation in the industry will be affected. Our reputation in the industry will also be adversely affected if the third-party service providers do not comply with applicable laws and regulations. This, in turn, may materially and adversely affect our business, financial condition and results of operations.

**We do not possess the operation status of all of the hydrogen fuel cell vehicles operated by the end customers that are equipped with our products.**

While we try to become aware of the operation status of the hydrogen fuel cell vehicles operated by the end customers that are equipped with our products on a best-effort basis, we do not possess such information with respect to all of the relevant hydrogen fuel cell vehicles and we cannot confirm the genuineness of end customers' usage of all of the hydrogen fuel cell vehicles equipped with our products. For more information on the steps we took to understand the operation status of some of the relevant hydrogen fuel cell vehicles, please see "Business – Sustainable Operation – Business Expansion and Revenue Growth" in this prospectus.

**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.

**Work stoppage, increases in labor cost and other labor related matters may have an adverse effect on our business.**

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

**We have entered into collaborations with overseas partners and may form or seek additional collaborations in the future. We may not realize any or all benefits of such alliances.**

We have entered into collaborations with overseas partners during the Track Record Period. If listed in another jurisdiction, such a partner is subject to the securities laws and regulations in such jurisdiction. However, there is a risk that, if our collaboration partners failed to comply and were subject to securities litigations, they would be adversely impacted and our existing relationship with them would be jeopardized. In addition, we may not achieve the revenue and cost synergies expected from the transaction. As a result, there can be no assurance as to the future effect of any such risks and uncertainties on our results of operations, revenue or cash flows.

**We may be involved in legal or other proceedings arising out of our operations, including product liability claims, from time to time and may face significant liabilities as a result.**

We may be involved from time to time in disputes with various parties involved in our business operations, including among others, our customers, suppliers and employees. These disputes may lead to legal or other proceedings, which may result in damages to our reputation, substantial costs and diversion of our resources and management's attention. In addition, we may encounter additional compliance issues in the course of our operations, which may subject us to administrative proceedings and unfavorable results, and result in liabilities and delays relating to our production or product launch schedules. We cannot assure you as to the outcome of such legal proceedings, and any negative outcome may materially and adversely affect our business, financial condition and results of operations. For more information on certain of our legal proceedings, please see "Business – Legal Proceedings and Compliance" in this prospectus.

We are also exposed to potential product liability claims in the event that there is any damage caused by defective products. A successful product liability claim against us could require us to pay for substantial damages. Product liability claims against us, whether successful or not, are costly and time-consuming to defend. In the event that our products prove to be defective, we may be required to redesign or recall such products. We cannot assure you that a product liability claim will not be brought against us in the future. A product liability claim, with or without merit, could result in significant adverse publicity against us, and could have a material adverse effect on the marketability of our products and our reputation, which in turn, could have a material adverse effect on our business, financial condition and results of operations.

**COVID-19 had and may continue to have an adverse impact on our business operations and we are subject to other risks beyond our control.**

The respiratory disease COVID-19 has caused significant impact on the global economy. Since late July 2021, the Delta and Omicron variants of COVID-19 have recurred in several provinces across China. In an effort to halt the outbreak in China, the Chinese government took many measures such as city lockdowns, travel restrictions, quarantines and business shutdowns, and governments outside of China have halted or sharply curtailed the transit of people, goods and services to and from China. The COVID-19 outbreak has caused and may continue to cause a long-term adverse impact on the economy and social conditions in China, which may have an indirect impact on our industry and cause temporary suspension of projects and shortage of labor and raw materials. For example, as many workers of vehicle manufacturers and upstream suppliers had delayed returning to work and the flow of population had been restricted, we faced the difficulties such as delays in business communication with customers, delays in delivery and acceptance of goods and delays in our customers' orders with us. In addition, due to restricted logistics control, part of the equipment, raw materials and components and parts that we ordered from suppliers may take longer to deliver and we adjusted our inventory policy accordingly. Our delivery of products may also be disrupted and our customers may cancel their orders due to potential delays in delivery. The longer supply cycle may also have an adverse impact on our operations and production. Furthermore, certain of our construction in progress was delayed.

We are uncertain as to when the COVID-19 will suddenly break out again. We cannot assure you that the COVID-19 pandemic can be eliminated or a similar outbreak will not occur again. Another outbreak of a similar type of COVID-19 pandemic or a similar pandemic could materially and adversely affect our business, financial condition, and results of operations.

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

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

We may not have adequate insurance coverage on the above operational risks. We maintain property insurance for our equipment, machinery and inventories, as well as marine, air and highway cargo insurance for our business operations, but there can be no assurance that our insurance coverage would be sufficient in case of such major accidents. In the event that we incur substantial losses or liabilities and our insurance is unavailable or inadequate to cover such losses or liabilities, our business, financial condition and results of operations could be materially and adversely affected.

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

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

## RISKS RELATING TO DOING BUSINESS IN THE PRC

### Changes in economic, political or social conditions or government policies in the PRC could have a material adverse effect on our business and results of operations.

The majority of our operations are located in the PRC, particularly our productions. As a result, our results of operations, financial condition and prospects are substantially affected by economic, political, social and legal developments in the PRC. Due to the current economic, political, social and regulatory developments, it may be difficult for us to predict all the risks and uncertainties we may face, and a slow-down of China's economy may reduce our customers' demand for our products and services, which could have a material adverse effect on our business and operating results. In addition, any significant changes in Chinese government's policies or China's laws could have a material impact on China's overall economic growth.

### Shortage of utilities supplies in China 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. 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 fulfil 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 Chinese government has restricted electricity consumption of companies in industries with high energy consumption in China at regular intervals, including imposing power restrictions on factories in more than 20 provinces to deal with an imbalance in energy supply and demand. If we experience any water and electricity shortage at our production facility and if such shortages or suspensions of utilities happen for a significant period of time, our business, operation results and financial results may be materially and adversely affected.

### Failure to make adequate statutory social insurance and housing provident fund contributions in full for certain employees may subject us to penalties.

Pursuant to the PRC laws and regulations, we are required to participate in the social insurance and housing provident fund contributions administered by competent government authorities. We have in the past failed to make full contributions for certain employees. 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. For more information, please refer to "Business – Legal Proceedings and

Compliance – Failure to make full contribution to social insurance and housing provident funds for certain of our employees". For the years ended 31 December 2020, 2021, 2022 and the five months ended 31 May 2023, the shortfall amounts were approximately RMB0.4 million, RMB3.2 million, RMB6.1 million and RMB1.3 million, respectively.

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. The maximum potential penalties that we may be subject to for the shortfall of social insurance and housing provident fund contributions during the Track Record Period would be approximately RMB33.8 million, if we fail to make such payments within the prescribed period.

We cannot assure you that no fine or penalty will be imposed on us in this regard in the future, nor the competent local government authorities will not require us to pay the shortfall amount within a specified time limit or impose late fees or fines on us, which may adversely affect our financial condition and results of operations.

**Payment of dividends is subject to restrictions under PRC law and regulations.**

According to PRC law and regulations, we may not pay dividends unless we have distributable profits in a given year as determined under PRC GAAP. Distributable profits are our after-tax profits as determined under PRC GAAP, less any recovery of accumulated losses and 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. During the Track Record Period, we recorded net losses of RMB221.4 million, RMB703.0 million, RMB280.2 million and RMB88.3 million for the years ended 31 December 2020, 2021, 2022 and the five months ended 31 May 2023, respectively. As a result, during the Track Record Period, no dividend was declared or paid by our Company. Upon completion of the Global Offering, the redeemable capital contributions would be reclassified from liabilities to equity and subsequently no interest expenses arising from redeemable capital contributions would occur. However, we may not have sufficient profits in the near future to cover the accumulated losses aforementioned to enable us to pay dividends after the Listing.

Moreover, our operating subsidiaries in the PRC may not have distributable profit as determined under 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.

**Investors may experience difficulties in effecting service of legal process and enforcing judgments against us and our Directors, Supervisors and management.**

Most of our assets are located within the PRC. The majority of our Directors, Supervisors and senior management reside within the PRC. The assets of these Directors, Supervisors and senior management also may be located within the PRC. As a result, it may be burdensome to effect service of legal process and enforcing judgments against us and our Directors, Supervisors and management. Moreover, the PRC does not have treaties providing for reciprocal recognition and enforcement of court judgments in most countries. As a result, in the PRC, recognition and enforcement of court judgments from the jurisdictions mentioned above may be burdensome.

On 14 July 2006, the Supreme People's Court of Mainland 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》). Under this 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 PRC or Hong Kong court for recognition and enforcement of the judgment. On 18 January 2019, the Supreme People's Court of the PRC and the government of the Hong Kong Special Administrative Region entered into 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**"). On 26 October 2022, the legislative council of Hong Kong enacted the Mainland Judgments in Civil and Commercial Matters (Reciprocal Enforcement) Ordinance (the "**MJCCMO**") to give effect to the 2019 Arrangement and the MJCCMO will come into effect on 29 January 2024. Therefore, the outcome and effectiveness of any action that may be brought prior to the MJCCMO coming into effect remain uncertain.

**The PRC government's policy on foreign currency conversion may adversely affect our business and results of operations and our ability to remit dividends.**

Conversion and remittance of foreign currencies are subject to the PRC foreign exchange regulations. It cannot be guaranteed that under a certain exchange rate, we shall have sufficient foreign exchange to meet our foreign exchange needs. Under the PRC's current foreign exchange control system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from the SAFE, but we are required to present relevant documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within the PRC that have the licenses to carry out foreign exchange business. Foreign exchange transactions under the capital account, however, normally need to be approved by or registered with the SAFE or its local branch or its designated banks unless otherwise permitted by law. Any restriction on or insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments to shareholders or satisfy any other foreign exchange obligation. If we fail to convert RMB into any foreign exchange for any of the above purposes, any offshore capital expenditure we may have in the future and even our business may be materially and adversely affected.

**Inflation in China could negatively affect our profitability and growth.**

The economy of China has experienced continuous growth and such growth has become uneven among various sectors of the economy and in different geographical areas of the country. PRC's overall economy and the average wage in China are expected to continue to grow. Rapid economic growth may lead to growth in the money supply and accordingly inflation. If the amounts we charge our customers in China go up at a rate that is insufficient to compensate for the rise in our costs, our business may be materially and adversely affected.

**The enforcement of the PRC labor contract law, social insurance law and other labor related regulations may materially affect our business, financial condition and results of operations.**

Pursuant to the PRC Labor Contract Law (《中華人民共和國勞動合同法》), employers are subject to strict requirements in terms of signing labor contracts, minimum wages, paying remuneration, overtime working hours limitations, determining the term of employees' probation and unilaterally terminating labor contracts. In the event that we decide to terminate the employment of some of our employees or otherwise change our employment or labor practices, the PRC Labor Contract Law and its implementation rules may limit our ability to effect those changes in a desirable or cost-effective manner, which could adversely affect our business and results of operations.

According to the PRC Social Insurance Law, employees shall participate in pension insurance, work-related injury insurance, medical insurance, unemployment insurance and maternity insurance and the employers shall, together with their employees or separately, pay the social insurance premiums for such employees.

As the interpretation and implementation of the PRC Labor Contract Law, the PRC Social Insurance Law and other labor related regulations (the "**labor-related laws and regulations**") are still evolving, we cannot assure you that our employment practice do not and will not violate labor-related laws and regulations in the PRC, which may subject us to labor disputes or government investigations. If we are deemed to have violated relevant labor-related laws and regulations, we could be required to provide additional compensation to our employees and our business, financial condition and results of operations could be materially and adversely affected.

**Our operations are subject to and may be affected by changes in PRC tax laws and regulations.**

We are subject to periodic examinations on fulfillment of our tax obligation under the PRC tax laws and regulations by PRC tax authorities. We cannot assure you that future examinations by PRC tax authorities would not result in fines, other penalties or actions that could adversely affect our business, financial condition and results of operations, as well as our reputation. Further adjustments or changes to PRC tax laws or regulations, together with any uncertainty resulting therefrom, may also have an adverse effect on our business, financial condition and results of operations.

**The filing with and reporting to CSRC may be required in connection with our future offering or listing activities, and if required, we cannot predict whether we will be able to complete such filing or reporting procedure in a timely manner or at all.**

On 17 February 2023, the CSRC released the Trial Measures as well as five guidelines for the filing-based administration of overseas securities offerings and listings by PRC companies, which came into effect on 31 March 2023. The 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 according to such rules. If a PRC issuer fails to complete the filing procedure or the filing documents submitted by a PRC issuer contain misrepresentation, misleading statement or material omission, such PRC issuer 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. See "Regulatory Overview – Regulations Relating to Overseas Offering And Listing". However, since these rules are newly promulgated, the interpretation, application and enforcement of the rules remain uncertain.

If it is determined that we are subject to CSRC filing or reporting procedures for our future offering or listing activities, we may fail to complete such filing or meet the requirements in a timely manner or at all, which may subject us to rectification order, warning, or fines, and thus materially and adversely affect our reputation, business, financial condition, results of operations and prospects, as well as the trading price of our Shares.

## RISKS RELATING TO THE GLOBAL OFFERING

**An active trading market for our H Shares may not develop or be sustained.**

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 our Company and the Overall Coordinator (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 Stock Exchange for the listing of, and permission to deal in, the H Shares. A listing on the 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.

**The price and trading volume of our H Shares may be volatile, which could lead to substantial losses to investors.**

The price and trading volume of our H Shares may be subject to significant volatility in response to various factors beyond our control, including the general market conditions of the securities in Hong Kong and elsewhere in the world. In particular, the business and performance and the market price of the shares of other companies engaging in similar business may affect the price and trading volume of our H Shares. In addition to market and industry factors, the price and trading volume of our H Shares may be highly volatile for specific business reasons, such as fluctuations in our revenue, earnings, cash flows, investments, expenditures, regulatory developments, relationships with our suppliers, movements or activities of key personnel, or actions taken by competitors. Moreover, shares of other companies listed on the Stock Exchange with significant operations and assets in the PRC have experienced price volatility in the past, and it is possible that our H Shares may be subject to changes in price not directly related to our performance but related to the overall political and economic conditions in Hong Kong, the PRC or elsewhere in the world.

**A future significant increase or perceived significant increase in the supply of our H Shares in public markets could cause the market price of our H Shares to decrease significantly, and/or dilute shareholdings of holders of H Shares.**

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.

**If the Offer Price of our H Shares is higher than our consolidated net tangible book value per H Share, purchasers of our H Shares in the Global Offering may experience immediate dilution upon such purchases.**

The Offer Price of our H Shares may be higher than the net tangible book value per H Share prior to the Global Offering. In such case, you will experience an immediate dilution in pro forma net tangible book value per H Share and our existing Shareholders will receive an increase in the pro forma adjusted consolidated net tangible book value per H Share of their Shares.

**There will be a gap of several business days between pricing and trading of our H Shares, and the price of our H Shares when trading begins could be lower than the Offer Price.**

The initial price to the public of our H Shares sold in the Global Offering is expected to be determined on the Price Determination Date. However, the H Shares will not commence trading on the Stock Exchange until they are delivered, which is expected to be several business days after the Price Determination Date. As a result, investors may not be able to sell or otherwise deal in the Offer Shares during that period. Accordingly, holders of our H Shares are subject to the risk that the price of the Shares when trading begins could be lower than the Offer Price as a result of adverse market conditions or other adverse developments that may occur between the time of sale and the time trading begins.

**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, 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.

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

We have applied for, and the Stock Exchange has granted to us, a number of waivers and consents under the Listing Rules. See "Waivers from Strict Compliance with the Listing Rules" for further details. We cannot assure you that the Stock Exchange will not revoke any of these waivers granted or impose certain conditions on any of these waivers. If any of these waivers were to be revoked or to be subject to certain conditions, we may be subject to additional compliance obligations, incur additional compliance costs, and face uncertainties arising from issues of multijurisdictional compliance, all of which could materially and adversely affect us and our Shareholders.

**Facts, forecasts and statistics in this prospectus relating to the PRC and global economy and the hydrogen fuel cell and hydrogen fuel cell vehicle industries may not be fully reliable.**

Facts, forecasts and statistics in this prospectus relating to the PRC and global economy and the hydrogen fuel cell and hydrogen fuel cell vehicle industries in the PRC and overseas markets are obtained from various sources including official government publications that we believe are reliable. However, we cannot guarantee the quality or reliability of these sources. Neither we, the Sole Sponsor, the Overall Coordinator, the Underwriters nor our or their respective affiliates or advisers have verified the facts, forecasts and statistics nor ascertained the underlying economic assumptions obtained from these sources. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics in this prospectus relating to the PRC and global economy and the hydrogen fuel cell and hydrogen fuel cell vehicle industries in the PRC and overseas markets may be inaccurate or may not be comparable to statistics produced for other economies and should not be unduly relied upon. As such, no representation as to the accuracy of such facts, forecasts and statistics obtained from various sources is made. Moreover, these facts, forecasts and statistics involve risk and uncertainties and are subject to change based on various factors and should not be unduly relied upon. Further, there can be no assurance that they are stated or compiled on the same basis or with the same degree of accuracy, as may be the case in other countries.

**You should only rely on the information included in this prospectus to make your investment decision, and we strongly caution you not to rely on any information contained in press articles or other media coverage relating to us, our H Shares or the Global Offering.**

There had been, prior to the publication of this prospectus, and there may be, subsequent to the date of this prospectus but prior to the completion of the Global Offering, press and media coverage regarding us and the Global Offering. 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 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.

## WAIVER IN RELATION TO MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 and Rule 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 management, business operations and assets are primarily located outside Hong Kong. The principal management headquarters of our Group are primarily based in the PRC. Our Company considers that our Group's management is best able to attend to its functions by being based in the PRC. None of our executive Directors is or will be ordinarily resident in Hong Kong after the Listing of our Company. Our Directors consider that relocation of our executive Directors to Hong Kong will be burdensome and costly for our Company, and it may not be in the best interests of our Company and our Shareholders as a whole to appoint additional executive Directors who are ordinarily resident in Hong Kong. As such, we do not have, and for the foreseeable future will not have, sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rule 8.12 and Rule 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 Rule 8.12 and Rule 19A.15 of the Listing Rules, provided that our Company implements the following arrangements:

(1) we have appointed two Authorized Representatives pursuant to Rule 3.05 of the Listing Rules, who will act as our principal channel of communication with the Stock Exchange. The two Authorized Representatives appointed are Mr. Yang Zeyun (楊澤雲), our executive Director and Ms. Leung Ho Yee (梁可怡) ("**Ms. Leung**"), one of our joint company secretaries of the Company. Ms. Leung is situated and based in Hong Kong. Each of our Authorized Representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable time frame upon the request of the Stock Exchange and will be readily contactable by telephone 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 matters on short notice. The contact details of our Authorized Representatives have been provided to the Stock Exchange;

(2) as and when the Stock Exchange wishes to contact our Directors on any matters, each of our Authorized Representatives has the means to contact all of our Directors (including the independent non-executive Directors) promptly at all times;

(3) Although our executive Directors are not ordinary residents in Hong Kong, each of our Directors possesses or can apply for valid travel documents to visit Hong Kong and is able to meet with the Stock Exchange within a reasonable period of time, when required;

(4) We have appointed Innovax Capital Limited as our compliance adviser, pursuant to Rule 3A.19 of the Listing Rules, who will have access at all times to our Authorized Representatives, Directors and senior management, and will act as an additional channel of communication between the Stock Exchange and us for the period commencing on the Listing Date and ending on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year commencing after the Listing Date; and

(5) We have provided the Stock Exchange with the contact details of each Director (including their respective mobile phone number, office phone number and e-mail address).

Our Company will inform the Stock Exchange as soon as practicable in respect of any change in the Authorized Representatives, the Directors and/or the compliance adviser in accordance with the Listing Rules.

## JOINT COMPANY SECRETARIES

According to Rules 3.28 and 8.17 of the Listing Rules and the guidance on experience and qualification requirements of a company secretary (HKEX-GL108-20), the secretary of our Company must be a person who has the requisite knowledge and experience to discharge the functions of company secretary and is either (i) a member of The Hong Kong Chartered Governance Institute, a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong) or a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong), or (ii) an individual who, by virtue of his academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary.

We have appointed Mr. Wang Jun (王駿) ("**Mr. Wang**") as one of our joint company secretaries. Mr. Wang has extensive knowledge and experience in our Company's operations and matters concerning our Board. For more details of Mr. Wang's professional experience and qualifications, please refer to "Directors, Supervisors and Senior Management – Senior Management" in this prospectus. In addition, as the core business and operations of our Group are substantially based and conducted in the PRC, our Directors believe that it is necessary to appoint Mr. Wang as a company secretary whose presence in the headquarters of our Group enables him to attend to the day-to-day corporate secretarial matters concerning our Group. However, given that Mr. Wang does not possess any of the qualifications stipulated in Rule 3.28 of the Listing Rules, he is not able to fulfil the requirements as a company secretary of a listed issuer stipulated under Rules 3.28 and 8.17 of the Listing Rules. As a result, we have appointed Ms. Leung, who possesses such qualifications, as the other joint company secretary of our Company for a three-year period from the Listing Date, so as to provide support and assistance to Mr. Wang and enable him to acquire the relevant experience (as required under Note 2 to Rule 3.28 of the Listing Rules) to duly discharge his duties and responsibilities as a company secretary of our Company. For more details of Ms. Leung's professional experience and qualifications, please refer to "Directors, Supervisors and Senior Management – Joint Company Secretaries" in this prospectus.

Accordingly, 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 in relation to the appointment of Mr. Wang as one of our joint company secretaries for an initial period of three years from the Listing Date, on the condition that Ms. Leung (or any other suitably qualified person) is engaged as a joint company secretary of our Company to assist Mr. Wang throughout the three years from the Listing Date. Such waiver will be revoked immediately if and when Ms. Leung ceases to provide such assistance. Pursuant to HKEX-GL108-20, the waiver will be for a fixed period of time (the "**Waiver Period**") and conditional upon (i) 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 (ii) the waiver can be revoked if there are material breaches of the Listing Rules by the issuer.

The waiver is valid for an initial period of three years from the Listing Date and will be revoked immediately when Ms. Leung ceases to be our joint company secretary. We will also implement procedures to provide Mr. Wang with appropriate training in order to enable him to acquire such necessary experience. Before the end of the three-year period, we will liaise with the Stock Exchange to enable it to assess whether Mr. Wang, having had the benefit of Ms. Leung's assistance (or that of such other suitably qualified person) for three years, will have acquired relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules to duly discharge his duties as a company secretary of our Company so that a further waiver will not be necessary.

## WAIVER IN RELATION TO PUBLIC FLOAT REQUIREMENTS

Rule 8.08(1)(a) of the Listing Rules requires that there must be an open market in the securities for which listing is sought, and that a sufficient public float of an issuer's listed securities shall be maintained. Generally, at least 25% of the issuer's total issued share capital must at all times be held by the public. Pursuant to Rule 8.08(1)(d) of the Listing Rules, the Stock Exchange may, subject to certain conditions and at its discretion, accept a lower percentage of between 15% and 25% in the case of issuers with an expected market capitalization at the time of listing of over HK$10 billion.

Based on the minimum Offer Price of HK$19.35, we will achieve a minimum market capitalization of at least HK$10 billion upon Listing (without taking into account the Shares that may be issued under the Pre-IPO Share Incentive Scheme). Accordingly, we have applied to the Stock Exchange to exercise its discretion under Rule 8.08(1)(d) of the Listing Rules to grant, and the Stock Exchange has granted our Company a waiver from strict compliance with the minimum public float requirement under Rule 8.08(1)(a) of the Listing Rules, so that the minimum percentage of the Shares from time to time to be held by the public will be 15% of the total issued share capital of our Company (including the Shares that may be issued under the Pre-IPO Share Incentive Scheme).

In order to support the application of this waiver, we have confirmed to the Stock Exchange that: (a) we have an expected market capitalization at the time of Listing of over HK$10 billion; (b) there will be an open market in the H Shares offered, and the quantity and scale of the H Shares would enable the market to operate properly with a lower percentage of public float; (c) we will make appropriate disclosure of the lower prescribed percentage of public float in the Prospectus and the announcement of allotment results; (d) we will confirm sufficiency of public float in our successive annual reports after the Listing; (e) we will implement appropriate measures and mechanisms to ensure continual maintenance of the minimum percentage of public float prescribed by the Stock Exchange; and (f) in the event that the public float percentage falls below the minimum percentage prescribed by the Stock Exchange, our Directors will take appropriate steps, which may include a further issue of Shares to independent third parties, to ensure the minimum percentage of public float prescribed by the Stock Exchange will be complied with.

## DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

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

## CSRC APPROVAL

We have obtained the approval letter from the CSRC for the Global Offering and the making of the application to list the H Shares on the Stock Exchange dated 30 March 2023. In granting such approval, the CSRC accepts no responsibility for the financial soundness of us or for the accuracy of any of the statements made or opinions expressed in this prospectus. No other approvals are required to be obtained for the listing of the H Shares on the Stock Exchange.

## 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 applications under the Hong Kong Public Offering, this prospectus contain the terms and conditions of the Hong Kong Public Offering. The Global Offering comprises the Hong Kong Public Offering of initially 7,952,000 Offer Shares and the International Offering of initially 71,568,000 Offer Shares (subject, in each, to reallocation on the basis as set out in "Structure of the Global Offering").

The 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 the Company, the Sole Sponsor, Overall Coordinator and the Sole Global Coordinator, the Joint Lead Managers, the Joint Bookrunners, the Underwriters, any of our or their affiliates or any of their respective directors, officers, employees, advisers, agents or representatives, or any other persons or parties involved in the Global Offering. Neither the delivery of this prospectus nor any subscription or acquisition made under it shall, under any circumstances, create any implication that there has been no change in our affairs since the date of this prospectus or that the information in this prospectus is correct as of any subsequent time.

See section headed "Structure of the Global Offering" for details of the structure of the Global Offering.

## PROCEDURE FOR APPLICATION FOR HONG KONG OFFER SHARES

The procedure for applying for the Hong Kong Offer Shares is set forth in "How to Apply for Hong Kong Offer Shares" in this prospectus.

## STRUCTURE OF THE GLOBAL OFFERING

Details of the structure of the Global Offering, including its conditions, are set out in the section headed "Structure of the Global Offering" 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 acquisition of Hong Kong Offer Shares to, confirm that he 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, and 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.

## UNDERWRITING AND DETERMINATION OF THE OFFER PRICE

The Listing is sponsored by the Sole Sponsor and the Global Offering is managed by the Sole Global Coordinator and the Overall Coordinator. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters subject to the terms and conditions of the Hong Kong Underwriting Agreement. The International Offering is expected to be fully underwritten by the International Underwriters and is expected to be entered into on or about the Price Determination Date, subject to the agreement on the Offer Price between the Overall Coordinator (on behalf of the Underwriters) and our Company. If, for any reason, the Offer Price is not agreed between the Overall Coordinator (on behalf of the Underwriters) and our Company, the Global Offering will not proceed and will lapse. See section headed "Underwriting" for further details on the Underwriters and the underwriting arrangements.

## APPLICATION FOR LISTING OF THE H SHARES ON THE STOCK EXCHANGE

We have applied to the Stock Exchange for the granting of listing of, and permission to deal in, our H Shares to be issued pursuant to the Global Offering. Dealings in the H Shares on the Stock Exchange are expected to commence on Tuesday, 5 December 2023. No part of our H Shares is listed on or dealt in on any other stock exchange, and no such listing or permission to list is being or proposed to be sought in the near future.

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 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 the Company by or on behalf of the Stock Exchange.

## H SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of listing of, and permission to deal in, the H Shares on the Stock Exchange and our 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 Stock Exchange or any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second settlement day after any trading day. All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time. Investors should seek the advice of their stockbroker or other professional advisers for the details of the settlement arrangements as such arrangements may affect their rights and interests. All necessary arrangements have been made for the H Shares to be admitted in to CCASS.

Investors should seek the advice of their stockbrokers or other professional advisers for details of the settlement arrangements that may affect their rights and interest.

## REGISTER OF MEMBERS AND STAMP DUTY

All of the H Shares issued pursuant to applications made in the Global Offering will be registered on our H Share register to be maintained in Hong Kong by our H Share Registrar, Boardroom Share Registrars (HK) Limited. Our principal register of members will be maintained by us at our headquarters in the PRC.

Dealings in the H Shares registered in our H Share register will be subject to Hong Kong stamp duty. Please refer to "Appendix IV – Summary of Principal PRC Legal and Regulatory Provision" to this prospectus for further details.

## DIVIDENDS PAYABLE TO HOLDERS OF H SHARES

Unless determined otherwise by our Company, dividends payable in Hong Kong dollars in respect of our H Shares will be paid to the Shareholders as recorded on the H Share register of the Company in Hong Kong and sent by ordinary post, at the Shareholders' risk, to the registered address of each Shareholder of our Company.

## REGISTRATION OF SUBSCRIPTION, PURCHASE AND TRANSFER OF H SHARES

We have instructed Boardroom Share Registrars (HK) Limited, our H Share Registrar, and it has agreed not to register the subscription, purchase or transfer of any H Shares in the name of any particular holder unless and until the holder delivers a signed form to our H Share Registrar in respect of those H Shares bearing statements to the effect that the holder:

- agrees with us and each of our Shareholders, and we agree with each Shareholder, to observe and comply with the PRC Company Law, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Trial Measures and our Articles of Association;

- agrees with us, each of our Shareholders, Directors, Supervisors, managers and officers, and we act for ourselves and for each of our Directors, Supervisors, managers and officers agree with each of our Shareholders, to refer all differences and claims arising from our Articles of Association or any rights or obligations conferred or imposed by the PRC Company Law or other relevant laws and administrative regulations concerning our affairs to arbitration, and any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct hearings in open session and to publish its award, which arbitration shall be final and conclusive;

- agrees with us and each of our Shareholders that the H Shares are freely transferable by the holders thereof; and

- authorizes us to enter into a contract on his behalf with each of our Directors, Supervisors and senior management whereby such Directors, Supervisors and senior management undertake to observe and comply with their obligations to our Shareholders as stipulated in our Articles of Association. Persons applying for or purchasing H Shares under the Global Offering are deemed, by their making an application or purchase, to have represented that they are not close associates (as defined in the Hong Kong Listing Rules) of any of the Directors, Supervisors or an existing Shareholder of the Company or a nominee of any of the foregoing.

## COMPLIANCE WITH THE LISTING RULES

We will comply with applicable laws and regulations in Hong Kong (including the Listing Rules) and any other undertakings which have been given in favour of the Stock Exchange from time to time. If the Listing Committee finds that there has been a breach by our Group of the Listing Rules or such other undertakings which may have given in favour of the Stock Exchange form time to time, the Listing Committee may instigate cancellation or disciplinary proceedings in accordance with the Listing Rules.

## PROFESSIONAL TAX ADVICE RECOMMENDED

You should consult your professional advisers if you are in any doubt as to the taxation implications of subscribing for, purchasing, holding, disposal of, dealing in or the exercise of any rights in relation to our H Shares. None of the Company, the Sole Sponsor, the Overall Coordinator, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our or their affiliates or any of their respective directors, officers, employees, advisers, agents or representatives, or any other persons or parties involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription, purchase, holding, disposal of, dealing in, or the exercise of any rights in relation to, our H Shares.

## LANGUAGE

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

## ROUNDING

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

## CURRENCY TRANSLATIONS

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

Unless otherwise specified, this prospectus contains certain translations for the convenience purposes at the following rates: Renminbi into Hong Kong dollars at the rate of HK$1.00 to RMB0.9199, Renminbi into U.S. dollars at the rate of US$1.00 to RMB7.1728 and Hong Kong dollars into U.S. dollars at the rate of US$1.00 to HK$7.7975. The RMB to HK$ and US$ to RMB exchange rates are based on the middle rate as published by the PBOC on the Latest Practicable Date. Any discrepancies in any table between totals and sums of amounts listed therein are due to rounding.

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

## DIRECTORS

| Name | Address | Nationality |
|---|---|---|
| **Executive Directors** | | |
| Mr. Chen Xiaomin (陳曉敏) | Room 508, No. 131<br>Funing Road<br>Chancheng District<br>Foshan City<br>Guangdong Province, PRC | Chinese |
| Mr. Yang Zeyun (楊澤雲) | No. 221, 40 Shashi Road<br>Heping District<br>Tianjin, PRC | Chinese |
| Mr. Ye Jiajie (葉嘉傑) | Room 303, Block 1<br>Xinxi Road<br>Chancheng District<br>Foshan City<br>Guangdong Province, PRC | Chinese |
| **Non-executive Directors** | | |
| Mr. Zhan Zhanlin (詹湛林) | Room 701, Block 8<br>Hengda City<br>Huanshi Road<br>Yuncheng District<br>Yunfu City<br>Guangdong Province, PRC | Chinese |
| Mr. Huang Jiao (黃蛟) | Room 1406, Building 1<br>No. 6 Cuiling Road<br>Laoshan District<br>Qingdao City<br>Shandong Province, PRC | Chinese |
| Dr. Wan Yu (萬宇) | East, 4th Floor, Unit 4, Building 11<br>No. 85 West Youyi Road<br>Beilin District<br>Xi'an City<br>Shaanxi Province, PRC | Chinese |

**Independent Non-executive Directors**

| | | |
|---|---|---|
| Mr. Liu Xin (劉新) | No. 305, Door 2<br>9/F, Honglian Beili<br>Xicheng District<br>Beijing, PRC | Chinese |
| Dr. Xing Wei (邢巍) | B3-102<br>Zhonghai Rhine East County<br>Changchun City<br>Jilin Province, PRC | Chinese |
| Ms. Wong Yan Ki, Angel (黃欣琪) | 28H, Block 7<br>Century Gateway<br>No. 83 Tuen Mun Heung<br>Sze Wui Road<br>Tuen Mun, New Territories<br>Hong Kong | Chinese |

**SUPERVISORS**

| **Name** | **Address** | **Nationality** |
|---|---|---|
| Ms. Lin Minting (林敏婷) | Room 452, No. 72, Chengji Road<br>Yuping Community<br>Yuncheng Street<br>Yuncheng District, Yunfu City<br>Guangdong Province, PRC | Chinese |
| Mr. Hu Muzhou (胡沐周) | No. 5 Huayuan Street<br>Shiwan Street<br>Chancheng District, Foshan City<br>Guangdong Province, PRC | Chinese |
| Mr. Liao Han (廖含) | Room 101<br>No. 10, Lane 39, Yinxiao Road<br>Pudong<br>Shanghai, PRC | Chinese |

For further details, please refer to "Directors, Supervisors and Senior Management" in this prospectus.

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| **Sole Sponsor and Sponsor-Overall Coordinator** | **Huatai Financial Holdings (Hong Kong) Limited**<br>62/F, The Center<br>99 Queen's Road Central<br>Hong Kong |
| **Overall Coordinator** | **Huatai Financial Holdings (Hong Kong) Limited**<br>62/F, The Center<br>99 Queen's Road Central<br>Hong Kong |
| **Sole Global Coordinator** | **Huatai Financial Holdings (Hong Kong) Limited**<br>62/F, The Center<br>99 Queen's Road Central<br>Hong Kong |
| **Joint Bookrunners and Joint Lead Managers** | **Huatai Financial Holdings (Hong Kong) Limited**<br>62/F, The Center<br>99 Queen's Road Central<br>Hong Kong<br><br>**CMB International Capital Limited**<br>45/F, Champion Tower<br>3 Garden Road, Central<br>Hong Kong<br><br>**GF Securities (Hong Kong) Brokerage Limited**<br>29-30/F Li Po Chun Chambers<br>189 Des Voeux Road Central<br>Hong Kong<br><br>**Haitong International Securities Company Limited**<br>22/F, Li Po Chun Chambers<br>189 Des Voeux Road Central<br>Hong Kong |

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| | **Livermore Holdings Limited**<br>Unit 1214A, 12/F, Tower II Cheung Sha Wan Plaza<br>833 Cheung Sha Wan Road, Kowloon<br>Hong Kong |
| **Capital Market Intermediaries** | **Huatai Financial Holdings (Hong Kong) Limited**<br>62/F, The Center<br>99 Queen's Road Central<br>Hong Kong |
| | **CMB International Capital Limited**<br>45/F, Champion Tower<br>3 Garden Road, Central<br>Hong Kong |
| | **GF Securities (Hong Kong) Brokerage Limited**<br>29-30/F Li Po Chun Chambers<br>189 Des Voeux Road Central<br>Hong Kong |
| | **Haitong International Securities Company Limited**<br>22/F, Li Po Chun Chambers<br>189 Des Voeux Road Central<br>Hong Kong |
| | **Livermore Holdings Limited**<br>Unit 1214A, 12/F,<br>Tower II Cheung Sha<br>Wan Plaza<br>833 Cheung Sha Wan Road<br>Kowloon<br>Hong Kong |

**Legal Advisers to the Company**

*As to Hong Kong laws:*

**Jun He Law Offices**
Suites 3701-10, 37/F
Jardine House
1 Connaught Place
Central
Hong Kong

*As to PRC laws:*

**JunHe LLP**
28/F, GDH BCC
No. 21 Zhujiang West Road
Zhujiang New Town
Tianhe District, Guangzhou
Guangdong Province
PRC

*As to PRC laws in respect of data security related activities:*

**Beijing Dacheng Law Offices, LLP (Shenzhen)**
3F, 4F & 12F
Block A, Shenzhen International Innovation Center
No. 1006 Shennan Boulevard
Futian District
Shenzhen
Guangdong Province, PRC

**Legal Advisers to the Sole Sponsor and the Underwriters**

*As to Hong Kong laws:*

**Paul Hastings**
22/F, Bank of China Tower
1 Garden Road
Hong Kong

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| | *As to PRC laws:*<br><br>**Jingtian & Gongcheng**<br>Suite 45/F, K. Wah Centre<br>1010 Huaihai Road (M)<br>Xuhui District<br>Shanghai<br>PRC |
| **Reporting Accountant and Auditor** | **PricewaterhouseCoopers**<br>*Certified Public Accountants*<br>*Registered Public Interest Entity Auditor*<br>22/F, Prince's Building<br>Central<br>Hong Kong |
| **Industry Consultant** | **Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.**<br>Room 2504, Wheelock Square<br>No. 1717 Nanjing West Road<br>Jing'an District<br>Shanghai, PRC |
| **PRC Litigation Counsel** | **Scihead Law Firm**<br>Room 08-10, 30th Floor<br>Guangzhou Chow Tai Fook Financial Center (East Tower)<br>No. 6 Zhujiang East Road<br>Pearl River New Town, Tianhe District<br>Guangzhou, Guangdong Province<br>PRC |
| **Compliance Adviser** | **Innovax Capital Limited**<br>Unit B, 13/F, Neich Tower<br>128 Gloucester Road<br>Wanchai, Hong Kong |
| **Receiving Bank** | **CMB Wing Lung Bank Limited**<br>19/F, CMB Wing Lung Bank Building<br>45 Des Voeux Road<br>Central, Hong Kong |

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| **Registered Office and Head Office in the PRC** | Room 501-2, Block No. 37<br>Hangzhou Bay New Economic Park<br>Port District<br>Jiaxing City<br>Zhejiang Province<br>PRC |
| **Place of Business in Hong Kong Registered under Part 16 of the Companies Ordinance** | 31/F, 148 Electric Road<br>North Point, Hong Kong |
| **Joint Company Secretaries** | **Mr. Wang Jun (王駿)**<br>Room 404<br>Building No.7<br>lane 2011<br>Lingshan Road<br>Pudong District<br>Shanghai, PRC<br><br>**Ms. Leung Ho Yee (梁可怡)**<br>*(FCG HKFCG)*<br>31/F, 148 Electric Road<br>North Point, Hong Kong |
| **Authorized Representatives** | **Mr. Yang Zeyun (楊澤雲)**<br>No. 221, 40 Shashi Road<br>Heping District<br>Tianjin, PRC<br><br>**Ms. Leung Ho Yee (梁可怡)**<br>31/F, 148 Electric Road<br>North Point, Hong Kong |
| **Audit Committee** | Ms. Wong Yan Ki, Angel *(Chairlady)*<br>Mr. Liu Xin<br>Dr. Xing Wei |
| **Nomination Committee** | Mr. Chen Xiaomin *(Chairman)*<br>Mr. Liu Xin<br>Dr. Xing Wei |
| **Remuneration Committee** | Mr. Liu Xin *(Chairman)*<br>Mr. Chen Xiaomin<br>Ms. Wong Yan Ki, Angel |

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|---|---|
| **Strategy Committee** | Mr. Chen Xiaomin *(Chairman)*<br>Mr. Liu Xin<br>Mr. Yang Zeyun |
| **H Share Registrar** | **Boardroom Share Registrars (HK) Limited**<br>2103B, 21/F, 148 Electric Road<br>North Point, Hong Kong |
| **Principal Bank** | **China Merchants Bank**<br>**Foshan Nanhai Branch**<br>First Floor, South Region, Liyayuan<br>Nanhai Avenue, Guicheng Street<br>Nanhai District, Foshan City<br>Guangdong Province<br>PRC |
| **Company's website** | **www.sinosynergypower.com**<br><br>(A copy of this prospectus is available on the Company's website. Except for the information contained in this prospectus, none of the other information contained on the Company's website forms part of this prospectus) |

*Certain information and statistics set out in this section and elsewhere in this prospectus are derived from various government and other publicly available sources and from the market research report prepared by Frost & Sullivan. Frost & Sullivan is an independent industry consultant engaged by us, and we commissioned Frost & Sullivan to prepare a market research report. The information from official government sources has not been independently verified by us, the Sole Sponsor, the Overall Coordinator, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, and the Underwriters, any of our or their respective directors and advisers, or any other persons or parties involved in the Global Offering, and no representation is given as to the 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 the prospectus as the Frost & Sullivan Report. A total fee of RMB700,000 shall be paid to Frost & Sullivan for the preparation of the report, which we believe reflects market rates for reports of this type.

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

## RESEARCH METHODOLOGY

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

### Basis and assumptions

In compiling and preparing the Frost & Sullivan Report, Frost & Sullivan has adopted the following assumptions: (i) the social, economic and political environment in the world and China is likely to remain stable in the forecast period; (ii) industry key drivers are likely to drive the growth of the Global and Chinese hydrogen fuel cell industry in the forecast period; (iii) there are no extreme force majeure events or industry regulations by which the market situation may be affected either dramatically or fundamentally; and (iv) there is no extreme unforeseen circumstance or industry regulation which may dramatically or fundamentally affect the industry. 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 HYDROGEN ENERGY INDUSTRY

Hydrogen is a green energy source with multiple advantages, including wide availability, low-carbon emission, good flexibility and efficiency, and diverse applications. Hydrogen has a high energy density and a significantly higher thermal value than fossil fuels. Hydrogen energy can be widely used in fields such as industrial, transportation, construction, etc. The hydrogen energy industry comprises hydrogen production, storage, transportation, application and refueling.

The issues of climate change and environmental pollution have gradually become a common concern of the international community. In this regard, many countries have introduced a series of emission reduction policies, and proposed goals such as zero emission, carbon peaking, and carbon neutrality. Measures such as restricting the consumption of fossil fuels and increasing the use of clean energy have also been taken to optimize energy structure as well as maximize energy utilization rate. In 2020, China pledged to achieve carbon peaking by 2030 and carbon neutrality by 2060. As an important measure to tackle climate change and accelerate energy transformation, more and more economies attach great importance to the development of the hydrogen energy industry and regard it as a part of the energy development strategy. Hydrogen energy has become an important choice for accelerating energy transformation and upgrading as well as cultivating new economic growth drivers.

Japan was one of the first countries promoting the development of hydrogen energy, and Japan has positioned hydrogen energy as a core energy source since the "Energy Basic Plan" issued in 2014. Hydrogen energy industry was also listed as one of the three strategic investment areas in the "Roadmap for Hydrogen Economy Development" published by the Korean government in 2019. The European Union released the "EU Hydrogen Strategy" in July 2020, aiming to increase the proportion of hydrogen energy in the European energy structure to 13-14% by 2050. The United States announced its "Hydrogen Energy Earthshot" in June 2021, proposing to achieve the goal of reducing green hydrogen costs significantly within 10 years. As for the region of Middle East, some countries such as Morocco, Oman and the United Arab Emirates have already published national hydrogen energy strategies to encourage the use of renewable energy to produce low-carbon hydrogen and establish the hydrogen energy export industry.

China has been exploring hydrogen energy since the beginning of this century. Hydrogen energy was written into the government work report for the first time in 2019. China released its first Medium and Long-term Development Plan for Hydrogen Industry (2021-2035) (氫能產業發展中長期規劃(2021-2035年)), which provided the clear development orientation and goals of the hydrogen energy industry, and for the first time made it clear that hydrogen energy is an important part of the future national energy system. Leveraging its advantages of high energy density, good combustion performance and near-zero pollution, hydrogen energy is growing into one of the key parts of global energy transition and shows a high growth promising future. The market size of global hydrogen energy industry is expected to be over USD1.0 trillion in 2050.

**Industry landscape of the hydrogen energy market in China**

- ***Types of hydrogen***

Leveraging the large industry production scale and abundant renewable energy sources, China has high availability and sufficient sources for hydrogen production, demonstrating great potential for the promotion of hydrogen energy in the future.

The types of hydrogen available in the market for fuel cell vehicles include grey hydrogen, blue hydrogen, and green hydrogen.

Grey hydrogen refers to hydrogen produced from fossil fuels (e.g., natural gas, coal, etc.) or industrial by-products. Based on the fossil-fuel dominated energy structure in China, in particular coal, grey hydrogen has relatively high availability in China. Due to the advantages of low production cost and mature technology, grey hydrogen is currently the most common hydrogen in China (approximately 97% of total). In 2022, fossil fuel (approximately 78%) was the main source to produce hydrogen, followed by industrial by-products (approximately 19%). However, grey hydrogen produces carbon emissions and pollutants because the production process of grey hydrogen includes combustion of fossil fuels. Since grey hydrogen cannot fully realize carbon-free production, the Chinese government has encouraged the green transformation of hydrogen production.

Blue hydrogen refers to hydrogen produced from fossil fuels in combination with CCUS (Carbon Capture, Utilization and Storage) technology. CCUS technology can achieve low or zero carbon emission in the overall hydrogen production process, but it still relies on fossil fuels as raw materials. Meanwhile, the current cost of CCUS technology is relatively high, so it has not yet been applied on a large scale.

Green hydrogen refers to hydrogen mainly produced from renewable energy sources (e.g., solar, wind, etc.) through electrolysis of water, with no carbon emission. At present, the production of green hydrogen is generally more costly than that of grey and blue hydrogen, which limits the large-scale application of green hydrogen. Currently, most of the green hydrogen in China is produced in areas with abundant renewable energy resources, such as Inner Mongolia, Hebei Province, etc. In Inner Mongolia and other northwestern regions, the great amount of hydrogen produced by using redundant local wind and solar energy that cannot be connected to the electric grid has a significant cost advantage in the local area. Looking forward, promoted by the decreasing costs of hydrogen production from renewable energy sources, it is expected that green hydrogen will be increasingly competitive and has great development potential in China. 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)) set a target of 100,000-200,000 tons/year of hydrogen production from renewable energy sources by 2025.

The following table sets forth the comparison between different types of hydrogen in terms of sources of production.

| Source | | Production process | Environmental impact (carbon emission and pollution) |
|---|---|---|---|
| **Fossil fuels** | Coal | Gasification of COG (Coke Owen Gas) | Large |
| | Natural gas | SMR (Steam-methane reforming) | Medium |
| **Industrial by-products** | Coke oven gas, Chlor-alkali exhaust gas | PSA (Pressure Swing Adsorption) | Large |
| **Renewable energy and water** | Solar, wind, etc. | Electrolysis of water | Small (No carbon emission) |

*Source: Frost & Sullivan*

The retail price of hydrogen in China is determined by multiple factors such as the regional energy structure and the costs of production, storage, transportation and distribution of hydrogen. Meanwhile, hydrogen sold in the market generally cannot be traced back to the source and type of hydrogen production. Therefore, the average retail price of hydrogen cannot be distinguished according to the types of hydrogen. With the industrialization of the hydrogen energy industry and advancement in hydrogen production, storage and transportation technologies, China's average retail price of hydrogen is expected to drop from the current RMB40-70/kg (without subtracting subsidies) in 2022 to less than RMB30/kg in 2025-2030, and further to less than RMB10/kg in 2050.

- ***Hydrogen storage***

There are three main types of hydrogen storage methods: gaseous, liquid, and solid. Hydrogen can be stored as gas by high pressure compression, which is the main storage method currently, with the advantages of fast filling and discharging, simple structure of containers and low cost. Liquid hydrogen storage has not yet been widely used in China, and solid hydrogen storage is still in the early stage of research. China has seen pilot application of solid hydrogen storage in distributed power generation. With further development of hydrogen storage techniques, approaches such as multi-phase hydrogen storage and high-pressure hydrogen storage will be increasingly applied in the future.

- ***Hydrogen transport and distribution***

Depending on the different storage methods, hydrogen can be transported in gaseous, liquid and solid forms. The transportation of gaseous hydrogen through long-haul trailers and pipelines for long-distance distribution is currently the main method of hydrogen transportation. Thanks to its advantages of large hydrogen delivery capacity, low energy consumption and low cost, pipeline transportation is ideal for large-scale and long-distance hydrogen transportation, but with huge one-time investment for constructing pipelines. Liquid hydrogen can be transported by liquid hydrogen tanks. Liquid hydrogen storage and transportation can improve hydrogen transport efficiency and the supply capacity of each hydrogen refueling station. Solid hydrogen should be stored and transported by low-pressure, high-density solid hydrogen storage tanks made of lightweight hydrogen storage materials (such as magnesium-based materials), but this method is still in the pilot study stage.

- ***Trend of hydrogen energy development***

Driven by the strong initiatives tackling climate change and environment pollution, hydrogen energy is expected to become one of the mainstream choices of clean energy in the future due to its advantages such as high energy density, good combustion performance and near-zero pollution. From the technological aspect, hydrogen energy production, transportation, storage and application technologies will be further innovated and upgraded, promoting the commercial application and cost reduction of hydrogen energy. In terms of downstream application, industrial scenario is currently the dominant application scenario of hydrogen energy. Looking forward, the rapid growth of the hydrogen fuel cell industry will drive the application of hydrogen energy in transportation, which is also currently the major application area for hydrogen fuel cells.

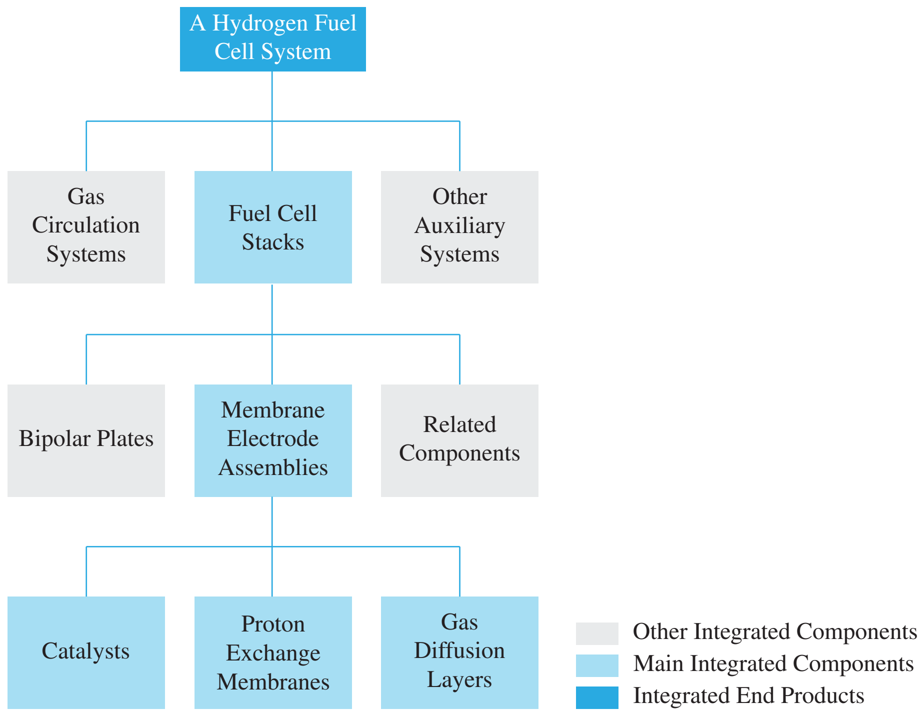
## OVERVIEW OF HYDROGEN FUEL CELL STACKS AND SYSTEMS MARKET

### Definition and Classification of Hydrogen Fuel Cell Stacks and Systems

A hydrogen fuel cell system is a power generation device that converts chemical energy into electrical energy through a non-combustible, pollution-free electrochemical reaction. For a hydrogen fuel cell vehicle, the hydrogen fuel cell system serves as a core component of its power system, which determines the performance, safety, and stability.

A hydrogen fuel cell system mainly comprises: 1) hydrogen fuel cell stacks; 2) gas circulation systems, including an air compressor and a hydrogen circulation pump; and 3) other auxiliary systems. Among them, the hydrogen fuel cell stacks are the core of the hydrogen fuel cell system, which are the devices for redox chemical power generation. They consist of several fuel cells connected in series, and each single cell is made up of bipolar plates and membrane electrode assemblies (MEAs). The hydrogen fuel cell stacks are vital for the overall performance and cost-effectiveness of the hydrogen fuel cell system.

**Hydrogen Fuel Cell System Structure**



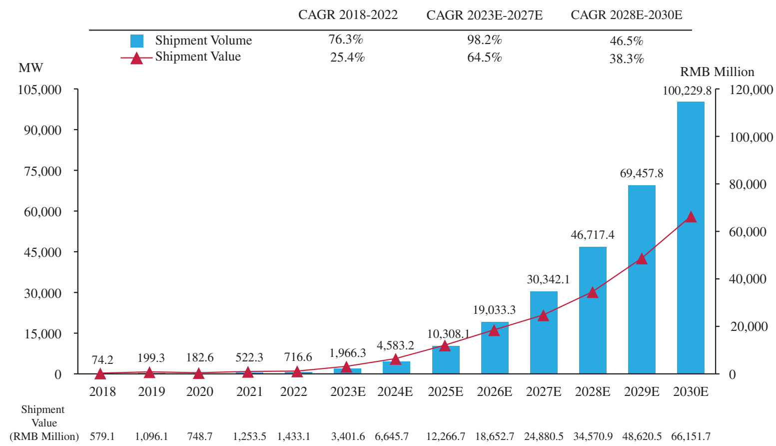

## Market Size of Hydrogen Fuel Cell Stacks and Systems in China

### Market size of hydrogen fuel cell stacks in China

From 2018 to 2022, the market size of hydrogen fuel cell stacks in China by shipment volume surged from 74.2MW to 716.6MW, with a CAGR of 76.3%, benefiting from the rapid growth of sales of hydrogen fuel cell vehicles in China. The market size of hydrogen fuel cell stacks in China by shipment value increased from RMB579.1 million to RMB1,433.1 million during the same period.

With the establishment of the demonstrative city clusters of hydrogen fuel cell vehicles since 2021, China's hydrogen fuel cell industry has experienced a rapid growth period. The industry is expected to see rising demand for hydrogen fuel cells, which will boost shipment of hydrogen fuel cell stacks. In addition, driven by sustained technological breakthroughs in energy density and operating life as well as the diversifying application scenarios of hydrogen fuel cells, it is expected that shipment volume of hydrogen fuel cell stacks in China will maintain a rapid growth from 1,966.3MW in 2023 to 30,342.1MW in 2027, representing a CAGR of approximately 98.2%. By 2030, shipment volume of hydrogen fuel cell stacks in China will soar to 100,229.8MW, representing a CAGR of approximately 46.5% from 2028 to 2030. In terms of shipment value, the market size of hydrogen fuel cell stacks in China is expected to increase from RMB3,401.6 million in 2023 to RMB24,880.5 million in 2027 and RMB66,151.7 million in 2030.

**Shipment Volume and Shipment Value of Hydrogen Fuel Cell Stacks in China, 2018-2030E**



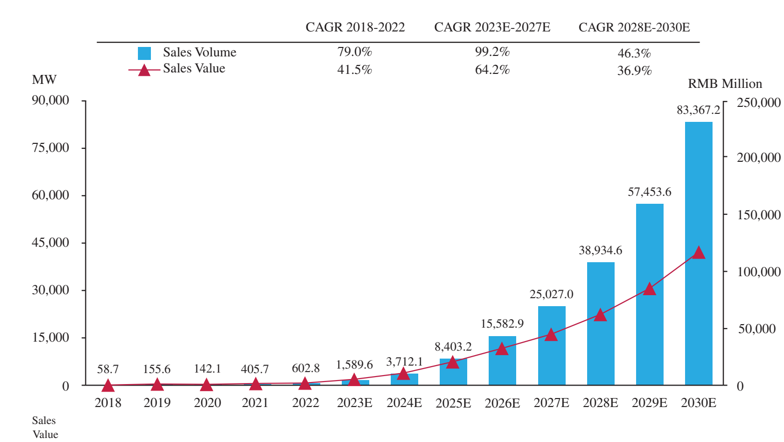

*Source: Frost & Sullivan*

**Market size of hydrogen fuel cell systems in China**

With the support of national policies, great strides have been made in the hydrogen fuel cell technology. China is able to develop and localize core technologies of hydrogen fuel cell systems and their key components. From 2018 to 2022, the market size of hydrogen fuel cell systems in China by sales volume jumped from 58.7MW to 602.8MW, with a CAGR of 79.0%. The market size of hydrogen fuel cell systems in China by sales value increased from RMB721.6 million to RMB2,893.4 million during the same period.

In the near future, driven by the rapid development of the hydrogen fuel cell vehicle industry and other emerging application scenarios, the market size of hydrogen fuel cell systems in China by sales volume is expected to reach 25,027.0MW in 2027 and 83,367.2MW in 2030, with a CAGR of 99.2% from 2023 to 2027 and a CAGR of 46.3% from 2028 to 2030. In terms of sales value, the market size of hydrogen fuel cell systems in China is expected to increase from RMB6,199.5 million in 2023 to RMB45,048.6 million in 2027 and RMB116,714.1 million in 2030.

**Sales Volume and Sales Value of Hydrogen Fuel Cell Systems in China, 2018-2030E**




*Source: Frost & Sullivan*

*Note:* It is an industry practice that in order to ensure that the equipment using the hydrogen fuel cell runs smoothly at the rated power, the total power of the hydrogen fuel cell stacks installed is usually higher than the power of the hydrogen fuel cell system. Therefore, there is a gap between the shipment volume of the hydrogen fuel cell stacks and the sales volume of the hydrogen fuel cell systems.

## Applications of Hydrogen Fuel Cells

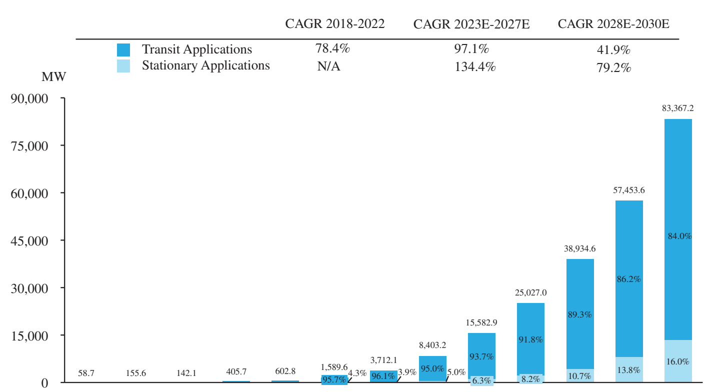
The applications of hydrogen fuel cells mainly cover transit applications and stationary applications.

The end customers of the hydrogen fuel cell stacks and systems generally include bus companies, logistics and transportation companies, ports, factories, mines and rail companies, etc.

In the field of hydrogen fuel cell vehicles, hydrogen fuel cell stacks and systems are standardized in general, which can be applied to most of hydrogen fuel cell vehicles of different brands. Under most circumstances, hydrogen fuel cell stacks and systems cannot be directly applied to other transit application scenarios such as trams and ships, as different types of transports adopt different technical standards. Even for hydrogen fuel cell products applied in trams, it is often necessary to make personalized design and layout to meet the needs of different manufacturers. In the field of stationary application scenario, hydrogen fuel cell stacks and systems are standardized in general for backup power application. For other stationary application products with relatively large capacity (e.g., stationary power stations, hydrogen energy storage projects), hydrogen fuel cell stacks and systems manufacturing companies normally provide personalized products according to the specific requirements of the customers.

So far, driven by the promotion of hydrogen fuel cell vehicles, transit applications have accounted for almost all of the hydrogen fuel cell market. Due to the immature market, stationary applications of hydrogen fuel cells have not been implemented in commercial operation in China over the past few years. As hydrogen energy is increasingly valued by the government and the market, stationary power demonstration projects based on hydrogen fuel cell technology are expected to be carried out in the coming years. The market size of transit and stationary applications of hydrogen fuel cell systems by sales volume in China will increase to approximately 22,967.8MW and 2,059.2MW in 2027, representing CAGRs of 97.1% and 134.4% from 2023, respectively. By 2030, the market size of transit and stationary applications of hydrogen fuel cell systems by sales volume in China will further rise to 70,016.2MW and 13,351.0MW, accounting for 84.0% and 16.0% of the overall market size, respectively.

**Sales Volume of Hydrogen Fuel Cell Systems in China, by Application, 2018-2030E**




| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023E | 2024E | 2025E | 2026E | 2027E | 2028E | 2029E | 2030E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Transit Applications (MW) | 58.7 | 155.6 | 142.1 | 405.7 | 594.1 | 1,521.4 | 3,565.6 | 7,985.2 | 14,608.6 | 22,967.8 | 34,778.6 | 49,538.0 | 70,016.2 |
| Stationary Applications (MW) | – | – | – | – | 8.7 | 68.3 | 146.6 | 418.0 | 974.3 | 2,059.2 | 4,156.0 | 7,915.6 | 13,351.0 |

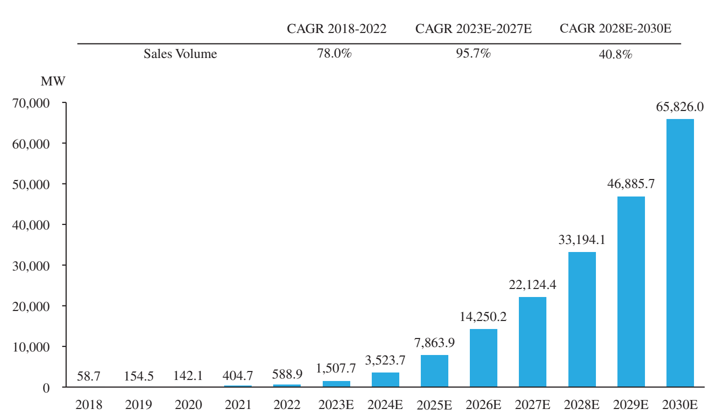
*Source: Frost & Sullivan*

- ***Transit applications-hydrogen fuel cell vehicles:***

The transit applications of hydrogen fuel cells include hydrogen fuel cell vehicles, trams and ships, among which hydrogen fuel cell vehicles are the most widely used. Hydrogen fuel cell vehicles include (i) commercial vehicles such as buses, logistic vehicles, material handling vehicles, dump trucks and heavy-duty trucks, (ii) construction vehicles such as heavy transport vehicles, forklifts, cement mixers, and emergency vehicles, and (iii) passenger vehicles such as sedans and SUVs. Incentivized by measures such as industrial subsidies and national support policies, commercial vehicles have become the mainstream application scenario of hydrogen fuel cells in China. From 2018 to 2022, the market size of hydrogen fuel cell systems applied in vehicles in China increased from 58.7MW to 588.9MW, representing a CAGR of 78.0%. In 2022, the hydrogen fuel cell systems applied in vehicles accounted for approximately 97.7% of the total hydrogen fuel cell systems. The applications of hydrogen fuel cells in ships, trams and other fields have already been in the stage of demonstration or preliminary commercialization.

Looking forward, with the advancement of hydrogen fuel cell technologies in the future, the reduction of manufacturing costs, and the strengthening of industrial scale effects, hydrogen fuel cell vehicles will be further promoted, driving the continued growth of hydrogen fuel cell systems market. The market size of hydrogen fuel cell systems applied in vehicles in China is expected to increase to 22,124.4MW in 2027 and 65,826.0MW in 2030, representing CAGRs of 95.7% from 2023 to 2027 and 40.8% from 2028 to 2030, respectively, contributing to the rapid growth of the industry.

**Sales Volume of Hydrogen Fuel Cell Systems Applied in Vehicles in China, 2018-2030E**




*Source: Frost & Sullivan*

- ***Transit applications – trams:***

A hydrogen fuel cell tram is a new energy rail vehicle that is powered by hydrogen energy. Hydrogen fuel cell tram features advantages such as low noise, low pollution, and long service life, providing a new solution for the rail transport system. In 2017, Gaoming District, Foshan City, Guangdong Province launched China's first hydrogen fuel cell tram. In October 2022, Shanghai, the world's first hydrogen-powered rubber-tyred digital rail tram rolled off the production line, which will also be the first hydrogen-powered medium-capacity tram line in China. The first batch of five medium-capacity hydrogen-powered digital track rubber-tyred trams delivered this time will serve the Lingang T2 line, promoting the construction of the green public transportation network and the green city. With the promotion and application of hydrogen energy, especially the development of hydrogen fuel cell technology, various local governments, such as Foshan and Shanghai, will continue to vigorously support the wide applications of hydrogen energy, and the support will in turn drive the application of hydrogen fuel cell trams in China. In addition, some Chinese companies have won bids for overseas hydrogen fuel cell tram projects, which also shows the growing global demand for hydrogen fuel cells for transit applications such as trams.

- ***Transit applications – ships:***

Hydrogen fuel cells can be used as the main power sources for ships to meet the market demand for high-performance green ships in domestic, offshore, and ocean-going routes, and this specific application of hydrogen fuel cells is also encouraged by technological breakthroughs and favorable policies. Hydrogen fuel cell ships have several advantages such as zero greenhouse gas emission, low maintenance costs, long mileage, and convenience during refueling. There are a great number of countries or regions around the world that started early in the field of hydrogen fuel cell ships like Europe, the United States and Japan.

In China, many universities and research institutes have conducted research on hydrogen fuel cell systems for civilian ships over the past few years, with the application scenarios focusing on small and medium-sized yachts as well as some military ships. Currently, a series of supportive policies have been released and provided a favorable external environment for the application of hydrogen fuel cells in the ship sector. 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)) specified exploring the application of hydrogen fuel cells in ships. Moreover, the demonstrative city clusters have successively launched relevant hydrogen energy development plans. For example, in August 2022, Liaoning Province released the Hydrogen Energy Industry Development Plan, Liaoning Province (2021-2025) (遼寧省氫能產業發展規劃(2021-2025年)), which set the target of having more than 50 hydrogen fuel cell ships by 2025 and more than 1,500 hydrogen fuel cell ships by 2035. In May 2022, China's first inland hydrogen fuel cell powered workboat "Three Gorges Hydrogen Boat No. 1" ("三峽氫舟1") has started construction, which is also the first hydrogen fuel cell powered workboat in China to be classified by China Classification Society (CCS) (中國船級社). The implementation of these ship demonstration projects is expected to provide valuable experience for the subsequent widespread promotion of hydrogen fuel cell ships in China. It is expected that hydrogen fuel cells will further penetrate in the ship sector in the future.

- ***Stationary applications:***

Hydrogen fuel cells are mainly used in backup power stations and stationary power stations in the stationary application scenarios. Hydrogen fuel cells were first applied in the stationary application scenario in the 2000s while currently still have relatively low penetration. Diesel generator is the major alternative choice in the stationary application scenario. Hydrogen fuel cell has advantages of high efficiency, high energy density, environmental friendliness, rapid response and long service life. Meanwhile, due to the wide range of sources of hydrogen production, hydrogen can be provided to the fuel cells by reforming alcohols and natural gas, or by electrolyzing water with renewable energy sources in the stationary application scenarios. Hydrogen fuel cells are already replacing diesel generators in the stationary application scenario to lower odor, noise, carbon emissions and air pollutant emissions, demonstrating large development potential in the future.

Hydrogen fuel cell backup power can be widely used in communications, electric power, internet data centers (IDC), medical and public utility sectors. Some developed countries such as the United States have begun to apply hydrogen fuel cells to data centers as the backup power source. For example, some of the world's leading technology companies have increased their use of renewable energy in their operations, including data center infrastructure powered by hydrogen fuel cells. The US was also the first country in the world with large-scale deployment of stationary hydrogen fuel cell systems and had the world's largest accumulated installed capacity of over 550MW. In China, the layout of hydrogen fuel cells by the leading enterprises in the data center industry has already started since 2022. As the world becomes increasingly digitalised, data centers are emerging as one of the most important sources of energy demand and carbon emissions. According to data released by International Energy Agency (IEA), global data centers' electricity use in 2021 was 220-320 TWh[2], or around 0.9-1.3% of global final electricity demand. Data centers and data transmission networks are responsible for approximately 1% of energy-related GHG (green house gas) emissions. Therefore, with the progress of decarbonisation in global data centers, hydrogen fuel cells have broad application prospects.

Featuring strong modular performance, good scenario adaption and scalability, stationary power stations can be used as a supplement to the main power grid or built in remote areas for independent power generation. At present, the hydrogen fuel cell stationary power generation industry is in the early stage of development. In 2021, the total newly installed capacity of hydrogen fuel cell stationary power in the world was over 300MW and the newly sales volume of hydrogen fuel cell for stationary power was approximately 50 thousand units. As hydrogen fuel cell technology matures and the costs of hydrogen fuel cells gradually decrease, the stationary power supply market is expected to usher in explosive growth in the future. The global hydrogen fuel cell power stations are currently mainly concentrated in North America, Japan and South Korea.

Compared with foreign developed countries, China's hydrogen fuel cell applied for stationary application is still in the initial stage. The Chinese government promotes the application of hydrogen fuel cells in stationary power generation sector by issuing a series of incentive policies. For instance, 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)) issued in 2022 called for local governments to lay out hydrogen fuel cell stationary power generation devices according to local conditions and promote demonstration projects of comprehensive utilization of hydrogen energy in areas such as communities, parks, mining areas, ports, etc. As of 2021, there are no substantial large-scale hydrogen fuel cell stationary power projects in operation in China, and most projects are still in the construction or trial operation stage. Since 2022, approximately ten projects of hydrogen stationary power stations have been put into operation or launched in China. In July 2022, China's first megawatt-scale hydrogen energy comprehensive utilization demonstration station was put into operation in Lu'an, Anhui Province. In Yulin, Shaanxi Province, August 2022, a zero-carbon distributed smart energy center demonstration project equipped with a 640kW hydrogen energy system was completed and put into use. Through the coordinated utilization of solar energy, electric energy and hydrogen energy, the project in Yulin has realized the practical and large-scale demonstration application of a zero-carbon multi-energy supply and demand system. According to the White Paper on Hydrogen Energy and Hydrogen Fuel Cells (中國氫能源及燃料電池產業白皮書), it is expected that the production of hydrogen fuel cell stationary power generation devices in China is expected to hit 20,000 units/year by 2050.

As an emerging technology applied in the stationary application scenario, hydrogen energy storage is developed by utilizing the exchanges of electricity and hydrogen energy, which can store electricity produced in various sources by producing hydrogen through electrolysis of water and then converting the hydrogen energy into electricity through the fuel cells so as to achieve the distribution, optimization and integration of the energy resources. Hydrogen energy storage can help build a micro-grid system for co-supply of thermal, electricity and hydrogen energy, effectively solving the problem of energy consumption and storage. As a clean, efficient and sustainable energy storage technology, hydrogen energy storage has advantages including but not limited to high energy density, low operation and maintenance costs, no pollution, and good compatibility with the environment, etc. Therefore, hydrogen energy storage solutions have strong competitiveness in the field of stationary power in the future. In China, the government has issued incentive policies to support the development of hydrogen energy storage. The Guidance on Accelerating the Development of New Energy Storage (關於加快推動新型儲能發展的指導意見) issued in July 2021 pointed out that it is necessary to explore the research and demonstration application of hydrogen storage technology. Some local governments have also introduced relevant policies to support hydrogen energy storage technology. For example, the Medium and Long-Term Plan for the Development of Hydrogen Energy Industry in Henan Province (2022-2035) (河南省氫能產業發展中長期規劃(2022-2035年)) issued in August 2022 and the Hunan Province Hydrogen Energy Industry Development Plan (湖南省氫能產業發展規劃) released in October 2022 stated that it is necessary to carry out demonstration applications of hydrogen energy in scenarios such as renewable energy consumption and grid power peak shaving, and actively explore an integrated application model combining renewable energy (e.g., wind and solar) power generation and hydrogen energy storage.

**Drivers and Development Trend Analysis of Hydrogen Fuel Cell Stacks and Systems Market in China**

- ***Continued R&D investment in hydrogen fuel cells promotes technological breakthroughs and industrialization***

The hydrogen fuel cell stacks are the core components of the hydrogen fuel cell systems, and its technical level directly affects the power system as well as the comprehensive performance of the hydrogen fuel cell vehicles and other hydrogen fuel cell devices. In recent years, with the technology advancement of hydrogen fuel cell stacks in China, its performance of hydrogen fuel cell stacks has been greatly improved and is close to the leading international level. Some leading domestic independent brands have achieved breakthroughs in key technologies and processes, and have mastered core technologies and owned intellectual property rights to promote the localization of more hydrogen fuel cell-related components. The gap between China's independently developed hydrogen fuel cell stacks and foreign advanced products in terms of reliability, durability, safety and costs has been narrowing. Through technological advancements, increased R&D investments, and the acquisition of intellectual property rights, domestic companies have reduced their reliance on foreign technology and components. Breakthroughs have been made in major segments such as MEAs and bipolar plates. For example, in the bipolar plate segment, after years of exploration, graphite bipolar plates have been localized, and the technology of flexible molded carbon bipolar plates has reached the leading international level. For instance, we have achieved mass-production of low-cost embossed flexible graphite bipolar plates. The production of high corrosion resistant embossed flexible graphite bipolar plate by rapid molding of low-cost flexible expanded graphite plate reduces the brittleness of hard graphite bipolar plate while greatly lowers our manufacturing cost. Metal bipolar plates have entered small-scale production, but their durability and reliability still wait for research breakthroughs, which are crucial to applications of hydrogen fuel cell stacks in passenger cars and more diversified scenarios. In addition, the key performance indicators of leading domestic brands' hydrogen fuel cell products, such as rated power, power density, freeze-start temperature and lifespan, have been continuously upgraded in the past few years. For example, SynStack GIII, which we have successfully developed and achieved mass-production, has a rated power of 204kW and a power density of 4.5kW/L, which is at the forefront of the industry. In the BOP (Balance of Plant) segment, low-power, high-speed, oil-free air compressors have entered small-scale independent production in China. With the improving physical properties of key materials, the thermal, mechanical and electrochemical stability of components will be significantly improved, which will promote the stability and comprehensive lifetime of hydrogen fuel cell systems. Under the background that the Chinese government vigorously promotes the transformation of scientific and technological achievements and encourages the introduction of technologies, domestic companies producing hydrogen fuel cell stacks and hydrogen fuel cell systems will continue to increase their R&D investment. The improving technology and mass-production capability can further bring down the costs of hydrogen fuel cell stacks and systems, along with the increasing demand for hydrogen fuel cell vehicles and other hydrogen fuel cell devices.

The significance of these breakthroughs lies in their ability to strengthen the competitive position of domestic brands in the hydrogen fuel cell industry. They provide a foundation for business expansion, commercialization, and the formulation of long-term strategies. The technological achievements of the domestic brands can drive the widespread adoption of hydrogen fuel cell technology and establish themselves as key players in the global hydrogen fuel cell industry.

- ***The surging demand for hydrogen fuel cell vehicles boosts the development of hydrogen fuel cell stacks and systems***

Policies introduced by the government to address climate change and environmental pollution have led to heightened awareness for environmental protection, with a growing number of people turning their attention to "low carbon living" and "green travel". Hydrogen fuel cell vehicles only need to be replenished with hydrogen during use, and the entire driving process is pollution-free and meets the requirements of environmental protection. Meanwhile, by relying on the advantages such as zero emission, high payload, long driving range and fast fuel replenishment, vehicles powered by hydrogen fuel cells will complement electric vehicles. The total number and sales of hydrogen fuel cell vehicles in China are expected to reach 320.9 thousand and 150.4 thousand units in 2027, and 1,091.5 thousand and 412.4 thousand units in 2030. The CAGRs of sales of hydrogen fuel cell vehicles in China between 2023 and 2027 as well as between 2028 and 2030 will be 90.0% and 38.5% respectively, which will stimulate the demand for hydrogen fuel cell stacks and systems and continuous improvement to the industrial chain.

- ***Strong policy support***

To promote the development of hydrogen fuel cells, China has formulated industrial policies, emphasizing industrial synergy and increasing R&D support. The Notice on 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 four ministries and commissions including the Ministry of Finance in April 2020 stated that the current purchase subsidies for fuel cell vehicles would be adjusted. Cities or regions with foundation, enthusiasm and characteristics selected as demonstrative city clusters in technology research and industrial applications of key parts and components. The central government will adopt the "award in lieu of subsidy" (以獎代補) policy to give incentives to the demonstrative city clusters. For the details about specific mechanism of the "award in lieu of subsidy", please refer to "Industry Overview – Relevant policies in the use of hydrogen fuel cell systems in the transportation industry" in this prospectus. The policy aims to establish the industry chain of hydrogen energy and fuel cell vehicles in about four years, and make breakthroughs in core technologies for key fields to form a rational layout coupled with synergistic development. This will further encourage enterprises in the hydrogen energy industry chain to achieve breakthroughs in core technologies for key fields and secure the sustainable development of the industry. In addition, hydrogen energy was first mentioned in the "14th Five-Year Plan" as a frontier field with technological and industrial changes. The plan pointed out that during the "14th Five-Year Plan" period, the hydrogen energy industry incubation and acceleration plan should be organized and implemented. Furthermore, 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)) jointly issued by the National Development and Reform Commission and the National Energy Administration in March 2022 put forward the requirements of continuously improving the reliability, stability and durability of fuel cells, and supporting the development of emerging fuel cells and other technologies, with the focus on the R&D and manufacturing of core components as well as key equipment. One of the cores of the national hydrogen energy strategy is to strengthen multi-path exploration of frontier technologies, interdisciplinary integration and supply of disruptive technologies. Hydrogen fuel cell stacks and systems, as the core of the hydrogen fuel cell industry chain, are bound to usher in greater development with the aid of all-round, multi-level and multi-disciplinary policy dividends.

- ***Wider application***

With continuous technological breakthroughs, hydrogen fuel cells will embrace more diversified application scenarios integrating with more industries. At present, commercial vehicles powered by hydrogen fuel cells in China have entered the early stage of industrial development. Benefiting from the support of relevant national policies, the industry of commercial vehicles powered by hydrogen fuel cells will keep a momentum of rapid development. In the commercial vehicle segment, forklifts, buses, light and medium duty trucks have been at the forefront of hydrogen fuel cell commercial vehicle applications. Along with the technology advancement of hydrogen energy and fuel cells, cost reduction, and infrastructure improvement, hydrogen fuel cell vehicles will expand to more scenarios such as port terminals, mines and specific routes. With the increasing awareness and the declining price, hydrogen fuel cell vehicles will be gradually commercialized and promoted in the passenger vehicle sector. China's hydrogen energy plan also clearly points out that the future development of hydrogen energy in the field of transportation will focus on promoting the applications of hydrogen fuel cells in medium and heavy vehicles, orderly expand the applications of hydrogen fuel cells to areas such as new energy passenger and cargo vehicles, gradually establish the complementary development model of hydrogen fuel cell electric vehicles and battery electric vehicles, and actively explore the applications of hydrogen fuel cells in ships, aircrafts and other fields.

In addition to transit applications, the stationary applications of hydrogen fuel cells are expected to increase in the future. In the stationary power generation scenario, hydrogen fuel cells will be applied to increasing numbers of stationary power generation, backup power and emergency power stations, etc. Besides, hydrogen energy storage will play a more important role in stationary application due to its significant advantages, and become one of the major components of China's new power system. Driven by the growing demand for application scenarios, manufacturers of hydrogen fuel cell systems tend to tailor products and services to the needs of customers.

**Threats to the Development of Hydrogen Fuel Cell Systems Market in China**

- ***Lack of domestic production capability of some key components***

China's fuel cell technology has made great progress over the past few years, but there are still certain gaps with the international advanced level of some raw materials and core components in terms of independent research and domestic production, such as the production of catalysts, proton membranes, etc. The dependency on imports for such components remains strong, which also brings risks of unstable supply of raw materials that may further impact normal production of hydrogen fuel cell systems. In recent years, China's leading hydrogen fuel cell stacks and systems companies have reduced their dependence on overseas suppliers by actively carrying out research and development of these key components and deploying domestic suppliers.

- ***Insufficient infrastructure system***

Since China's hydrogen energy industry is still at its relatively early development stage, the number of the hydrogen refueling stations is still insufficient and most of them rely on policy subsidies for construction. Therefore, the inadequate hydrogen infrastructure facilities may impede the growth of the fuel cell system market.

- ***Lack of professional and technical personnel***

As a technology-intensive industry, the fuel cell system market is greatly influenced by the quality of professionals, especially R&D personnel. Rapid market growth and intensified competition will lead to a greater shortage of technical talents, who will be concentrated in a few leading companies, thereby slowing down the pace of technological progress in the fuel cell system industry.

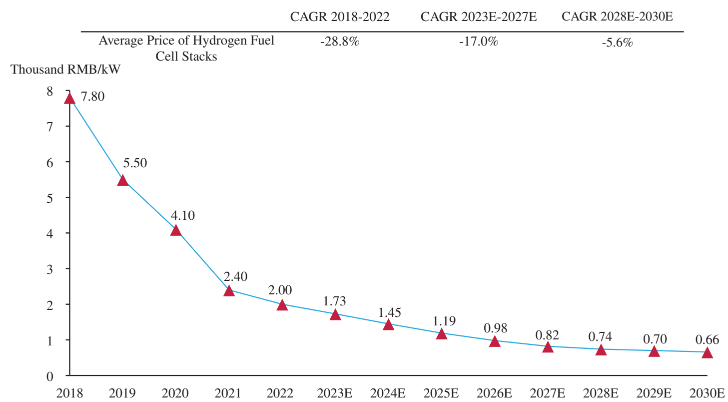
- ***Safety concern of hydrogen storage and transportation***

Since hydrogen is easy to leak and explode, the safety concern of hydrogen storage and transportation remains a potential challenge for the hydrogen energy industry. The hydrogen energy industry needs to further improve the research system and industry standards for hydrogen energy safety to promote the healthy development of the industry.

**Price Analysis of Hydrogen Fuel Cell Stacks and Systems in China**

Back in 2018, due to the dependence on imports of many raw materials of hydrogen fuel cell stacks and the low scale of production of hydrogen fuel cell stacks, the price of hydrogen fuel cell stacks was relatively high. However, since the manufacturing of hydrogen fuel cell stacks have been initially localized in China with continuous technology improvement, the price of hydrogen fuel cell stacks has plummeted year by year, from RMB7.8 thousand/kW in 2018 to about RMB2.0 thousand/kW in 2022, representing a CAGR of about -28.8%. With the government's support for the development of hydrogen fuel cell industry, technological breakthroughs and the rising demand from applications, hydrogen fuel cell stacks will realize scale production, which will further lower the production costs. It is expected that the average price of hydrogen fuel cell stacks in China will decrease to about RMB0.82 thousand/kW by 2027 and about RMB0.66 thousand/kW by 2030.

**Average Price of Hydrogen Fuel Cell Stacks in China, 2018-2030E**

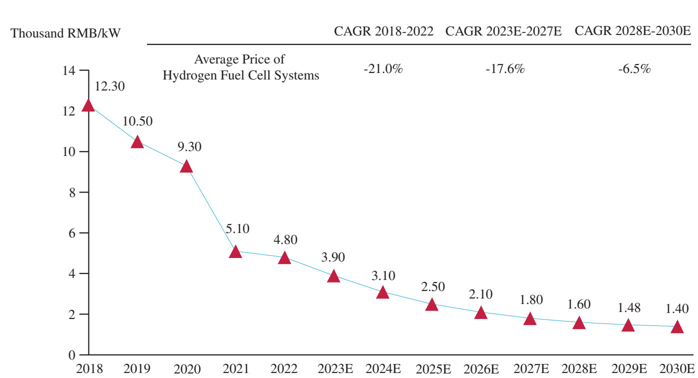



*Source: Frost & Sullivan*

Hydrogen fuel cell stacks account for a high percentage of costs of hydrogen fuel cell systems. In this regard, the price of hydrogen fuel cell stacks has a significant impact on that of hydrogen fuel cell systems, which decreased accordingly, from RMB12.3 thousand/kW in 2018 to RMB4.8 thousand/kW in 2022, with a CAGR of -21.0%. Stimulated by technological breakthroughs and scale production, the price of hydrogen fuel cell systems is expected to decrease to RMB1.8 thousand/kW in 2027 and RMB1.4 thousand/kW in 2030.

With the advancement of material technology and manufacturing process, the localization of core components and the emergence of economies of scale, the costs of the hydrogen fuel cell systems and their major components will continue to show a downward trend in the future. Promoted by the decreasing costs, the commercialization process of the hydrogen fuel cell industry will be further accelerated and wide applications in different scenarios will be further promoted. For example, the hydrogen fuel cell vehicle industry will transform from the current initial development stage to a high-speed growth stage, ushering in huge market development opportunities. It is expected that hydrogen vehicles will be more competitive in terms of costs, performance and driving experience in the future.

**Average Price of Hydrogen Fuel Cell Systems in China, 2018-2030E**




*Source: Frost & Sullivan*

The advancement of the core technology and manufacturing process, the localization of the key components, as well as the increasing downstream demand, is expected to contribute to the continuous decrease in the average price of hydrogen fuel cell stacks and systems in the forecast period. As the major cost component in fuel cell vehicles, the decreasing prices of hydrogen fuel cell stacks and systems will have a knock-on impact on the overall cost of hydrogen fuel cell vehicles. This downward trend in costs has made fuel cell vehicles more affordable and competitive in the market. In particular, various government policies have contributed to the reduction of the average price of hydrogen fuel cell stacks and systems from multiple aspects.

Government policies play a significant role in shaping the industry ecosystem and promoting the commercial development of hydrogen fuel cell industry. Government policies affect the forecast price of hydrogen fuel cell stacks and systems through (i) encouraging the research and development of key technologies; (ii) promoting infrastructure construction and (iii) stimulating the downstream demand of the hydrogen industry, which is expected to potentially lower the cost of hydrogen fuel cell stacks and systems. The following sets forth some examples of the policies in each aspect:

- Policies on encouraging the research and development of key technologies: 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》)" issued by the PRC government in 2020 encouraged the localization of hydrogen fuel cell core components (e.g., hydrogen fuel cell stacks, membrane electrodes, bipolar plates, proton exchange membranes, catalysts, carbon paper, air compressors, hydrogen circulation systems, etc.), which is expected to drive down the price of hydrogen fuel cells stacks and systems.

- Policies on promoting infrastructure construction: According to the relevant local policies regarding the demonstration city cluster of the hydrogen fuel cell vehicles, Shanghai City Cluster, Beijing-Tianjin-Hebei City Cluster, Guangdong City Cluster, Henan City Cluster and Hebei City Cluster aimed to build at least 100, 49, 200, 80 and 100 hydrogen refueling stations during the demonstration period, respectively. With the improvement of hydrogen energy industry infrastructure networks such as hydrogen refueling stations, it is expected that the demand for hydrogen fuel cell vehicles will further increase, thereby reducing the price of hydrogen fuel cells stacks and systems.

- Policies on stimulating the downstream demand of the hydrogen industry: 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)》) jointly issued by National Development and Reform Commission and National Energy Administration of the PRC in 2022 aimed that the total ownership of hydrogen fuel cell vehicles will hit approximately 50,000 units by 2025. The policy also proposed to promote the multiple applications of hydrogen energy in transportation, energy storage, power generation, industry and other fields, which is expected to stimulate the downstream demand of hydrogen industry and further lower the the price of hydrogen fuel cells stacks and systems.

In addition to the above-mentioned aspects, supportive policies have also been introduced to encourage the reduction of the price of hydrogen fuel cells stacks and systems. These policies provide financial incentives and other support measures to encourage the purchase and use of hydrogen fuel cell vehicles. For example, 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》)" issued by the PRC government in 2020 proposed to carry out the demonstration application of hydrogen fuel cell vehicles, and give financial awards to the city clusters that can reach their goals during the demonstration period. In addition, the policy pointed out that it is necessary to explore effective business models and continuously improve the economics of hydrogen fuel cell vehicles. Demonstration city clusters will focus on the product promotion of advantageous enterprises, gradually form economies of scale, and reduce the cost of fuel cell vehicles. Furthermore, the policy stated that economical, safe and stable hydrogen source should be provided to promote the demonstration application of hydrogen fuel cell vehicles by exploring the development of green hydrogen and effectively reducing the cost of hydrogen energy for vehicles. As a result, the market acceptance of hydrogen fuel cell vehicles will further increase. It is expected that hydrogen fuel cell vehicles will further penetrate in the future, thus generating increasing demand for hydrogen fuel cell stacks and systems. The economies of scale achieved through mass production of hydrogen fuel cell vehicles will further contributed to cost reduction, including the key components such as hydrogen fuel cell stacks and systems.

The relationship between the increase in demand for hydrogen fuel cell vehicles and reduction in the price of hydrogen fuel cell stacks and systems can be understood through a bidirectional influence:

The advancements in hydrogen fuel cell vehicle technology, including the relevant core components, as well as the enhancement of mass production capabilities have led to a continuous decline in the market prices of hydrogen fuel cell stacks and systems over past few years. This reduction in prices has, in turn, stimulated an increased demand for hydrogen fuel cell vehicles. Hydrogen fuel cell vehicles, offering benefits such as extended range and environmental sustainability, have witnessed a rising recognition.

Meanwhile, the growing demand for hydrogen fuel cell vehicles serves as a catalyst for the expansion of their production in China. As the production of hydrogen fuel cell vehicles scales up, the demand for key components such as hydrogen fuel cell stacks and systems experienced a corresponding uptick. The expansion of production engenders economies of scale, coupled with the continuously commitment of domestic manufacturers to locally develop the relevant key technologies. Consequently, this concerted effort leads to a further reduction in the prices of hydrogen fuel cell stacks and systems. As prices decline, the demand for hydrogen fuel cell vehicles is further propelled, thereby fostering a virtuous cycle of increased demand and lowered prices.

The Chinese government has shown a strong commitment to promoting hydrogen and fuel cell industry. The Chinese government has recognized the potential of hydrogen as a clean energy source and has set ambitious targets to develop a hydrogen economy in the future. In 2022, National Development and Reform Commission and National Energy Administration of the PRC 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 policy clarified the development plan of China's hydrogen energy industry up to 2035, which created a stable policy environment of the hydrogen industry and reflected the positive attitude of the PRC government towards the hydrogen industry. It is expected that under this policy, more specific implementation rules and other supporting policies will be implemented, including subsidies, awards and research funding, to encourage the application and development of hydrogen industry.

For hydrogen fuel cell systems with equivalent quality and performance, price plays a significant role in customer decision-making. While a low price can initially attract customers, it may not be the sole determinant of their choice, especially if other aspects compromise the overall value proposition. For example, customers are likely to prioritize the reliable and durable hydrogen fuel cell system product that performs consistently over time. If a fuel cell system with a low price exhibits a high defect rate, it could lead to frequent breakdowns, increased maintenance requirements, and potentially higher operational costs. In such cases, customers will choose hydrogen fuel cell system products after taking into account of a combination of price, quality and performance.

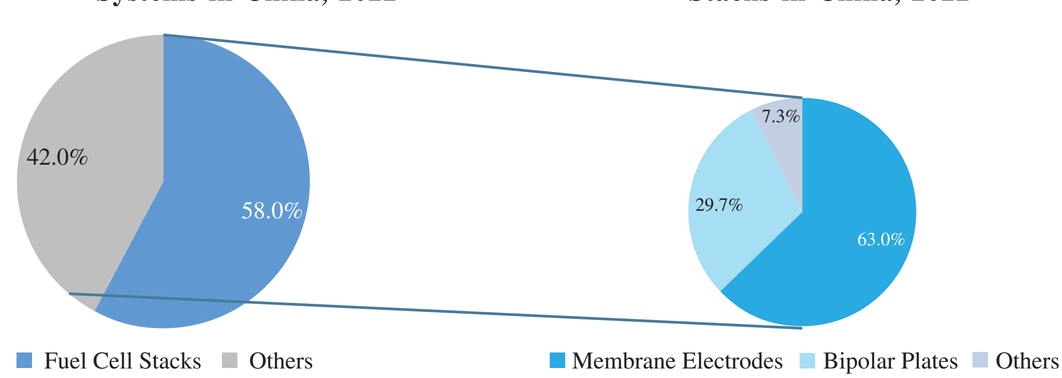
**Cost Structure Analysis of Hydrogen Fuel Cell Stacks and Systems in China**

The costs of a hydrogen fuel cell system mainly include the hydrogen fuel cell stack and others (e.g., air supply subsystem, hydrogen circulation system, DC-to-DC converter, thermal management system, sensor, etc.), among which the hydrogen fuel cell stack accounted for around 58.0% of the total material costs of the system in 2022.

The costs of a hydrogen fuel cell stack consist of membrane electrode assembly, bipolar plate and others. The catalyst, proton exchange membrane and gas diffusion layer that make up the membrane electrode accounted for about 63.0% of the total material costs of the stack in 2022. Bipolar plates accounted for about 29.7% of the material costs. Others (assembly parts such as frame and gasket, etc.) accounted for around 7.3% of the material costs of the hydrogen fuel cell stack.

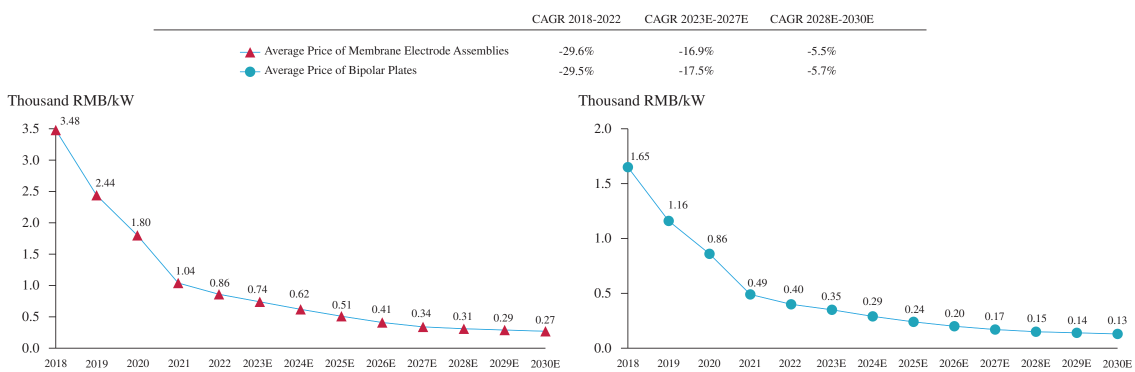
The comprehensive costs of the hydrogen fuel cell systems are expected to continue to decline in the future, mainly driven by the technical breakthroughs and domestic production of the upstream core components, and the large-scale production and wider applications of the hydrogen fuel cells.

**Cost Structure of Hydrogen Fuel Cell Systems in China, 2022** **Cost Structure of Hydrogen Fuel Cell Stacks in China, 2022**



*Note:* The material cost ratio of the hydrogen fuel cell stacks in a hydrogen fuel cell system is higher than the ratio of the average price of the stack to the system per kW. The main reason is that the power of the hydrogen fuel cell stacks installed in a hydrogen fuel cell system is generally greater than the power of the system.

**Average Price of Membrane Electrode Assembly and Bipolar Plate in China, 2018-2030E**




*Source: Frost & Sullivan*

**Overview of the Supportive Policies for the Hydrogen Fuel Cell Stacks and Systems Market**

The national and local governments' supportive policies, such as the relevant "award in lieu of subsidy" policies and the subsidy policies before 2020, were key in promoting the development of the hydrogen fuel cell industry in China by providing incentives to the market participants, and directly benefitted participants along the industry value chain including hydrogen fuel cell vehicles manufacturers, hydrogen fuel cell stacks and systems manufacturers like us, and upstream suppliers of key parts and components, such as the manufacturers of MEAs and DC-to-DC converters.

Firstly, relevant supportive policies for the China's hydrogen fuel cell stacks and systems market highlighted the significant strategic position of the hydrogen energy in the energy system and the important role of hydrogen energy in realizing the green and low-carbon transformation of energy consumption. Secondly, these policies promoted the commercialization of hydrogen fuel cells and the formation of relevant industrial clusters in China by providing financial support and establishing demonstration city clusters. Many local governments have actively introduced local hydrogen fuel cell development plans and incentives, guiding the market participants to clarify the direction of development. Thirdly, these policies stimulated the R&D of cutting-edge technologies, including the multi-path exploration of the core technologies of hydrogen fuel cell stacks and systems, etc. With the implementation of the policies, the overall industrial chain of the hydrogen industry has been integrated, including the R&D and application of the hydrogen production, storage and transportation, as well as the key components of hydrogen fuel cell systems, such as hydrogen fuel stacks, bipolar plates, etc.

**The National Policies:**

**New Energy Vehicle Industry Development Plan (2021-2035) (《新能源汽車產業發展規劃(2021-2035年)》) issued by the General Office of State Council of the PRC in 2020**

The direct beneficiaries of the policy are hydrogen fuel cell vehicles manufacturers. The policy proposed that by 2035, China's core technologies for new energy vehicles will reach the international advanced level, and domestic brands will have strong international competitiveness. Hydrogen fuel cell vehicles will be widely commercialized, and steady progress will be made in the establishment of the hydrogen fuel cell supply system, effectively promoting energy conservation and emission reduction as well as the efficiency of social operations.

**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)》) jointly issued by National Development and Reform Commission and National Energy Administration of the PRC in 2022**

The direct beneficiaries of the policy are hydrogen suppliers, hydrogen fuel cell vehicles manufacturers, hydrogen fuel cell stacks and systems manufacturers, hydrogen refueling station builders and operators, etc. The policy proposed that by 2025, (1) the core technology and manufacturing process will be mastered by domestic companies; (2) the total ownership of fuel cell vehicles will hit approximately 50,000 units; (3) a batch of hydrogen refueling stations will be deployed; (4) the output of hydrogen produced from renewable energy will reach 100,000 to 200,000 tons per year, and (5) the carbon dioxide emissions will be reduced by 1 million to 2 million tons per year. By 2035, a diversified application ecosystem of hydrogen energy will be formed, and the proportion of hydrogen produced from renewable energy sources in end-energy consumption will be significantly increased.

The policy particularly drove the growth of the hydrogen fuel cell stacks and systems market as it incentivized the industry development of key technologies relating to hydrogen fuel cell stacks and systems.

**Notice on Financial Support Policies for Promotion and Application of New Energy Vehicles in 2016-2020 (《關於2016-2020年新能源汽車推廣應用財政支持政策的通知》) issued by Ministry of Finance, Ministry of Industry and Information Technology, Ministry of Science and Technology, National Development and Reform Commission of the PRC in 2015**

The direct beneficiaries of the policy are hydrogen fuel cell vehicle purchasers. The policy proposed to provide government subsidies to the purchasers of fuel cell vehicles. The subsidy standard for fuel cell passenger vehicles had a limit up to RMB200,000 per vehicle. The subsidy standard for light buses/trucks had a limit up to RMB300,000 per vehicle. The subsidy standard for medium and heavy buses/trucks had a limit up to RMB500,000 per vehicle.

The policy stimulated the promotion of hydrogen fuel cell vehicles in China, which also promoted the market demand for hydrogen fuel cell stacks and systems.

**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 in 2020**

The direct beneficiaries of the policy are hydrogen fuel cell vehicles purchasers, fuel cell vehicle technology companies, hydrogen fuel cell vehicles manufacturers, hydrogen fuel cell stacks and systems manufacturers, etc. The PRC government will adopt the "award in lieu of subsidy" (以獎代補) policy to give incentives to the demonstrative city clusters, which will reward eligible city clusters for the commercialization of key technologies used in the fuel cell vehicles and the pilot adoption of fuel cell vehicles within 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 policy encouraged the hydrogen fuel cell stacks and systems market participants to keep on the R&D of the key technologies with the incentives of financial supports, which promoted the upgrading and iteration of self-developed technologies.

**Notice on Launching the Pilot Application of Fuel Cell Vehicles (《關於開展燃料電池汽車示範應用的通知》) issued by Ministry of Finance, Ministry of Industry and Information Technology, Ministry of Science and Technology, National Development and Reform Commission and National Energy Administration of the PRC in 2020**

The direct beneficiaries of the policy are hydrogen fuel cell vehicles manufacturers, hydrogen fuel cell stacks and systems manufacturers, hydrogen suppliers, etc. The policy proposed to adopt the "award in lieu of subsidy" (以獎代補) policy to the cities that meet fuel cell demonstration requirements and clarified specific application requirements for the city clusters to further promote the application of fuel cell vehicles. The PRC government offers rewards to demonstration city clusters in two fields: the promotion and application of fuel cell vehicles and the supply of hydrogen energy based on points obtained by the hydrogen fuel cell vehicles manufacturers, fuel cell systems manufacturers and other raw material suppliers with limits up to 15,000 points and 2,000 points respectively, that is, the upper limits of the rewards amount are RMB1.5 billion and RMB200 million.

The policy provided the financial incentives for hydrogen fuel cell stacks and systems industry participants and clarified the relevant standards, promoting the development of the industry. In addition, the establishment of the demonstrative city clusters of hydrogen fuel cell vehicles brought increasing demand for hydrogen fuel cell stacks and systems.

The "award in lieu of subsidy" (以獎代補) policy for the hydrogen fuel cell vehicles industry has been more stringent and transparent than the subsidy policies for the electric vehicle ("**EV**") industry around the time of the fraudulent activities quoted in the relevant news article. One key difference between the subsidy/awards policies of the EV industry and the hydrogen fuel cell industry is the requirement for a vehicle to meet a minimum mileage before its manufacturer may collect the corresponding awards.

**Guidance on Energy Work in 2023 (《2023年能源工作指導意見》) issued by the National Energy Administration of the PRC in 2023**

The direct beneficiaries of the policy are hydrogen suppliers, hydrogen fuel cell vehicles manufacturers, hydrogen fuel cell stacks and systems manufacturers, hydrogen refueling station builders and operators, etc. The policy stated that the government will actively promote the pilot application of hydrogen energy and explore multiple development paths and replicable experience for the hydrogen energy industry. Meanwhile, the document encouraged to accelerate the major technological breakthrough for the production, transportation and storage of green hydrogen, and to promote the large-scale application of energy storage and hydrogen energy. The policy clarified the main development priorities of the hydrogen energy industry in 2023, which will promote the technological innovation and commercialization of the national hydrogen energy industry.

**Industrial Structure Adjustment Guidance Catalog (2023 Edition, Draft for Comment) (《產業結構調整指導目錄(2023年本，徵求意見稿)》) issued by the National Development and Reform Commission of the PRC in 2023**

The direct beneficiaries of the policy are hydrogen suppliers, hydrogen fuel cell vehicles manufacturers, hydrogen fuel cell stacks and systems manufacturers, hydrogen refueling station builders and operators, etc. The policy stated that the government will 1) encourage the development and application of new mobile energy technologies; 2) support the development and application of new-generation hydrogen fuel cell technologies (e.g., hydrogen production from renewable energy; liquid, solid and gaseous hydrogen storage; hydrogen transportation by pipeline trailers; hydrogen transportation by pipeline; hydrogen refueling stations; hydrogen-electric coupling, etc). This policy shows that the PRC government attaches great importance on the development of the hydrogen energy industry and will promote the diverse application of hydrogen energy in the future.

**The Local Policy:**

By the end of 2022, five demonstration city clusters have passed the approval by the PRC government, where a series of local hydrogen fuel cell vehicle supporting policies have been released.

**Guangdong**

In August 2022, Guangdong issued the Action Plan for Accelerating the Construction of Fuel Cell Vehicle Demonstration City Clusters (2022-2025) (《廣東省加快建設燃料電池汽車示範城市群行動計劃(2022-2025年)》), which proposed to optimize the industrial layout within the Guangdong demonstration city cluster, with Guangzhou, Shenzhen, Foshan and other cities as the core, relying on Dongguan, Zhongshan, Yunfu and other key markets of raw materials, technology and equipment of fuel cell vehicles, and promote the development of the fuel cell vehicle industry in Guangdong city clusters.

In March 2022, Guangdong issued the Guangdong Government (Work Report) Key Task Division Plan in 2022 (《2022年廣東省<政府工作報告>重點任務分工方案》), which proposed to accelerate the issuance of the action plan for the construction of Guangdong fuel cell vehicle demonstration city cluster by speeding up the construction of hydrogen refueling stations and other infrastructure in expressway service areas, bus stations and other public areas.

As the city leading the Guangdong fuel cell vehicle demonstration city cluster, in April 2022, Foshan issued the Three-Year Action Plan for Promoting the Development of Hydrogen Energy Industry in Nanhai District, Foshan City (2022-2025) (《佛山市南海區推進氫能產業發展三年行動計劃(2022-2025年)》), which proposed to promote no less than 3,000 hydrogen fuel cell vehicles, 50 fuel cell bus routes, 2 rail transit lines, 1,000 hydrogen fuel cell two-wheelers, 500 forklifts, and 5MW installed capacity of hydrogen fuel cell systems for stationary applications etc., by 2025, which met the implementation and application requirements of the fuel cell vehicle demonstration city clusters. In September 2022, Foshan released the 14th Five-Year Plan for Energy Development in Foshan(《佛山市能源發展"十四五"規劃》), which pointed out that by 2025, Foshan would strive to build 60 hydrogen refueling stations, focusing on the establishment of a national hydrogen industry demonstration city, strengthening the key technology research and industrialization of hydrogen energy and realizing independent R&D of core technology of fuel cell vehicles.

**Beijing**

In November 2022, Beijing issued Development Plan of Hydrogen Refueling Stations for Hydrogen Fuel Cell Vehicles in Beijing (2021-2025) (《北京市氫燃料電池汽車車用加氫站發展規劃(2021–2025年)》), which aimed to have a total ownership of 10,370 hydrogen fuel cell vehicles, and build 74 hydrogen refueling stations in Beijing by 2025. In August 2022, Beijing issued Several Policies and Measures for Supporting the Development of the Hydrogen Energy Industry in Beijing (《北京市關於支持氫能產業發展的若干政策措施》), pointing out that it would actively promote the construction of Beijing-Tianjin-Hebei fuel cell vehicle demonstration city clusters, carry out more hydrogen fuel cell vehicle demonstration applications, and provide reward for the enterprises that focus on the promotion, operation and innovation of hydrogen fuel cell vehicles and key components. In March 2022, Beijing issued 2022 Action Plan for In-depth Pollution Prevention and Control of Beijing (《北京市深入打好污染防治攻堅戰2022年行動計劃》), which promoted to launch new hydrogen fuel cell vehicles and replace sanitation vehicles below 4.5 tons, buses, urban tourist vehicles, etc. with hydrogen fuel cells vehicles. In December 2021, Beijing-Tianjin-Hebei fuel cell demonstration city cluster issued the Implementation Plan for Beijing-Tianjin-Hebei Fuel Cell Vehicles Demonstration City Cluster (《京津冀燃料電池汽車示範城市群實施方案》), which set the goal of establishing independent R&D of key technologies, continuous development of the whole industry chain, construction of high-quality industrial clusters, and the promotion and application of vehicles, and creation of a friendly demonstration environment. During the demonstration period, the Beijing-Tianjin-Hebei fuel cell demonstration city cluster would complete eight technological breakthroughs regarding core components. In addition, the ownership of fuel cell vehicles would exceed 5,300 units; the construction and operation of new hydrogen refueling stations would be over 49 units, and the selling price of hydrogen would be no higher than RMB30/kg.

In April 2023, Beijing Municipal Bureau of Economy and Information Technology issued the Notice on Carrying out the Declaration of Beijing Fuel Cell Vehicle Demonstration Application Projects in 2022-2023 (《關於開展2022-2023年度北京市燃料電池汽車示範應用項目申報的通知》), which clarified the requirement of application scenarios, application method, project selection, support method, supervision and assessment methods of the hydrogen fuel cell vehicle demonstration application projects in Beijing. The policy is expected to promote the demonstration application of hydrogen fuel cell vehicles in Beijing.

**Shanghai**

In September 2022, Shanghai issued Fuel Cell Vehicle Demonstration Application Special Fund Management Measures (Draft for Comment) (《上海市燃料電池汽車示範應用專項資金管理辦法(徵求意見稿)》) which pointed out that the reward would be awarded to the purchase of fuel cell vehicles with reference to the national comprehensive assessment reward points, and each point would be rewarded with RMB200,000. Key components such as hydrogen fuel cell stacks and bipolar plates applied for the fuel cell vehicles in shanghai fuel cell vehicle demonstration city cluster would also be given rewards with reference to the national comprehensive assessment reward points, and each point would be rewarded with RMB30,000. In January, 2022, Shanghai issued Several Policies and Measures for Shanghai to Expand Effective Investment and Stabilize Economic Development in 2022 (《2022年上海市擴大有效投資穩定經濟發展的若干政策措施》), which proposed to further promote the implementation of the development plan of the new energy vehicle industry, policies for the fuel cell vehicle industry, and the construction of hydrogen refueling stations in Shanghai. In November 2021, Shanghai issued the Policies on Supporting the Development of Fuel Cell Vehicle Industry (《關於支持本市燃料電池汽車產業發展若干政策》), proposing that before the end of 2025, the municipal finance would provide the same financial support as the national fuel cell vehicle demonstration central financial reward funds. In July 2022, Shanghai released the "Shanghai Action Plan for Promoting the Development of Green and Low Carbon Industries by Targeting New Tracks (2022-2025) (《上海市瞄準新賽道促進綠色低碳產業發展行動方案

(2022-2025)》), stating that it is necessary to promote the construction of hydrogen energy industry clusters in Shanghai, including the establishment of a multi-component hydrogen supply system, and the development of hydrogen energy industrial parks in Jiading, Lingang, and Qingpu.

In April 2023, Shanghai Municipal Commission of Economy and Information issued the Fuel Cell Vehicle Demonstration Application Special Fund Implementation Rules (《上海市燃料電池汽車示範應用專項資金實施細則》), which clarified the financial support fields, standards, application process, supervision and management of the special funds for the demonstration application of the hydrogen fuel cell vehicles in Shanghai. The policy is expected to promote the demonstration application of hydrogen fuel cell vehicles in Shanghai and provide reference for the implementation of the special funds for hydrogen fuel cell vehicle demonstration applications in other regions of the country.

In July 2023, Shanghai Municipal Transportation Commission, Shanghai Municipal Development and Reform Commission, and Shanghai Municipal Commission of Economy and Information Technology jointly released the Shanghai Transportation Field Hydrogen Energy Promotion and Application Plan (2023-2025) (《上海交通領域氫能推廣應用方案(2023-2025年）》), which pointed out: 1) striving to achieve a total of more than 10,000 demonstration and application hydrogen fuel cell vehicles by 2025; 2) accelerating the improvement of the hydrogen fuel supply system and fuel price formation mechanism; 3) promoting fuel cell vehicle testing, maintenance and other operational support systems to create a good environment for use; 4) exploring the feasibility of demonstration applications of hydrogen energy in the fields of water transportation, aviation, and railways, etc. This policy is expected to strongly promote the application of hydrogen fuel cells in the transit field in Shanghai.

As a participating city of the Shanghai fuel cell vehicle demonstration city cluster, government of Ordos also issued related supporting policies for the hydrogen fuel cell vehicle industry. In June 2022, Ordos issued Hydrogen Energy Industry Development Plan of Ordos (《鄂爾多斯市氫能產業發展規劃》), which put forward the overall vision and development direction of building the national hydrogen energy industry comprehensive pilot area of Ordos as the "Green Hydrogen City in the North", taking Ijinholuo Banner as the pioneer area, driving the coordinated development of six banners and two districts together and realizing the regional cooperation to build a mature hydrogen energy industry. In March 2022, Ordos issued Support of Ordos for the Subsidy Policy in Shanghai Fuel Cell Vehicle Demonstration City Cluster (《鄂爾多斯市支持上海城市群燃料電池汽車示範應用獎補政策》), which pointed out that Ordos would help support the demonstration application of fuel cell vehicles, the layout and construction of hydrogen refueling stations, and the reduction of hydrogen refueling costs.

**Henan**

In May 2022, Zhengzhou issued "Several Policies for Supporting the Demonstration and Application of Fuel Cell Vehicles in Zhengzhou (Draft for Comment)" (《鄭州市支持燃料電池汽車示範應用若干政策(徵求意見稿)》), which pointed out that, for the newly approved key laboratories for hydrogen fuel cell vehicles and related industries, a subsidy of no less than

RMB25 million would be given within five years. For hydrogen refueling stations that have been put into operation during the demonstration period, which have a daily hydrogen refueling capacity of 500 kg or more, the construction company would be rewarded approximately 30% of the total investment in the equipment purchased and installed. Among them, for those put into operation before the end of 2022, 2023 and 2024 to 2025, the total reward of each hydrogen refueling station should not exceed RMB5 million, RMB4 million, and RMB3 million respectively. In November 2021, Henan Province issued the Implementation Plan for Accelerating the Development of New Energy Vehicle Industry in Henan Province (《河南省加快新能源汽車產業發展實施方案》), which proposed to support the demonstration application of hydrogen fuel cell vehicles across the province as driven by the fuel cell vehicle demonstration city cluster led by Zhengzhou and accelerate the establishment of hydrogen refueling stations. By 2025, the total number of hydrogen fuel cell vehicles for demonstration applications would exceed 10,000 and the number of hydrogen refueling stations would surpass 100.

In July 2023, the Henan Provincial Development and Reform Commission issued the List of 20 Key Tasks for the Planning and Construction of the Zheng Bian Luo Pu Hydrogen Corridor in 2023 (《鄭汴洛濮氫走廊規劃建設2023年20項重點工作清單》), which pointed out: 1) strengthening the demonstration and leading role of hydrogen energy application scenarios; 2) promoting the demonstration and application of fuel cell vehicles; 3) accelerating the promotion and application of fuel cell vehicles (e.g., in 2023, Zhengzhou city cluster will newly promote and apply 855 fuel cell vehicles and build 19 new hydrogen refueling stations; Puyang will newly promote and apply 200 fuel cell vehicles and build 4 new hydrogen refueling stations), etc. The policy clarified and detailed the key development direction of the hydrogen energy industry in Henan Province in 2023, which is expected to promote the application of the hydrogen energy industry in Zhengzhou, Kaifeng, Luoyang, Xinxiang, and Puyang.

**Hebei**

In July 2021, Hebei 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》), which pointed out that, by 2022, 25 hydrogen-refueling stations would be built, and 1,000 demonstration fuel cell buses and logistics vehicles and 100 demonstration fuel cell heavy-duty vehicles would be on the road. By 2025, a total of 100 hydrogen refueling stations would be built, and the number of fuel cell vehicles would reach 10,000 units. In July 2022, Baoding, Hebei issued the Hydrogen Fuel Cell Vehicle Industry Safety Supervision and Management Measures (Trial) of Baoding (《保定市氫燃料電池汽車產業安全監督和管理辦法(試行)》), involving 7 chapters and 91 regulations for hydrogen energy production, operation, transportation, and supervision and management, which put forward specific safety requirements for the entire value chain of the hydrogen fuel cell vehicle industry and promoted the healthy and high-quality development of the hydrogen fuel cell vehicle industry in Baoding. In the same month, Zhangjiakou, Hebei issued Several Measures of Zhangjiakou to Support the Construction of Fuel Cell Vehicle Demonstration City (《張家口市支持建設燃料電池汽車示範城市的若干措施》), which clearly stated that companies focusing on the promotion and application of fuel cell vehicles, hydrogen energy suppliers and key components manufacturers would be rewarded by the local government with the same amount of central financial incentive rewards. In addition, financial support would also be given to the fuel cell vehicle operators and the builders of hydrogen refueling stations.

By the end of 2022, five demonstration city clusters have passed the approval by the PRC government, and the vehicle types include fuel cell passenger vehicles, light and heavy trucks, commercial buses, etc.

| Demonstration City Cluster | Lead Cities | Participating Cities and Areas | Approved time | Targets |
|---|---|---|---|---|
| Shanghai City Cluster | Shanghai | Suzhou, Nantong, Jiaxing, Zibo, Ningdong, Ordos | 2021.09 | Promote 10,000 fuel cell vehicles and 100 hydrogen refueling stations |
| Beijing-Tianjin-Hebei City Cluster | Beijing (Daxing District, Haidian District, Beijing Economic-technological Development Area District, Yanqing District, Shunyi District, Fangshan District, Changping District) | Tianjin Binhai New Area, Tangshan, Baoding, Binzhou, Zibo | 2021.09 | Promote 5,300 fuel cell vehicles and 49 hydrogen refueling stations |
| Guangdong City Cluster | Foshan | Guangzhou, Shenzhen, Dongguan, Zhuhai, Zhongshan, Yangjiang, Yunfu, Fuzhou, Zibo, Baotou, Lu'an | 2021.09 | Promote 10,000 fuel cell vehicles and 200 hydrogen refueling stations |

| Demonstration City Cluster | Lead Cities | Participating Cities and Areas | Approved time | Targets |
|---|---|---|---|---|
| Henan City Cluster | Zhengzhou | Luoyang, Xinxiang, Kaifeng, Anyang, Jiaozuo, Jiading District, Shanghai, Fengxian District, Shanghai, Lin-gang Special Area of China (Shanghai) Pilot Free Trade Zone, Zhangjiakou, Baoding, Xinji, Yantai, Zibo, Weifang, Foshan, Ningdong Town, Ningxia Hui Autonomous Region | 2022.01 | Promote 5,000 fuel cell vehicles and 80 hydrogen refueling stations |
| Hebei City Cluster | Zhangjiakou | Tangshan, Baoding, Handan, Qinhuangdao, Dingzhou, Xinji, Xiongan New Area, Wuhai, Inner Mongolia Autonomous Region, Fengxian District, Shanghai, Zhengzhou, Zibo, Liaocheng, Xiamen | 2022.01 | Promote 7,710 fuel cell vehicles and 100 hydrogen refueling stations |

*Note:* The development goals of hydrogen fuel cell vehicle demonstration city clusters listed above include all types of hydrogen fuel cell vehicles, which is not limited to buses and trucks.

The five demonstration city clusters that have been passed the approval by the PRC government so far are mainly developed cities and regions in China. The five city clusters set a relatively early foot in the field of hydrogen fuel cell vehicle market, which has solid industrial foundation, relatively strong scientific research strength, and rich application scenarios. Guided by the demonstration city clusters, the development of the hydrogen fuel cell vehicle market as well as the relevant hydrogen fuel cell core component industries and infrastructure will gradually radiate to the surrounding areas, indicating that the PRC government plans to break through the restrictions of cities and administrative districts, which is conducive to the formation of the hydrogen energy industry clusters with regional characteristics as well as a national-wide hydrogen fuel cell industry chain.

On 8 May 2023, the Chinese government issued the "Announcement on Matters Concerning the Implementation of China VI Emission Standards for Automobiles" (《關於實施汽車國六排放標準有關事宜的公告》). According to the document, a new emissions standard will go into effect on 1 July 2023 as scheduled. Meanwhile, an additional six-month grace period will be provided for some internal combustion engines (ICE) vehicles based on the existing standard.

Short-term impacts:

(a) With the ban on production, import, and sales of vehicles that do not meet the new emissions standards, the immediate impact of the enforcement of tougher emissions standards is that legacy vehicle manufacturers and dealers will be under pressure to clear their inventory of vehicles that will soon become non-compliant. As a result, there may be a temporary shortage of compliant vehicles in the market. This could create an opportunity for hydrogen fuel cell vehicles, hydrogen fuel cell stacks and systems manufacturers to meet the demand for environmentally friendly vehicles.

(b) The grace period granted for selling non-compliant vehicles provides temporary relief to some vehicle manufacturers and dealers. In the short term, this may delay the transition and adoption of hydrogen fuel cell vehicles as consumers may choose to purchase non-compliant vehicles instead. However, the impact is very limited and is expected to last only a few months.

Long-term impacts:

(a) The enforcement of tougher emissions standards drives the automotive industry towards cleaner technologies. Legacy vehicle manufacturers and dealers will need to comply with the stricter standards, which could encourage a shift towards HFCVs as a solution for reducing emissions. In the long term, this could result in increased investments and efforts to develop, produce, and promote HFCVs, as well as hydrogen fuel cell stacks and systems.

(b) The enforcement of tougher emissions standards reflects the Chinese government's commitment to reducing pollution and promoting sustainable transportation. This may also lead to increased government support, incentives, and investments in infrastructure development, including hydrogen refueling stations. Such support can facilitate the long-term growth and adoption of hydrogen HFCVs and incentivize further advancements in hydrogen fuel cell stack and system technologies.

**Relevant policies in the use of hydrogen fuel cell systems in the transportation industry:**

- ***Notice on Launching the Pilot Application of Fuel Cell Vehicles (《關於開展燃料電池汽車示範應用的通知》) issued by Ministry of Finance, Ministry of Industry and Information Technology, Ministry of Science and Technology, National Development and Reform Commission and National Energy Administration of the PRC in 2020***

The policy encouraged eligible regions across the country to carry out demonstration applications of hydrogen fuel cell vehicles. It replaced the purchase subsidy policy with the policy rewarding demonstration city clusters that meet fuel cell demonstration requirements to promote the application of fuel cell vehicles.

The demonstration period is tentatively scheduled for four years. During the demonstration period, the central government will adopt the method of "award in lieu of subsidy" to reward the demonstration city clusters based on their completion of goals. Every year, the central finance will be guided by the promotion results and allocate awards based on the annual assessment and evaluation results. At the end of each demonstration year, local government departments of each demonstration city cluster need to submit reports on the progress of the implementation plan, completion of phased tasks and fund application reports to the central government.

The eligibility for such awards is specified in the appendix of the policy, which includes but not limited to the number and the rated power of the fuel cell vehicles sold in the city clusters, whether key components have passed third party testing and the utilization of fuel cell energy.

The major specific eligibility criteria of the PRC government's "award in lieu of subsidy" of the demonstration city clusters for fuel cell vehicles are summarized as follows:

(1) The scale of promotion of vehicles that meet the technical indicators should exceed 1,000;

(2) The average cumulative hydrogen mileage of a single vehicle should exceed 30,000 kilometers;

(3) More than 15 hydrogen refueling stations should be built and put into operation;

(4) The performance indicators of hydrogen fuel cell vehicles are further improved, such as the rated power of the fuel cell system is not less than 50kW, the starting temperature is not higher than -30°C, the rated power density of the hydrogen fuel cell stack and systems for hydrogen fuel cell commercial vehicles is not lower than 2.5kW/L and 300W/kg, respectively;

(5) The economy of hydrogen energy has been significantly improved, and the price of hydrogen energy for vehicles has dropped significantly, with the terminal price not exceeding RMB35/kg; the prices of hydrogen fuel cell vehicles and key components have dropped significantly.

In terms of awards application requirements, hydrogen fuel cell vehicles that intend to apply for awards must be meet the eligibility criteria listed in the appendix of the policy. All the vehicles should be equipped with vehicle terminal remote detection equipment, and the vehicle operating data (e.g., operating time, operating mileage, hydrogen refueling status) should be connected to the local monitoring platform. In addition, the hydrogen fuel cell vehicles that intend to apply for awards must be registered in the city clusters. Besides, some performance data of the hydrogen fuel cell vehicles needs to be tested by a third-party agency. All the enterprises applying for the awards of hydrogen fuel cell vehicles should provide detailed materials, including purchase contracts for hydrogen fuel cell vehicles, vehicle license plates, vehicle operating mileage, etc.

In terms of supervision and management, the local government of the demonstration city clusters requires relevant departments to strictly verify the authenticity of fund declarations and submitted documents. The awards fund is supervised by Energy Bureau, Finance Bureau and other departments in the local governments according to their management authority. Each demonstration city cluster cooperates with relevant departments every year to verify the application status of awards.

The time gap between hydrogen fuel cell vehicle manufacturers sell their vehicles and when they may collect their qualified awards in full is relatively long, generally over two years. From 2020 till now, certain hydrogen fuel cell vehicle companies have received part of the awards in certain demonstration city clusters.

With the demonstration and application of hydrogen fuel cell vehicles nationwide, the promotion of hydrogen fuel cell systems in the transportation sector will continue to deepen, which will promote the formation of China's overall hydrogen energy industry ecology and the commercialization of hydrogen fuel cell vehicles, including: 1) Increasing sales volume of hydrogen fuel cell vehicles; 2) Upgrading in the performance indicators of the key components such as hydrogen fuel cell systems; 3) Continuous layout of hydrogen fuel cell vehicle-related infrastructure; 4) Improvement of hydrogen energy economy, etc.

- ***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)》) jointly issued by National Development and Reform Commission and National Energy Administration of the PRC in 2022***

The policy set out the main directions and goals for the development of China's hydrogen energy industry in the medium and long-term.

The policy proposed:

(1) In 2025, China will initially establish a hydrogen energy supply system based on industrial by-product hydrogen and hydrogen produced from renewable energy. In 2025, China's renewable energy hydrogen production capacity will reach 100,000-200,000 tons/year, reducing carbon dioxide emissions of 1-2 million tons/year;

(2) Steadily promote the diversified demonstration application of hydrogen energy, and the demonstration application in the transportation field, such as a) Promoting the application of hydrogen fuel cell medium and heavy vehicles, and gradually establish a complementary development model of hydrogen fuel cell electric vehicles and lithium battery electric vehicles; b) Actively exploring the application of hydrogen fuel cells in ships, aircraft and other fields, and continuously increase the market scale of hydrogen energy application in the transportation field.

The policy also listed the innovative application demonstration projects of China's hydrogen energy industry in the transportation sector during the "14th Five-Year Plan" period, which mainly include:

(1) Explore the development of hydrogen fuel cell truck transportation in mining areas, ports, industrial parks and other areas with high operational intensity and fixed driving routes;

(2) In places where conditions permit, hydrogen fuel cell commercial vehicles can be piloted in public service areas such as urban buses, logistics distribution vehicles and sanitation vehicles;

(3) Combined with the ecological and environmental protection needs of key areas and the power infrastructure conditions, explore the demonstration application of hydrogen fuel cells in ships, aircraft and other fields.

With the implementation of the policy and the development of the hydrogen energy industry, the application of hydrogen fuel cell systems in the transportation sector will become more diverse. In the automotive field, different types of hydrogen fuel cell vehicles will gradually be applied in various scenarios, forming a complementary development model with lithium battery electric vehicles. Meanwhile, the scale of hydrogen produced from renewable energy will be further increased, which will enhance the overall environmental protection value of hydrogen energy in the future.

**Sector-specific data on the gradual shift and impact in the use of hydrogen fuel cell systems in the transportation industry:**

***(1) Increasing sales volume of hydrogen fuel cell vehicles***

According to the data published by the China Association of Automobile Manufacturers, the sales volume of hydrogen fuel cell vehicles in China increased from 1.5 thousand units in 2018 to 3.4 thousand units in 2022, at a CAGR of approximately 22.1%. It can be seen that with the promotion and application of hydrogen fuel cell vehicles, the sales of hydrogen fuel cell vehicles in China have gradually increased, and the market's awareness and acceptance of hydrogen fuel cell vehicles have continued to increase.

***(2) Rapid promotion of hydrogen fuel cell heavy trucks***

According to the number of compulsory traffic insurance registrations, the number of hydrogen fuel cell heavy trucks registered for compulsory traffic insurance in China increased from 777 units in 2021 (accounting for 41% of the total number of hydrogen fuel cell vehicles of the year) to 2,465 units (accounting for 49% of hydrogen fuel cell vehicles of the year) in 2022, at a year-on-year growth rate of 217.2%, reflecting the significant improvement in the application of hydrogen fuel cells in the field of heavy trucks.

***(3) Increasing performance of hydrogen fuel cell systems in the transportation sector***

With technological breakthroughs in recent years, the performance of hydrogen fuel cell systems for vehicles in China is constantly improving. Take the major type of hydrogen vehicle (heavy truck) as an example. At present, the power of the hydrogen fuel cell system on the hydrogen fuel cell heavy trucks in China generally reaches 110-130kW. However, before 2020, the power of the hydrogen fuel cell system on hydrogen fuel cell heavy trucks in China was generally below 50kw.

***(4) Reducing costs of hydrogen fuel cell vehicles and hydrogen fuel cell systems***

According to the public data from the secondary resources, the price of hydrogen fuel cell stacks and systems has decreased at CAGRs of 20-30% from 2018 to 2022 in China. With the further decline in the price of hydrogen fuel cell systems, hydrogen fuel cell vehicles will be more cost-competitive in the future.

It is expected that the cost of the 49-ton hydrogen fuel cell heavy truck will drop to RMB700,000-RMB800,000 by 2025, and the purchase cost will be similar to that of the battery electric truck.

### *(5) Emerging application of hydrogen fuel cell systems in other non-vehicle transportation sectors*

Driven by the supportive policies as well as upgrading technologies, hydrogen fuel cell systems are also applied in some demonstration projects in the non-vehicle transportation sectors. For example, in October 2022, Shanghai, the world's first hydrogen-powered rubber-tyred digital rail tram rolled off the production line, which will also be the first hydrogen-powered medium-capacity tram line in China. In May 2022, China's first inland hydrogen fuel cell powered workboat "Three Gorges Hydrogen Boat No. 1" ("三峽氫舟1") has started construction, which is also the first hydrogen fuel cell powered workboat in China to be classified by China Classification Society (CCS) (中國船級社). It is expected that hydrogen fuel systems will further penetrate in the various sectors in the transportation industry in the future.

## Overview of the Competitive Landscape of Hydrogen Fuel Cell Stacks and Systems Market

In 2022, the market size of hydrogen fuel cell stacks by shipment volume in China was approximately 716.6MW, of which the top five companies accounted for approximately 84.9% of the total market size. In 2022, the shipment volume of the Company's hydrogen fuel cell stacks was 175.2MW, with a market share of 24.4%, ranking the first in the industry. In terms of shipment value, the Company also ranked the first in the hydrogen fuel cell stack market in China in 2022.

**Top Five Companies of Hydrogen Fuel Cell Stacks in China, by Shipment Volume and Shipment Value, 2022**

| Ranking | Company | Shipment Volume (MW) | Market Share | Shipment Value (RMB million) | Market Share |
|---|---|---|---|---|---|
| 1 | The Company | 175.2 | 24.4% | 313.9 | 21.9% |
| 2 | Beijing SinoHytec Co., Ltd/Shanghai SinoFuelCell Co., Ltd. | 168 | 23.4% | 282 | 19.7% |
| 3 | Shanghai Hydrogen Propulsion Technology Co., Ltd. | 128 | 17.9% | 224 | 15.6% |
| 4 | Shanghai Refire Energy Group Co., Ltd. | 73 | 10.2% | 117 | 8.1% |
| 5 | Shanghai H-RISE New Energy Technology Co., Ltd. | 64 | 8.9% | 115 | 8.0% |
| | | **Subtotal** | **84.9%** | | **73.4%** |

*Note:* Shipment volume is a widely recognized measurement in the hydrogen fuel cells industry to quantify the market size and sales performance.

The shipment volume of hydrogen fuel cell stacks includes: 1) hydrogen fuel cell stacks sold as individual products and 2) hydrogen fuel cell stacks sold as components of the hydrogen fuel cell systems.

The methodologies used by Frost & Sullivan in arriving in deriving the shipment volume and shipment value of hydrogen fuel cell stacks included both primary research and secondary research.

Primary research involved in-depth interviews with other industry participants, including but not limited to interviews with China's leading hydrogen fuel cell companies (e.g., Shanghai Hydrogen Propulsion Technology Co., Ltd., Shanghai Refire Energy Group Co., Ltd., Beijing SinoHytec Co., Ltd.) and industry experts from China Hydrogen Alliance. These industry experts have been serving at the hydrogen fuel cell industry with many years of working experience, and have deep industry understanding of the industry. Based on the expert's best knowledge, Frost & Sullivan obtained data related to the shipment volume and shipment value of hydrogen fuel cell stacks of the leading players in the industry, including but not limited to the shipment volume by unit of hydrogen fuel cell stacks, the sales volume by unit of hydrogen fuel cell stacks systems, the average power of a single hydrogen fuel cell stack and system, the average price per kilowatt of hydrogen fuel cell stacks and systems, etc.

Secondary research involved analysing data from the publicly available data sources, such as the annual report and prospectus of the leading players (e.g., Shanghai Hydrogen Propulsion Technology Co., Ltd.) that disclosing the relevant data of the shipment volume and shipment value of hydrogen fuel cell stacks.

To further verify the accuracy of the estimation, Frost & Sullivan validated the data by cross-checking the statements and data provided by each expert as well as other relevant data from the secondary resources.

The following sets forth the detailed calculation methods:

- Shipment volume by power of hydrogen fuel cell stacks = Shipment volume by unit of hydrogen fuel cell stacks* average power of a single hydrogen fuel cell stack

- Shipment value of hydrogen fuel cell stacks = Shipment volume by power of hydrogen fuel cell stacks* average price per kilowatt of hydrogen fuel cell stacks

For those who sell hydrogen fuel cell systems equipped with self-manufactured hydrogen fuel cell stacks. The total shipment volume of hydrogen fuel cell stacks equals 1) the sales volume of hydrogen fuel cell stacks sold directly to customers + 2) the shipment volume of hydrogen fuel cell stacks installed on their own hydrogen fuel cell systems.

Frost & Sullivan used the quantitative relationship between the hydrogen fuel cell stack and system to calculate the shipment volume of hydrogen fuel cell stacks. For example, according to the research conducted by Frost & Sullivan, a single hydrogen fuel cell system produced by the Company's peers is generally equipped with one hydrogen fuel cell stack. Therefore, based on the data obtained from the primary and secondary research (including but not limited to the sales volume of hydrogen fuel cell systems, the sales volume of hydrogen fuel cell stacks, the average power of a single hydrogen fuel cell stack, the average price per kilowatt of hydrogen fuel cell stacks, etc), Frost & Sullivan obtained the company's overall shipment volume by units of hydrogen fuel cell stacks and then calculate overall shipment volume by power and shipment value of hydrogen fuel cell stacks.

| Company Name | Year Established/ Headquarter | Listed/ Unlisted | Business Introduction |
|---|---|---|---|
| Shanghai Hydrogen Propulsion Technology Co., Ltd. | 2018, Shanghai, China | Unlisted | • The company is engaged in the production and R&D of hydrogen fuel cell systems and stacks, and their components. The company has a production base in Shanghai, with a production capacity of around 6,000 hydrogen fuel cell systems and stacks per year. |

| Company Name | Year Established/ Headquarter | Listed/ Unlisted | Business Introduction |
|---|---|---|---|
| Shanghai Refire Energy Group Co., Ltd. | 2015, Shanghai, China | Unlisted | • The company focuses on the R&D of hydrogen fuel cell technology, production and sales of hydrogen fuel cell systems and stacks. The company has production bases in Shanghai, Jiangsu, Zhejiang and Guangdong. |
| Shanghai SinoFuelCell Co., Ltd. | 1998, Shanghai, China | Unlisted | • The company is a non-wholly owned subsidiary of Beijing SinoHytec Co., Ltd. The company mainly engages in the R&D, the production and sales of hydrogen fuel cell stacks, and the production and sales of testing equipment of hydrogen fuel cell stacks. The company has a production base in Shanghai, with a production capacity of about 1,000 hydrogen fuel cell stacks per year. |
| Shanghai H-RISE New Energy Technology Co., Ltd. | 2017, Shanghai, China | Unlisted | • The company focuses on the research and development, production, sales and overall solutions of fuel cell stacks. The company has established an industrialization base integrating R&D, office, production and testing in Lingang New Area of China (Shanghai) Pilot Free Trade Zone, and built a fully automated stack production line with an annual production capacity of 10,000 stacks. |

*Source: Frost & Sullivan*

The key performance indicators of a hydrogen fuel cell stack are rated power, power density, freeze-start capability and lifespan. The following table sets forth a comparison between the Group's SynStack GIII hydrogen fuel cell stack and other major models of its peers in the industry:

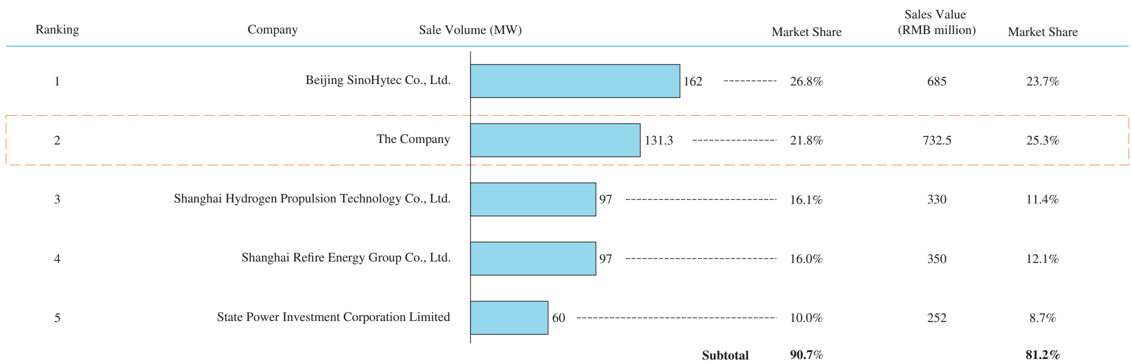
| Company Name | Bipolar Plate Material | Launch Time of New Models | Rated Power *(kW)* | Power Density *(kW/L)* | Freeze-start Temperature *(°C)* | Lifespan *(hours)* |
|---|---|---|---|---|---|---|
| The Company | Graphite | 2022 | 204 | 4.5 | -35 | >30,000 |
| Shanghai SinoFuelCell Co., Ltd. | Graphite | 2021 | 150 | 4.0 | -35 | >15,000 |
| Shanghai Hydrogen Propulsion Technology Co., Ltd. | Metal | 2021 | 163 | 4.2 | -30 | >15,000 |
| Shanghai Refire Energy Group Co., Ltd. | Graphite | N/A | 96 | 3.5 | -30 | 15,000 |
| Shanghai H-RISE New Energy Technology Co., Ltd. | Metal | 2022 | 230 | 6.0 | -30 | 15,000 |

*Source: Frost & Sullivan*

In 2022, the market size of hydrogen fuel cell systems by sales volume in China was approximately 602.8MW. As the core component of the hydrogen fuel cell systems, hydrogen fuel cell stacks have a great impact on the key performance of the hydrogen fuel cell systems. Therefore, in the hydrogen fuel cell systems industry, companies that are capable to self-develop and self-produce stacks are expected to have stronger competitiveness in the future. In 2022, the sales volume of the Company's hydrogen fuel cell systems was approximately 131.3MW, ranking the second in terms of the sales volume of hydrogen fuel cell systems with a market share of 21.8%. In terms of sales value, the Company ranked the first in the hydrogen fuel cell system market in China in 2022.

As of November 20, 2023, 83 and 54 vehicle models equipped with the hydrogen fuel cell systems provided by the Group have entered the Announcement of Road Power-Driven Vehicle Manufacturing Enterprises and Products and the Catalogue of Recommended Models for the Promotion and Application of New Energy Vehicles (《新能源汽車推廣應用推薦車型目錄》) (the "**Catalogue**"), respectively.

**Top Five Companies of Hydrogen Fuel Cell Systems in China, by Sales Volume and Sales Value, 2022**




| Company Name | Year Established/ Headquarter | Listed/ Unlisted | Business Introduction |
|---|---|---|---|
| Beijing SinoHytec Co., Ltd. | 2004, Beijing, China | Listed | • The company is a high-tech enterprise focusing on the development and industrialization of hydrogen fuel cell systems. The company has a production base in Hebei, with a production capacity of around 10,000 hydrogen fuel cell systems per year. |
| State Power Investment Corporation Limited | 2015, Beijing, China | Unlisted | • The company is a large key state-owned enterprise directly under the central government of China. The company develops and produce hydrogen fuel cell systems. |

*Source: Frost & Sullivan*

The key performance indicators of a hydrogen fuel cell system are rated power, power density, freeze-start capability, energy conversion efficiency and lifespan. The following table shows the comparison between the Group's SynRoad H240 hydrogen fuel cell system and other major models of its peers in the industry:

| **Company Name** | **Launch Time of New Models** | **Rated Power** *(kW)* | **Power Density** *(W/kg)* | **Energy Conversion Efficiency** *(%)* | **Freeze-start Temperature** *(°C)* | **Lifespan** *(hours)* |
|---|---|---|---|---|---|---|
| The Company | 2022 | 240 | 906 | 61 | -30 | ≥20,000 |
| Beijing SinoHytec Co., Ltd. | 2021 | 241 | 757 | 58 | -35 | N/A |
| Shanghai Refire Energy Group Co., Ltd. | 2021 | 130 | 702 | 60 | -30 | 30,000 |
| Shanghai Hydrogen Propulsion Technology Co., Ltd. | 2022 | 256 | 608 | 60 | -30 | >15,000 |
| State Power Investment Corporation Limited | 2022 | ~120 | N/A | N/A | -30 | N/A |

*Source: Frost & Sullivan*

**Competitive Landscape Among the Group and Industry Peers**

*Hydrogen fuel cell stacks*

| | **The Group** | **Shanghai SinoFuelCell Co., Ltd.** | **Shanghai Hydrogen Propulsion Technology Co., Ltd.** | **Shanghai Refire Energy Group Co., Ltd.** | **Shanghai H-RISE New Energy Technology Co., Ltd.** |
|---|---|---|---|---|---|
| Average Selling Price of Hydrogen Fuel Cell Stacks (RMB/kW) in 2022 | 1,668 | ~1,680 | ~1,748 | N/A | ~1,800 |
| Geographical Footprint | 20 provinces nationwide | Nationwide, mainly in North China (e.g., Beijing, Hebei); Central China (e.g., Henan); East China (e.g., Shanghai, Shandong); Southwest China (e.g., Sichuan) | Nationwide, mainly in East China (e.g., Shanghai, Jiangsu, Zhejiang, Shandong); North China (e.g., Beijing, Tianjin, Inner Mongolia); South China (e.g., Guangdong); Southwest China (e.g., Sichuan); Northeast China (e.g., Liaoning) | Nationwide, mainly in East China (e.g., Shanghai, Zhejiang, Jiangsu); South China (e.g., Guangdong); Central China (e.g., Henan) | Mainly in East China (e.g., Shanghai) |
| Time of Market Entry | 2017 | 2002 | 2020 | 2020 | 2018 |

*Source: Frost & Sullivan*

*Hydrogen fuel cell systems*

| | The Group | Shanghai Refire Energy Group Co., Ltd. | Beijing SinoHytec Co., Ltd. | Shanghai Hydrogen Propulsion Technology Co., Ltd. | State Power Investment Corporation Limited. |
|---|---|---|---|---|---|
| Average Selling Price of Hydrogen Fuel Cell Systems (without additional components) (RMB/kW) in 2022 | ~4,079 | ~3,624 | ~4,238 | ~3,400 | ~4,200 |
| Geographical Footprint | 20 provinces nationwide | Nationwide, mainly in East China (e.g., Shanghai, Zhejiang, Jiangsu); South China (e.g., Guangdong); Central China (e.g., Henan) | Nationwide, mainly in North China (e.g., Beijing, Hebei); Central China (e.g., Henan); East China (e.g., Shanghai, Shandong); Southwest China (e.g., Sichuan) | Nationwide, mainly in East China (e.g., Shanghai, Jiangsu, Zhejiang, Shandong); North China (e.g., Beijing, Tianjin, Inner Mongolia); South China (e.g., Guangdong); Southwest China (e.g., Sichuan); Northeast China (e.g., Liaoning) | Nationwide, mainly in North China (e.g., Beijing, Hebei); East China (e.g., Zhejiang, Shandong), Central China (e.g., Hubei); South China (e.g., Guangdong); Northeast China (e.g., Jilin) |
| Time of Market Entry | 2016 | 2017 | 2016 | 2020 | 2018 |

*Source: Frost & Sullivan*

*Average selling price*

As one of the leading companies in the industry, the Company has led the way both in terms of the development of the hydrogen fuel cell industry and in terms of lowering the selling prices of hydrogen fuel cell products to promote the growth of the industry. In particular, the Company's self-developed SynStack G series hydrogen fuel cell stack has achieved domestic procurement and production with respect to its core components, including MEAs and graphite bipolar plates, which reduced the production cost, and the SynStack GI hydrogen fuel cell stack was launched in 2020 at a price of RMB1,999/kW, being one of the earliest hydrogen fuel cell companies in the PRC to price hydrogen fuel cell stacks below RMB2,000/kW. In comparison with its peers, in 2022, the average selling price of the Group's hydrogen fuel cell stacks was RMB1,668/kW and the average selling price of its hydrogen fuel cell systems (without additional components) was RMB4,079/kW, placing the Group at a relatively advantageous point compared with other top market players in the industry in terms of price and helping the Group to capture a larger customer base and penetrating into new customer segments.

*Market entry and geographical footprint*

The Company was one of the earliest market players in the hydrogen fuel cell industry in the PRC. As illustrated in the table above, the Company entered the industry earlier than most of its peers. Being one of the first movers, the Company enjoyed several competitive advantages, including (i) strong brand recognition from introducing products to the market early, (ii) advanced research and development opportunities such as participating in the formulation of national and industry standards, (iii) the early development of solid relationships with players in the upstream and downstream of the industry chain such as the collaborations with graphite sheet supplier and downstream hydrogen fuel cell vehicle manufacturers, and (iv) enhanced stability and reliability of products as they have undergone more extensive testing form their users and the Company has leveraged feedbacks to refine and improve upon them.

Partly due to its early market entry, the Company has one of the widest geographic coverage in comparison with its peers in terms of the regional distribution of major products, including 20 provinces nationwide. Such wide coverage has brought the Company (i) increased market reach across different regions and markets, reducing dependencies on specific markets and mitigating associated risks such as regional economic fluctuations and regulatory changes. For instance, vehicles equipped with the Company‘s hydrogen fuel cell products have been in stable operation in 20 provincial administrative regions, and its five largest customers during each year/period of the Track Record Period were from a relatively wide range of geographic locations; and (ii) access to local resources to optimize its operations such as participation in the joint development of a hydrogen energy technology industrial park in Chongqing Jiulongpo District and a national demonstration zone of the hydrogen energy industry in Ordos, Inner Mongolia, in which the respective government bodies would assist in the applications for national, municipal and district-level supportive policies in addition to providing favorable treatments relevant to the projects.

**Graphite Bipolar Plates and Metal Bipolar Plates**

According to the material, bipolar plate is mainly divided into graphite bipolar plates and metal bipolar plates. Graphite bipolar plates have the characteristics of light weight, strong stability and high corrosion resistance, but their physical and mechanical properties are relatively less competitive. Metal bipolar plates have the characteristics of strong mechanical properties, thin thickness, and good gas barrier properties, but metal bipolar plates without surface treatment are easily corroded. At present, the industrialization scale of the two types of bipolar plates in China is basically the same.

The following table sets forth the comparisons of graphite bipolar plates and metal bipolar plates:

| | **Graphite bipolar plate** | **Metal bipolar plate** |
|---|---|---|
| Advantages | (1) Good corrosion resistance and durability;<br>(2) Excellent electrical conductivity;<br>(3) Excellent thermal conductivity;<br>(4) Low cost and easy processing of flexible graphite bipolar plate. | (1) Easy to process and shape;<br>(2) Thin thickness;<br>(3) High mechanical strength;<br>(4) Good gas barrier properties. |
| Disadvantages | (1) More complicated processing process;<br>(2) Relatively low mechanical strength and thicker plate. | (1) Low corrosion resistance and the metal ions produced by corrosion affect the performance of the stack;<br>(2) The technical requirements for plate surface modification are relatively high, and it is difficult to achieve large-scale production;<br>(3) Relatively higher production costs. |

At present, the Company adopts the technical route of embossed flexible graphite plate. In view of the disadvantages of graphite bipolar plates in terms of thickness and mechanical strength properties, the Company has continuously enhanced the performance of its embossed flexible graphite plates through technical research. The bending strength of the Company's embossed flexible graphite bipolar plates has reached over 50Mpa while its thickness has been reduced to 1.5mm, both of which are on par with the industry-leading levels (pending strength: over 50Mpa, thickness: 1.3-1.5mm).

The Company is able to switch to other materials (e.g., metal) in case of shortages. However, the supply of natural graphite, which is the key raw material of graphite bipolar plates, is relatively sufficient in China. China is a country with large reserves of graphite resources and large graphite production. According to the data released by USGS, in 2022, the global graphite reserve was approximately 330 million tons, and the total natural graphite production volume was approximately 1.3 million tons. In 2022, China's natural graphite reserves was approximately 52 million tons, accounting for 15.8% of the global natural graphite reserves. In 2022, China's natural graphite production volume was approximately 850 thousand tons, accounting for 65.4% of the global total.

The Company is also the first company in China to achieve mass-production of low-cost embossed flexible graphite bipolar plates. In 2022, the average production cost of graphite bipolar plates in the market was approximately RMB50/piece, which is lower than the average production cost of metal bipolar plates (approximately RMB100/piece). Compared to its peers that also possess the mass production capacity of graphite bipolar plates, the Company's advantage in reducing costs and expenses stems from (i) its bargaining power resulting from its significant purchase volume, and its long-term and stable relationships with domestic graphite sheet suppliers that the Company has worked with for many years as the first company in China to achieve mass-production of low-cost embossed flexible graphite bipolar plates, which, together, help to lower its purchase costs of graphite sheets, a key material in manufacturing graphite bipolar plates; and (ii) most of the companies in its industry in the PRC with the capacity to mass produce graphite bipolar plates use machined techniques instead of the embossing techniques that the Company adopt to manufacture graphite bipolar plates. The embossing technique is faster for the mass production of graphite bipolar plates, and when in mass production, the embossing technique is more cost-efficient than the machined technique.

In terms of application scenarios, both graphite and metal bipolar plates are currently widely used in hydrogen fuel cell vehicles. Graphite bipolar plates are more suitable for commercial vehicles and hydrogen fuel cell systems for stationary applications due to their good durability. Since passenger fuel cell vehicles have higher requirements of energy density, metal bipolar plates are more suitable for passenger vehicles.

## OVERVIEW OF HYDROGEN FUEL CELL VEHICLES MARKET IN CHINA

Hydrogen fuel cell vehicle is one of the most important applications of hydrogen fuel cells. In 2022, the hydrogen fuel cell systems applied in vehicles accounted for approximately 97.7% of the total hydrogen fuel cell systems. As the world's leading automobile manufacturing country with a complete industrial chain, China's hydrogen fuel cells industry is gradually achieving commercial operation under the guidance of favorable policies and improvement of technologies. The hydrogen fuel cell vehicle industry in China is expected to develop rapidly in the next decades.

### Definition of Hydrogen Fuel Cell Vehicles

A hydrogen fuel cell vehicle (HFCV) is a vehicle that uses a hydrogen fuel cell system as a single power source, or a hydrogen fuel cell system and a rechargeable energy storage system as a hybrid power source. Hydrogen fuel cell technology serves as one of the mainstreams of clean energy development and utilization worldwide. In the automotive field, hydrogen replaces the traditional internal combustion engine by combining with a fuel cell to form a powertrain. Looking forward, it is likely that hydrogen will be produced completely pollution-free in the future. Hydrogen fuel cell vehicles may become one of the most desirable means of travel in the future.

The main types of application, vehicle types and fuel cell power range of hydrogen fuel cell vehicles are as shown in the following table:

| Application Scenarios | Major Vehicle Models | Average Fuel Cell Power Range (kW) |
|---|---|---|
| City Passenger Transportation | Bus | 40-150 |
| City and Intercity Freight Transportation | Logistic Vehicle | 50-140 |
| Construction and Engineering | Dump Truck, Cement Mixer, Forklift | 100-165 |
| Trailer Transportation | Tractor | 70-165 |
| Municipal Sanitation | Garbage Vehicle, Street Sweeping Vehicle | 35-130 |

*Source: MIIT, Frost & Sullivan*

**Comparative analysis of hydrogen fuel cell vehicles, battery electric vehicles and internal combustion engine vehicles**

Compared with internal combustion engine vehicles, hydrogen fuel cell vehicles have the advantages of no carbon emission and pollution, high energy conversion efficiency, almost no noise, etc. Meanwhile, compared with battery electric vehicles, hydrogen fuel cell vehicles have high energy density and need less refueling time, making hydrogen fuel cell vehicles can adapt to long-distance and high-load driving. In addition, hydrogen fuel cell vehicles have good resistance in low temperature and harsh environments, making hydrogen fuel cell vehicles able to be applied in wider scenarios. With the development of the related technologies and the improvement of the supporting infrastructure, the fuel cell vehicle industry has great potential for development.

The following table sets forth the comprehensive comparison of hydrogen fuel cell vehicles, battery electric vehicles and internal combustion engine vehicles:

| Indicator | Hydrogen Fuel Cell Vehicle | Battery Electric Vehicle | Internal Combustion Engine Vehicle |
|---|---|---|---|
| Power System | Fuel cell system | Lithium battery system | Internal combustion engine |
| Energy Source | Hydrogen | Electricity | Gasoline or diesel |
| Safety | Low probability of spontaneous combustion | A certain possibility of spontaneous combustion | Almost no possibility of spontaneous combustion |

| Indicator | Hydrogen Fuel Cell Vehicle | Battery Electric Vehicle | Internal Combustion Engine Vehicle |
|---|---|---|---|
| Impact on Environment | • There is no carbon emission or pollution when operating the vehicle. | • Pollution is mainly from the process of battery production and recycling.<br>• Carbon emission is mainly from the electricity generation based on the current fossil fuel dominated energy mix.<br>• There is no carbon emission and pollution when operating the vehicle. | • Waste and emissions include $CO_2$, CO, $SO_2$, etc. |
| Refueling/Charging Time | 10-15 min | Fast charge: 0.5-1h<br>Slow charge: 5-7h | 10 min |
| Driving Range | 500-800 km | 300-600 km | 500-700 km |
| Fuel Energy Density of the Power System | 500-900 W/kg | NCM Battery System: ≥ 150 Wh/kg<br>LFP Battery System: 115-150 Wh/kg | N/A |
| Energy Conversion Efficiency | 50-60% | N/A | ~40% |
| Noise | Almost no noise | Low noise | High noise |
| Application | Widely applicable | Short to medium distance transportation | Widely applicable |
| Price Range[1] | RMB800,000-RMB1,200,000 | RMB800,000-RMB1,000,000 | RMB400,000-RMB500,000 |

*Source: Frost & Sullivan*

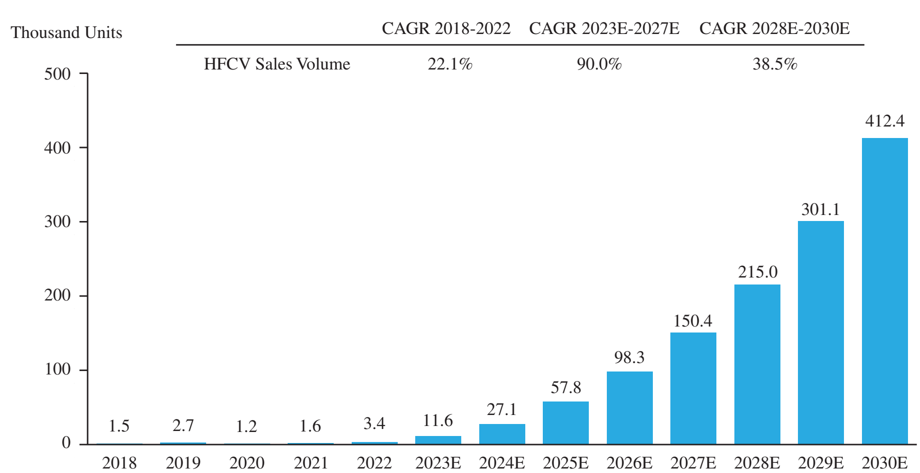
*Note 1:* Price range of the 49-ton heavy-duty truck

In terms of national energy strategy, environmental protection and practicality, hydrogen fuel cell vehicles bring down the environmental impact of traditional vehicles, while tackling the problems of mileage anxiety and long charging time of electric vehicles. Hydrogen fuel cell vehicles are likely to become the main direction for the development of clean energy in the field of commercial vehicles. At present, the Chinese government has prioritized the layout of the hydrogen fuel cell commercial vehicle industry, China already has great advantages and potential in the field of hydrogen fuel cell commercial vehicles, especially in the field of medium and long distance and heavy-duty transportation. Backed by national awarding policies and related technological advancement, mainstream commercial vehicle producers have commenced their efforts in the research and development (R&D) as well as production of hydrogen fuel cell vehicle models to take the lead in capturing the hydrogen fuel cell vehicle market.

**Market Size of Hydrogen Fuel Cell Vehicles in China**

China's hydrogen fuel cell vehicle industry was in its early start-up phase from 2018 to 2022, with sales volume rising from 1.5 thousand units in 2018 to 3.4 thousand units in 2022, at a CAGR of approximately 22.1%. The government has pushed vigorously to establish hydrogen demonstrative city clusters, and provided awards based on the performance of different projects. As a result, an increasing number of cities and local governments proposed initiatives and set targets for hydrogen fuel cell vehicles and related core technologies. Driven by strong policy support, continuous breakthroughs in core technologies, improved infrastructure such as hydrogen refueling stations, and further reductions in production costs, the sales of hydrogen fuel cell vehicles in China will usher in a stage of rapid growth similar to that of electric vehicles. China is expected to witness a surge in its sales of hydrogen fuel cell vehicles, from approximately 11.6 thousand units in 2023 to 150.4 thousand units in 2027, with a CAGR of approximately 90.0%, and further to approximately 412.4 thousand units in 2030, with a CAGR of approximately 38.5% between 2028 and 2030.

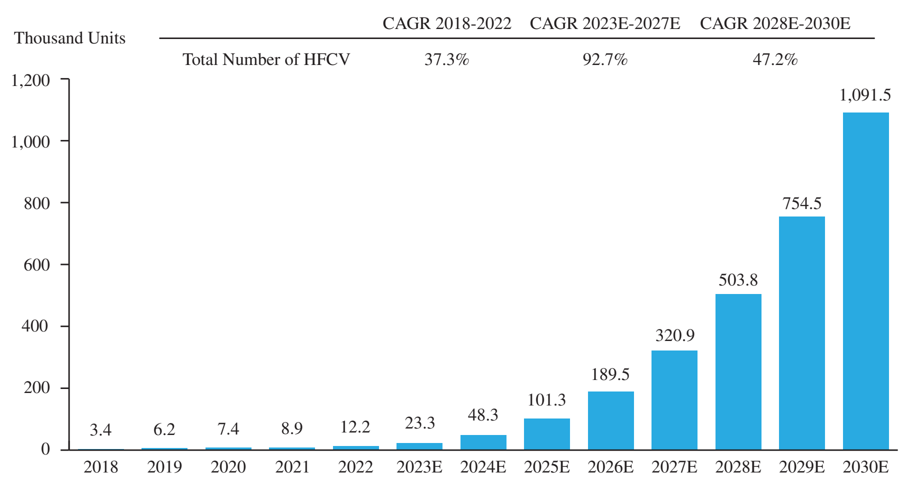
**Sales Volume of Hydrogen Fuel Cell Vehicles in China, 2018-2030E**




*Source: China Association of Automobile Manufacturers, Frost & Sullivan*

Over the past few years, China has seen a relatively stable total number of hydrogen fuel cell vehicles, with 12.2 thousand units such vehicles on road in 2022. Affected by the spread of COVID-19 and the fact that customers were waiting for new supportive policies to be published before placing orders, hydrogen fuel cell sales experienced a temporary decrease in 2020 as compared to 2019. Since 2020, the sales volume of hydrogen fuel cell vehicles in China has continued to grow. At present, the majority of hydrogen fuel cell vehicles in China are for commercial uses. Commercial hydrogen vehicles such as trucks and buses are mainly applied in the scenarios with specific routes like parks and ports. From 2023 onwards, along with the progressive increase in hydrogen fuel cell vehicle sales, the total number of hydrogen fuel cell vehicles is expected to outnumber 100 thousand units in 2025 and hit 320.9 thousand units in 2027. As the market shows an embracing of hydrogen fuel cell vehicles and wider application scenarios emerge, China is expected to usher in a surge in the total number of hydrogen fuel cell vehicles between 2028 and 2030, which will exceed 1 million units by 2030.

**Total Number of Hydrogen Fuel Cell Vehicles in China, 2018-2030E**




*Source: China Association of Automobile Manufacturers, Frost & Sullivan*

**Drivers and Development Trend Analysis of Hydrogen Fuel Cell Vehicles Market in China**

- ***Supporting government policies***

In order to support and regulate the hydrogen fuel cell vehicle industry, the Chinese government has successively issued a series of encouraging policies in recent years. For instance, 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》) issued in September 2020 clarified the application guidance for hydrogen fuel cell vehicle demonstrative city clusters, and would reward qualified city clusters for carrying out the research and demonstrative application of core technologies of hydrogen fuel cell vehicles, forming a new development model of hydrogen fuel cell vehicles with reasonable layout. As a result, since August 2021, Beijing, Shanghai, Guangdong, Hebei and Henan have been successively approved as the demonstrative city clusters for hydrogen fuel cell vehicle pilot application and issued their own implementation rules. In addition, hydrogen fuel cell vehicle industry has also been included in "the 14th Five-Year Plan" by 30 local provinces and cities, which planned to put into operation approximately 100 thousand units of hydrogen fuel cell vehicles by 2025. Government support will serve as an important pillar for the development of China's hydrogen fuel cell vehicle industry. It is expected that the sales of hydrogen fuel cell vehicles in China will increase from 11.6 thousand units in 2023 to 150.4 thousand units in 2027, with a CAGR of approximately 90.0%, and further to approximately 412.4 thousand units in 2030, with a CAGR of approximately 38.5% between 2028 and 2030.

- ***Vibrant roll-out by vehicle producers***

Hydrogen fuel cell vehicles, featuring such advantages as zero emission, high payload, long driving range and fast fuel replenishment, are heading the way for the new energy vehicle industry. Hydrogen fuel cell vehicles are more suitable for long-distance heavy-duty scenarios, and will coexist with lithium battery vehicles in the future. In 2021, the total number of hydrogen fuel cell vehicle models officially announced was 1,943, with the highest year-on-year growth rate compared with that of other power types. The producers of hydrogen fuel cell vehicles, represented by the manufacturers of hydrogen fuel cell commercial vehicles, especially those of hydrogen fuel cell heavy trucks, are proactively laying out hydrogen fuel cell vehicle business. The enthusiasm of vehicle producers to develop hydrogen fuel cell vehicles will drive the market penetration of hydrogen fuel cell vehicles.

- ***Maturing technologies***

After a long period of development, China's hydrogen fuel cell vehicle technologies have aligned with the international advanced level in the core parts such as the R&D capability of hydrogen fuel cell stacks and systems, etc. In terms of performance, the gap between China's self-developed hydrogen fuel cell vehicles and those by foreign technologies in model development capability, vehicle dynamics, driving range, fuel cell engine power, low-temperature starting, etc. is shrinking. Meanwhile, Chinese companies are basically on a par with the foreign peers when it comes to fuel economy and vehicle noise levels. The continuous breakthroughs in technologies will drive the commercialization of the hydrogen fuel cell vehicle industry.

- ***Declining manufacturing costs***

Under the guiding policies of local governments, the industry chain of hydrogen fuel cell vehicles in China has been continuously optimized, with increasing key upstream materials produced domestically and enriching application scenarios. Driven by technological breakthroughs and large-scale production, the average price of hydrogen fuel cell systems decreased accordingly at a CAGR of -25.3% from 2017 to 2021, with a significant advantage compared to ternary lithium batteries (-14.7%) and lithium iron phosphate batteries (-15.5%). In addition, the price of hydrogen is another important factor that determines the full life cycle of hydrogen fuel cell vehicles. Under the current price of hydrogen fuel cell system, when the hydrogen price decreases to RMB35/kg, the operating costs of the 49-ton heavy-duty truck in the full life cycle can be almost equal to the costs of diesel vehicles. Over the next decade, the hydrogen price and the manufacturing costs of hydrogen fuel cell vehicles are expected to drop significantly as a result of technological maturity and accelerated commercialization process.

**Overview of the Competitive Landscape of Major Suppliers and Customers of Hydrogen Fuel Cell Stacks and Systems in China**

The major suppliers of hydrogen fuel cell stacks and systems manufacturers are key components companies. Since the hydrogen fuel cell stacks and systems industries are still at a stage of early development, the maturity level of the supply chains is not advanced and the market concentrations of the key components of hydrogen fuel cell stacks and systems are relatively high. For instance, market shares of the top five players in the MEA industry, air compressor industry and the DC-to-DC converter industry in China were over 60%, 90%, and 90% in terms of installed volume in 2022, respectively.

The major customers of hydrogen fuel cell stacks and systems manufacturers are hydrogen fuel cell vehicles manufacturers and hydrogen fuel cell systems companies. There were approximately 45 hydrogen fuel cell vehicles manufacturers in China with insurance records for hydrogen fuel cell vehicles in 2022. The top five hydrogen fuel cell vehicles manufacturers accounted for over 70% of the total sales volume of hydrogen fuel cell vehicles in China in 2022. The number of hydrogen fuel cell systems companies in China increased from approximately 70 in 2017 to approximately 150 in 2022.

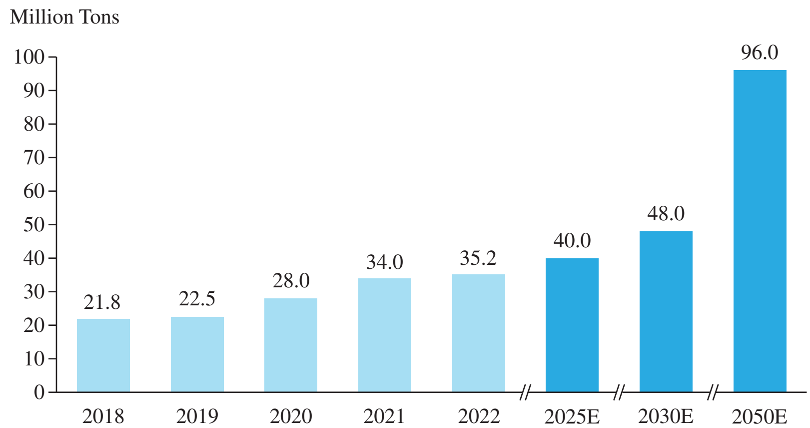
Therefore, companies in the hydrogen fuel cell stacks and systems industries typically have a high concentration of suppliers and customers.

**Market Size of Hydrogen in China**

China has witnessed a steady growth in hydrogen production over the past few years, with approximately 35.2 million tons of hydrogen produced in 2022, which has become the world's largest hydrogen production country. As China is "rich in coal, poor in oil and low in gas", most of its hydrogen is currently "grey hydrogen" produced by fossil fuels and industrial by-products, of which only a small portion can be converted into "blue hydrogen" by utilizing the CCUS (carbon capture, utilization and storage) technology. China plays a leading role in the global renewable market and values huge potential for clean and low carbon "green hydrogen". 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)) set a target of 100,000-200,000 tons/year of hydrogen production from renewable energy sources by 2025, which will become an important part of newly added hydrogen energy consumption, and achieve carbon dioxide emission reduction of 1-2 million tons per year. In the future, with the upgrading of technology, the improvement of energy utilization rate and clean energy penetration rate, the energy structure of hydrogen production in China will be more environmentally friendly.

**Hydrogen Production in China, 2018-2050E**

| | CAGR 2018-2022 | CAGR 2022-2025E | CAGR 2025E-2030E | CAGR 2030E-2050E |
|---|---|---|---|---|
| China Hydrogen Production | 12.7% | 4.4% | 3.7% | 3.5% |

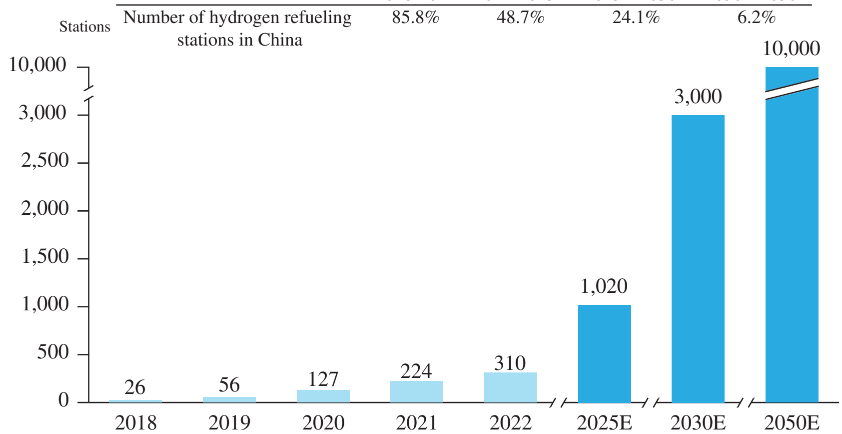



*Source: Frost & Sullivan*

The number of hydrogen refueling stations in China is surging at a CAGR of 85.8%, from 26 stations in 2018 to 310 stations in 2022. With the aggressive layout of leading companies and government support, the number of hydrogen refueling stations in China will further grow and is expected to exceed 1,000, 3,000 and 10,000 stations in 2025, 2030 and 2050 respectively.

**Number of Hydrogen Refueling Stations in China, 2018-2050E**

| | CAGR 2018-2022 | CAGR 2022-2025E | CAGR 2025E-2030E | CAGR 2030E-2050E |
|---|---|---|---|---|
| Number of hydrogen refueling stations in China | 85.8% | 48.7% | 24.1% | 6.2% |




*Source: Frost & Sullivan*

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

## REGULATIONS RELATING TO FOREIGN INVESTMENT

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

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

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

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

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

## REGULATIONS RELATING TO OUR INDUSTRY AND PRODUCTS

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

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

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

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

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

According to the Notice on Launching the Pilot Application of Fuel Cell Vehicles (《關於開展燃料電池汽車示範應用的通知》) jointly issued by the Ministry of Finance, the Ministry of Industry and Information Technology, the Ministry of Science and Technology and other departments on 16 September 2020, the government updates the policy of subsidizing the purchase of fuel cell vehicles to pilot application of fuel cell vehicles, and then to reward the eligible city clusters that engage in the industrialization of key and core technologies for fuel cell vehicles and their pilot applications. The period of pilot application is tentatively set to four years, during which these departments will reward the selected demonstrative city clusters according to the fulfillment of their targets in the form of rewards rather than subsidies. The content of pilot application includes, among others, (i) the fuel cell vehicle industry chain shall be built to promote the technological development and industrialization of all links in the chain; (ii) the pilot application of new technologies and models for fuel cell vehicles shall be launched to promote the establishment and improvement of related technical indicator systems and testing and evaluation standards; and (iii) effective business operation models shall be explored. The Notice on Starting the Pilot Application of Fuel Cell Vehicles (《關於啟動燃料電池汽車示範應用工作的通知》) issued on 13 August 2021 approves Beijing, Shanghai and Guangdong province to start the implementation of the fuel cell vehicle pilot application for a period of 4 years. Relevant expert committees and third-party institutions will guide and assess the pilot application, and the assessment results will be the basis for arranging incentive funds for the pilot cities. The Notice on Launching of the Pilot Application of New Fuel Cell Vehicles (《關於啟動新一批燃料電池汽車示範應用工作的通知》) issued on 28 December 2021 approves Hebei and Henan provinces to start the implementation of the fuel cell vehicle pilot application.

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

## REGULATIONS ON INTERNET INFORMATION SECURITY AND PRIVACY PROTECTION

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

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

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

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

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

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

According to our Data Security Counsel's phone consultation with the China Cybersecurity Review Technology and Certification Center (中國網絡安全審查技術與認證中心), which is authorized by the Cybersecurity Review Office of the CAC to accept public consultation and cybersecurity review submissions, (i) we were not required to apply for cybersecurity review since the term "listed in a foreign country" under the Cybersecurity Review Measures does not include companies listed or to be listed in Hong Kong and (ii) the provisions of applying for a cybersecurity review with the CAC was not applicable to our proposed Listing since the Draft Regulation had not become effective or been formally implemented. Based on the consultation, our Data Security Counsel is of the view that (i) the Cybersecurity Review Measures would not apply to our Company, and (ii) our business operations or our proposed Listing in Hong Kong would not give rise to national security risks based on the factors set out in Article 10 of the Cybersecurity Review Measures.

In addition, with respect to the Draft Regulation, our Data Security Counsel is of the view that, although our collection and processing of on-board hydrogen fuel cell data would subject us to the Draft Regulation (assuming the Draft Regulation would be implemented in its current form), we would not be required to apply for cybersecurity review in accordance with the relevant requirements. Furthermore, as we have taken necessary measures such as data backup, encryption and access control in our data processing activities and established a data security emergency response mechanism and complaint reporting channel in accordance with the requirements of the Draft Regulation, our Directors, as advised by our Data Security Counsel, are of the view that (i) we would be able to comply with the Draft Regulation in all material respects, and (ii) our operations and financial performance would not be materially or adversely affected by the Draft Regulation, assuming the Draft Regulation would be implemented in its current form.

On 7 July 2022, the CAC promulgated the Measures for the Security Assessment of Outbound Data Transfer (《數據出境安全評估辦法》) (the "**Outbound Data Transfer Measures**"), which has come into effect on 1 September 2022. The Outbound Data Transfer Measures provides that a data processor shall apply for the security assessment of the outbound data transfer on the circumstances that (i) the data processor provides important data abroad, (ii) the critical information infrastructure operator or the data processor that has processed the personal information of over one million people provides personal information abroad, (iii) the data processor that has provided the personal information of over 100,000 people or the sensitive personal information of over 10,000 people cumulatively in the previous year, and (iv) other circumstances stipulated by the CAC for which the security assessment of the outbound data transfer is required.

Our Data Security Counsel is of the view that, during the Track Record Period and up to the Latest Practicable Date, (i) our Listing was not subject to the Cybersecurity Review Measures and we do not need to apply for a cybersecurity review, (ii) we did not need to apply for a security assessment as stipulated in the Outbound Data Transfer Measures, (iii) our data processing activities were not subject to the Personal Information Protection Law or the Trial Regulation, and (iv) we had complied with all applicable cybersecurity, data security and data privacy laws and regulations in the PRC in all material aspects.

## REGULATIONS RELATING TO ENVIRONMENTAL PROTECTION

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

## REGULATIONS RELATING TO WORK SAFETY

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

## REGULATIONS RELATING TO LABOR PROTECTION

### Labor Law

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

### Labor Contract Law

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

### Social Insurance and Housing Provident Fund

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

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

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

## REGULATIONS RELATING TO INTELLECTUAL PROPERTY

### Trademark

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

### Patent

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

### Copyright

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

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

**Domain Name**

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

## REGULATIONS RELATING TO TAXATION

**EIT**

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

**Withholding Income Tax**

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

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

**Value-Added Tax**

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

**REGULATIONS RELATING TO FOREIGN EXCHANGE**

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

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

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

## REGULATIONS RELATING TO OVERSEAS OFFERING AND LISTING

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

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.

The CSRC also published the Notice on the Administrative Arrangements for the Filing of the Overseas Securities Offering and Listing by Domestic Companies (《關於境內企業境外發行上市備案管理安排的通知》) (the "Transitional Arrangement Notice") on 17 February 2023 to clarify the transitional arrangement. The Transitional Arrangement Notice sets out that, among other things, (i) if the direct listings of PRC domestic companies have been approved by the CSRC, such PRC domestic companies can continue with their overseas offering and listing before the expiration of the CSRC approval as obtained, and (ii) if the overseas offerings and listings have not been completed before the expiration of the CSRC approval, the filing with CSRC shall be made. The Company obtained the CSRC approval dated 30 March 2023, which would be valid for 12 months. As advised by our PRC Legal Advisers, based on the Transitional Arrangement Notice and the CSRC approval obtained, the Company can continue with its current overseas offering and listing before the expiration of the CSRC approval, which is 12 months since 30 March 2023, and no filing is required for the current overseas offering and listing of the Company within such period.

## OUR HISTORY

### Overview

We are a leading technology-based hydrogen fuel cell company in the PRC focusing on research, development, production and sales of hydrogen fuel cell stacks and hydrogen fuel cell systems. Our Company was founded in the PRC in June 2015 as a limited liability company. After a series of share transfers and capital injections, our Company was converted into a joint stock limited liability company on 22 March 2022.

### Milestones

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

| Year | Milestones |
|---|---|
| 2015 | Our Company was established in the PRC with limited liability in Yunfu, Guangdong Province |
| 2017 | We equipped all of the buses running on the Yunfu demonstrative bus line with our hydrogen fuel cell products, and it was the bus line with the most hydrogen fuel cell buses running in the world when it commenced operation |
| | Our production facility in Yunfu commenced operation, which was the world's largest hydrogen fuel cell stacks production facility at that time |
| 2018 | We were approved to set up a national level post-doctoral research station in Yunfu, Guangdong Province |
| | We passed IATF16949:2016 quality management system certification |
| 2019 | The key laboratory of hydrogen energy technology in Guangdong Province was established |
| 2020 | We launched our self-developed hydrogen fuel cell stacks SynStack GI and commenced the production and sale of our self-developed hydrogen fuel cell systems SynRoad G series |
| 2021 | We entered into cooperation agreements with Chongqing Jiulongpo District Government to jointly build a hydrogen energy technology industrial park, and the People's Government of Ordos, Inner Mongolia to build a national demonstration zone of the hydrogen energy industry, thus preliminary forming a national layout |

| Year | Milestones |
|---|---|
| | The world's first hydrogen-powered rubber-tyred digital rail tram rolled off the production line in Shanghai, of which we had participated in its development |
| 2022 | We launched our self-developed SynStack GIII hydrogen fuel cell stack and SynRoad H series hydrogen fuel cell system, which were one of the world's largest power hydrogen fuel cell stacks and hydrogen fuel cell systems equipped with graphite plates at that time |

## ESTABLISHMENT AND DEVELOPMENT OF OUR COMPANY

### (1) Establishment of our Company and Increase in Registered Capital

Our Company was established in the PRC as a limited liability company on 30 June 2015 with an initial registered capital of RMB100 million, which was respectively held as to 51% and 49% by Hongyun Hydrogen Energy and Guangdong Foshan (Yunfu) Industrial Transfer Industrial Park Investment Development Co., Ltd. (廣東佛山(雲浮)產業轉移工業園投資開發有限公司) ("**Yunfu Industrial Park**"). On 20 September 2016, the registered capital of our Company was increased to RMB200 million, with capital contributions from Hongyun Hydrogen Energy and Yunfu Industrial Park on a pro-rata basis. The capital contributions for the 51% equity interests in the Company of RMB102 million was paid up through a combination of Hongyun Hydrogen Energy's own funds, loans, proceeds from equity transfer and payment of registered capital by the new shareholder after the subsequent equity transfer.

### (2) Major Shareholding Changes of our Company

#### *(a) Equity transfers to Shenzhen Rongdingze*

On 2 November 2016, Hongyun Hydrogen Energy transferred 10% equity interest in our Company to Shenzhen Rongdingze Investment Centre (Limited Partnership) (深圳融鼎澤投資中心(有限合夥) ("**Shenzhen Rongdingze**"), an Independent Third Party, for a consideration of RMB60 million, of which RMB50 million was the consideration payable to Hongyun Hydrogen Energy while the remaining RMB10 million was the amount of Hongyun Hydrogen Energy's unpaid registered share capital payable by Shenzhen Rongdingze ("**November 2016 Investment**"). The consideration was based on an asset valuation report by an independent valuer.

On 20 December 2016, Yunfu Industrial Park transferred 15% equity interest in our Company to Shenzhen Rongdingze for a consideration of RMB90 million ("**December 2016 Investment**"). The consideration was determined based on an asset valuation report by an independent valuer.

***(b) Equity transfers by Shenzhen Rongdingze to Shanghai Hongcheng and Shanghai Jucheng ("August 2017 Investment")***

On 31 August 2017, Shenzhen Rongdingze transferred 6.67% and 3.33% equity interest in our Company for a consideration of RMB100 million and RMB50 million to Shanghai Hongcheng Start-up Investment Partnership (Limited Partnership) (上海泓成創業投資合夥企業(有限合夥)) (previously known as Shanghai Hongcheng Equity Investment Partnership (Limited Partnership) (上海泓成股權投資合夥企業(有限合夥)) and Shanghai Hongcheng Investment Partnership (Limited Partnership) (上海泓成投資合夥企業(有限合夥)) ("**Shanghai Hongcheng**") and Shanghai Jucheng Start-up Investment Partnership (Limited Partnership) (上海聚澄創業投資合夥企業(有限合夥)) ("**Shanghai Jucheng**") (previous known as Shanghai Jucheng Investment Partnership (Limited Partnership) (上海聚澄投資合夥企業(有限合夥)), respectively, both of which were Independent Third Parties. The consideration for the transfers was determined based on arm's length negotiation between parties taking into account our Company's research and development progress, business operations and future prospects.

***(c) Capital injection by Guangzhou Hongsheng***

On 26 March 2020, Guangzhou Hongsheng Fengtai Investment Partnership (Limited Partnership) (廣州鴻盛豐泰投資合夥企業(有限合夥)) ("**Guangzhou Hongsheng**"), which was the then shareholding platform set up to attract and retain management and key employees, to align the participants' interests with the long-term success of our Company, acquired approximately 0.71% equity interest in our Company by investing RMB4.26 million, of which RMB1.42 million was injected as the registered capital of our Company while the remaining RMB2.84 million was recorded as the Company's capital reserve. Guangzhou Hongsheng was owned as to approximately 10.56% by Zhang Zhejun (張哲軍), one of our senior management as its general partner and approximately 89.44% by 33 senior management and other employees of the Group as its limited partners at the time of the capital injection.

***(d) Capital injection by Meijin Energy Holding ("October 2020 Investment")***

On 9 October 2020, Shanxi Meijin Energy Co., Ltd. (山西美錦能源股份有限公司) ("**Meijin Energy Holding**"), a company listed on the Shenzhen Stock Exchange (Stock Code: 000723) and an Independent Third Party, acquired approximately 9.03% equity interest in our Company by investing RMB180 million, of which RMB20 million was injected as the registered capital of our Company while the remaining RMB160 million was recorded as our Company's capital reserve.

### *(e) Capital injection by eight new investors ("December 2020 Investment")*

On 24 December 2020, eight new investors, namely (i) Gongqingcheng Shuida Yuda Technology Industry Investment Center (Limited Partnership) (共青城水大魚大科技產業投資中心(有限合夥)) ("**GQ Shuida Yuda**"), (ii) Zhangjiagang Greenway Hydrogen Energy Development Investment Center (Limited Partnership) (張家港綠脈氫能發展投資中心(有限合夥)) ("**Greenway Hydrogen**"), (iii) Qingdao Huayi Taihong Venture Capital Center (Limited Partnership) (青島華亦泰弘創業投資中心(有限合夥)) ("**Qingdao Huayi**"), (iv) Shenzhen Jiajiatai Business Information Partnership Enterprise (Limited Partnership) (深圳市嘉佳泰商務信息合夥企業(有限合夥)) ("**Shenzhen Jiajiatai**"), (v) Guangzhou Chengxin Venture Capital Co., Ltd. (廣州誠信創業投資有限公司) ("**Guangzhou Chengxin**"), (vi) Guangdong Yuecai SME Equity Investment Fund Partnership (Limited Partnership) (廣東粵財中小企業股權投資基金合夥企業(有限合夥)) ("**Guangdong Yuecai**"), (vii) Ningbo Lingyu Enterprise Management Partnership (Limited Partnership) (寧波靈裕企業管理合夥企業(有限合夥)) ("**Ningbo Lingyu**") and (viii) Zhuhai Hengqin Yixing Banyue Investment Partnership (Limited Partnership) (珠海橫琴依星伴月投資合夥企業(有限合夥)) ("**Zhuhai Yixing**"), all of which are Independent Third Parties, invested RMB208 million, RMB110 million, approximately RMB50 million, RMB50 million, RMB50 million, RMB30 million, RMB27 million and RMB0.3 million, respectively in our Company, being a total amount of RMB525.3 million, among which a total of approximately RMB57.73 million was injected as the registered capital of our Company while the remaining amount was recorded as our Company's capital reserve. GQ Shuida Yuda, Greenway Hydrogen, Qingdao Huayi, Shenzhen Jiajiatai, Guangzhou Chengxin, Guangdong Yuecai, Ningbo Lingyu and Zhuhai Yixing acquired equity interests of approximately 8.19%, 4.33%, 1.97%, 1.97%, 1.97%, 1.18%, 1.06% and 0.01% of the then total equity interest of our Company respectively, representing a total of approximately 20.68% of the then total equity interest of our Company.

### *(f) Further capital injection by Guangzhou Hongsheng*

On 29 December 2020, Guangzhou Hongsheng has further acquired approximately of 5.58% equity interest in our Company by investing RMB49.74 million, of which RMB16.58 million was injected as the registered capital of our Company while the remaining RMB33.16 million was recorded as our Company's capital reserve.

### *(g) Capital injection by eight new investors ("April 2021 Investment")*

On 19 April 2021, eight new investors, namely (i) Qingdao Chengtou Hydrogen Power Partnership (Limited Partnership) (青島城投氫動力合夥企業(有限合夥)) ("**Qingdao Chengtou**"), (ii) Yangzhou Guangling Orient Securities Emerging Industry Investment Fund Partnership (Limited Partnership) (揚州市廣陵東證新興產業投資基金合夥企業(有限合夥)) ("**Yangzhou Guangling**"), (iii) Qingdao Chengsheng Investment Management Co., Ltd. (青島城盛投資管理有限公司) ("**Qingdao Chengsheng**"), (iv) Qingdao Hongta Innovation Equity Investment Partnership (Limited Partnership) (青島紅塔創新股權投資合夥企業(有限合夥)) ("**Qingdao Hongta**"), (v) Shenzhen Guozhong

SME Development Private Equity Investment Fund Partnership (limited partnership) (深圳國中中小企業發展私募股權投資基金合夥企業(有限合夥)) (previously known as SME Development Fund (Shenzhen Limited Partnership) (中小企業發展基金(深圳有限合夥))) ("**SME Development Fund**"), (vi) Zhuhai Hengqin Zhuoneng Equity Investment Partnership (Limited Partnership) (珠海橫琴卓能股權投資合夥企業(有限合夥)) ("**Zhuhai Zhuoneng**"), (vii) Shenzhen Runtu Xiangcheng Investment Center (Limited Partnership) (深圳市潤土祥成投資中心(有限合夥)) ("**Shenzhen Runtu**") and (viii) Foshan Yuanteng Equity Investment Partnership (Limited Partnership) (佛山源騰股權投資合夥企業(有限合夥)) ("**Foshan Yuanteng**"), all of which are Independent Third Parties, invested RMB264 million, RMB80 million, RMB36 million, RMB30 million, RMB25 million, RMB18.19 million, RMB12.50 million and RMB9 million respectively in our Company, being a total amount of RMB474.69 million, among which a total of approximately RMB47.47 million was injected as the registered capital of our Company while the remaining amount was recorded as our Company's capital reserve. Qingdao Chengtou, Yangzhou Guangling, Qingdao Chengsheng, Qingdao Hongta, SME Development Fund, Zhuhai Zhuoneng, Shenzhen Runtu, Foshan Yuanteng acquired equity interests of approximately 7.69%, 2.33%, 1.05%, 0.87%, 0.73%, 0.53%, 0.36% and 0.26% of the then total equity interest of our Company respectively, representing a total of approximately 13.82% of the then total equity interest of our Company.

***(h) Capital injection by one existing Shareholder and five new investors, an equity transfer by Guangzhou Chengxin (collectively the "November 2021 Investment") and an equity transfer between ESOP Platforms***

On 22 November 2021, Zhuhai Zhuoneng, an existing Shareholder, and five new investors, namely, (i) Chongqing Yu Hydrogen Private Equity Investment Fund Partnership (Limited Partnership) (重慶渝氫私募股權投資基金合夥企業(有限合夥)) ("**Chongqing Yu Hydrogen**"), (ii) Hangzhou Yonglongyi Investment Partnership (Limited Partnership) (杭州湧隆意投資合夥企業(有限合夥)) ("**Hangzhou Yonglongyi**"), (iii) Shanghai Chenghu Enterprise Management Center (Limited Partnership) (上海承琥企業管理中心(有限合夥)) ("**Shanghai Chenghu**"), (iv) Shenghui New Energy Co., Ltd. (昇輝新能源有限公司) ("**Shenghui Energy**") and (v) Gongqingcheng Hydrogen Hong New Energy Industry Investment Partnership (Limited Partnership) (共青城氫鴻新能源產業投資合夥企業(有限合夥)) ("**GQ Hydrogen**"), all of which are Independent Third Parties, invested RMB130 million, RMB110 million, RMB74 million, RMB50.05 million, RMB50 million and RMB7.5 million, respectively (before the capital injection on the same date) in our Company, being a total amount of RMB421.55 million, among which a total of approximately RMB32.43 million was injected into the registered capital of our Company while the remaining amount was recorded as our Company's capital reserve. Chongqing Yu Hydrogen, Hangzhou Yonglongyi, Shanghai Chenghu, Shenghui Energy, GQ Hydrogen acquired equity interests of approximately 2.25%, 1.52%, 1.02%, 1.02% and 0.15% of the then total equity interest of our Company respectively, representing a total of approximately 5.96% of the then total equity interest of our Company.

On 22 November 2021, Guangzhou Chengxin transferred approximately 0.24% of equity interest (before the capital injection on the same date) in our Company to Hainan Dingxin Venture Capital Fund Partnership (Limited Partnership) (海南鼎信創業投資基金合夥企業(有限合夥)) ("**Hainan Dingxin**") an Independent Third Party, for a consideration of RMB7.6 million. On the even date, Guangzhou Hongsheng transferred approximately 0.87% of equity interest (before the capital injection on the same date) in our Company to Gongqingcheng Zeyuan Investment Partnership (Limited Partnership) (共青城澤源投資合夥企業(有限合夥)) ("**GQ Zeyuan**"), one of the ESOP Platforms, which was set up for the purpose of replacing Guangzhou Hongsheng as the new employee shareholding platform, for a consideration of RMB9.0 million. The consideration for the transfers were determined based on their respective initial investment amount in acquiring the equity interest. GQ Zeyuan was owned as to approximately 66.67% by Mr. Yang Zeyun (楊澤雲), our executive Director as its general partner and approximately 33.33% by Ms. Liao Tiantian (廖甜甜), spouse of Mr. Yang and an employee of our Company as its limited partner as at the Latest Practicable Date.

***(i) Equity interest transfers to three ESOP platforms***

On 8 December 2021, Guangzhou Hongsheng transferred all its equity interest in our Company, approximately 0.82%, 1.22% and 1.96% equity interest respectively, to three entities, namely Gongqingcheng Hongsheng Fengyuan Investment Partnership (Limited Partnership) (共青城鴻盛豐源投資合夥企業(有限合夥)) ("**Hongsheng Fengyuan**"), Gongqingcheng Hongsheng Fengtai Investment Partnership (Limited Partnership) (共青城鴻盛豐泰投資合夥企業(有限合夥)) ("**Hongsheng Fengtai**") and Gongqingcheng Hongsheng Fengying Investment Partnership (Limited Partnership) (共青城鴻盛豐盈投資合夥企業(有限合夥)) ("**Hongsheng Fengying**"), all of which were ESOP Platforms set up for the purpose of replacing the original employee shareholding platform, Guangzhou Hongsheng, as the new employee shareholding platforms, and were collectively held by 69 individuals, all of whom were employees of our Company as at the Latest Practicable Date. The considerations for the transfers were determined based on the respective initial investment amount in acquiring the equity interest. Upon the completion of the above equity transfer, Guangzhou Hongsheng ceased to be one of the employee shareholding platforms of our Company.

Hongsheng Fengyuan was owned as to approximately 0.11% by Mr. Wang Jun (王駿), one of our senior management and one of the joint company secretaries as its general partner and 99.89% by 38 senior management and other employees of the Group as its limited partners as at the Latest Practicable Date. Hongsheng Fengtai was owned as to approximately 0.07% by Mr. Liu Nuhai (劉怒海) as its general partner and 99.93% by 25 senior management and other employees of the Group as its limited partners as at the Latest Practicable Date. Hongsheng Fengying was owned as to approximately 35.37% by Mr. Liu Nuhai (劉怒海) as its general partner and 64.63% by 5 senior management and other employee of the Group as its limited partners as at the Latest Practicable Date.

*(j) Equity interest transfers to one existing Shareholder and two new investors*

On 26 January 2022, Hongyun Hydrogen Energy transferred approximately 0.53% of the equity interest in our Company to GQ Zeyuan for a consideration of RMB6.4 million. The consideration for the transfer was determined based on the share transfer price of the then shareholder of Hongyun Hydrogen Energy. On 26 January 2022, Shenzhen Rongdingze transferred approximately 1.07% and 0.74% of the equity interest in our Company to Foshan Kaiding Hongxin Hydrogen Energy Equity Investment Partnership (Limited Partnership) (佛山市凱鼎鴻鑫氫能股權投資合夥企業(有限合夥)) ("**Foshan Kaiding**") and Guangdong Kaiding Hongtu Equity Investment Partnership (Limited Partnership) (廣東凱鼎鴻圖股權投資合夥企業(有限合夥)) ("**Guangdong Kaiding**") for the consideration of approximately RMB59.62 million and approximately RMB41.40 million ("**January 2022 Investment**"), respectively, both of which are Independent Third Parties. The consideration for the transfers was determined based on arm's length negotiation between the parties with reference to the valuation report prepared by an independent valuer for the capital injection in November 2021.

*(k) Further capital injection by 16 new investors ("August 2022 Investment")*

On 11 August 2022, 16 new investors, namely (i) Shaanxi Xingcan Shanmei Zero Carbon Equity Investment Fund Partnership (Limited Partnership) (陝西星璨善美零碳股權投資基金合夥企業(有限合夥)) ("**Xingcan Shanmei**"), (ii) Shenzhen Hengbang Growth No. 17 Venture Capital Partnership (Limited Partnership) (深圳市恒邦成長十七號創業投資合夥企業(有限合夥)) ("**Shenzhen Hengbang**"), (iii) Guozhong Private Equity Investment Fund (Xi'an) Partnership Enterprise (Limited Partnership) (國中私募股權投資基金(西安)合伙企業(有限合伙)) (previously known as SME Development Fund (Xi'an) Guozhong Partnership (Limited Partnership) (中小企業發展基金(西安)國中合夥企業(有限合夥)) ("**SME Xi'an**"), (iv) Ordos Jiafu Zeli Green Development Fund Partnership (Limited Partnership) (鄂爾多斯市嘉富澤力綠色發展基金合夥企業(有限合夥)) ("**Ordos Jiafu**"), (v) Ordos Jun Hydrogen Fund Management Centre (Limited Partnership) (鄂爾多斯市君氫基金管理中心(有限合夥)) ("**Ordos Jun Hydrogen**"), (vi) Nanjing Zhizhao No. 2 Equity Investment Partnership (Limited Partnership) (南京智兆貳號股權投資合夥企業(有限合夥)) ("**Nanjing Zhizhao**"), (vii) Zhongdian Zhongjin (Xiamen) Intelligent Industry Equity Investment Fund Partnership (Limited Partnership) (中電中金(廈門)智能產業股權投資基金合夥企業(有限合夥)) ("**Zhongjin Xiamen**"), (viii) Guangzhou New Star No. 2 Equity Investment Partnership (Limited Partnership) (廣州新星貳號股權投資合夥企業(有限合夥)) ("**Guangzhou New Star**"), (ix) CETC (Zhuhai) Industrial Investment Fund Partnership (Limited Partnership) (中電科(珠海)產業投資基金合夥企業(有限合夥)) ("**CETC Zhuhai**"), (x) Hangzhou Aopu Investment Partnership (Limited Partnership) (杭州翺譜投資合夥企業(有限合夥)) ("**Hangzhou Aopu**"), (xi) Xugong Construction Machinery Group Venture Capital Development (Xuzhou) Co. Ltd. (徐工集團創投發展(徐州)有限公司) ("**Xugong Venture**"), (xii) Jiaxing Dinghui Ruiyuan Equity Investment Partnership (Limited Partnership) (嘉興鼎暉睿轅股權投資合夥企業(有限合夥)) ("**Jiaxing Dinghui**"), (xiii) Shaanxi Xingcan Kangying Equity Investment Fund Partnership (Limited Partnership) (陝西星璨康盈股權

投資基金合夥企業(有限合夥)) ("**Xingcan Kangying**"), (xiv) Ningbo Yuhang Investment Partnership (Limited Partnership) (寧波昱航投資合夥企業(有限合夥)) ("**Ningbo Yuhang**"), (xv) Shanghai Zhaorong Investment Partnership (Limited Partnership)) (上海昭戎投資合夥企業(有限合夥)) ("**Shanghai Zhaorong**"), and (xvi) Xuzhou Yunhong Enterprise Management Partnership (Limited Partnership) (徐州市雲鴻企業管理合夥企業(有限合夥)) ("**Xuzhou Yunhong**"), all of which are Independent Third Parties, invested RMB200.0 million, RMB32.7 million, RMB30.0 million, RMB30.0 million, RMB30.0 million, RMB30.0 million, RMB30.0 million, RMB20.0 million, RMB15.0 million, RMB15.0 million, RMB10.0 million, RMB5.0 million, approximately RMB4.4 million, RMB3.0 million, RMB3.0 million, and RMB2.0 million respectively in our Company, being a total amount of approximately RMB460.1 million in our Company for a subscription of 28,755,625 Shares, among which a total of approximately RMB28.8 million was injected as the registered capital of our Company while the remaining amount was recorded as our Company's capital reserve. Xingcan Shanmei, Shenzhen Hengbang, SME Xi'an, Ordos Jiafu, Ordos Jun Hydrogen, Nanjing Zhizhao, Zhongjin Xiamen, Guangzhou New Star, CETC Zhuhai, Hangzhou Aopu, Xugong Venture, Jiaxing Dinghui, Xingcan Kangying, Ningbo Yuhang, Shanghai Zhaorong and Xuzhou Yunhong acquired approximately 3.09%, 0.51%, 0.46%, 0.46%, 0.46%, 0.46%, 0.46%, 0.31%, 0.23%, 0.23%, 0.15%, 0.08%, 0.07%, 0.05%, 0.05% and 0.03% Shares of the then total Shares of the Company respectively, representing a total of approximately 7.10% of the then total Shares of the Company.

***(l) Further capital injection by two new investors ("September 2022 Investment")***

On September 2022, two new investors, namely (i) Jiaxing Guohong Hydrogen Port Equity Investment Partnership (Limited Partnership) (嘉興國鴻氫港股權投資合夥企業(有限合夥)) ("**Jiaxing Hydrogen Port**") and Ningbo Dinghui Yiyu Equity Investment Partnership (Limited Partnership) (寧波鼎暉弋禺股權投資合夥企業(有限合夥)) ("**Dinghui Yiyu**"), both of which are Independent Third Parties, invested RMB500 million and RMB46.3 million respectively in our Company, being a total amount of RMB546.3 million in our Company for a subscription of 34,143,750 Shares, among which a total of approximately RMB34.1 million was injected as the registered capital of our Company while the remaining amount was recorded as our Company's capital reserve. Jiaxing Hydrogen Port and Dinghui Yiyu acquired approximately 7.13% and 0.66% Shares of the then total Shares of the Company respectively, representing a total of approximately 7.79% of the then total Shares of the Company.

For information of the shareholding changes after each Pre-IPO Investments, please refer to "– Shareholding Structure as at the date of the Pre-IPO Investments" below.

### (3) Joint Stock Reform and Change of Name

On 22 March 2022, all the 34 of our then Shareholders being our promoters, carried out our joint-stock reform with limited liability into 375,622,294 Shares of a nominal value of RMB1.00 each, which were subscribed by all our then Shareholders in proportion to their respective equity interest in our Company before the conversion. We were converted from a limited liability company into a joint stock limited company with new company name "Guangdong Sino-Synergy Hydrogen Energy Technology Co., Ltd." (廣東國鴻氫能科技股份有限公司) and we obtained our new business license on the even date from the Yunfu Administration for Market Regulation (雲浮市市場監督管理局).

On 23 September 2022, according to our strategic development plan, we changed our company name to Sino-Synergy Hydrogen Energy Technology (Jiaxing) Co., Ltd. (國鴻氫能科技(嘉興)股份有限公司) to effectively adapt to changing market conditions and efficiently integrate domestic resources and obtained our new business license on the even date from the Jiaxing Administration for Market Regulation (嘉興市市場監督管理局).

As advised by our PRC Legal Advisers, all necessary fillings and registrations in accordance with PRC laws and regulations in relation to all the abovementioned increases in registered capital and equity transfers in respect of our Company had been completed and relevant applicable regulatory approvals from the relevant PRC authorities had been obtained.

## OUR PRINCIPAL SUBSIDIARIES

The table below were subsidiaries which made material contributions to the Group's results during the Track Record Period:

| No. | Name of subsidiaries | Place of establishment | Date of establishment | Registered capital as at the Latest Practicable Date | Shareholding held by our Company | Principal businesses |
|---|---|---|---|---|---|---|
| 1. | Chongqing Guohong Hydrogen Energy Technology Co., Ltd. (重慶國鴻氫能科技有限公司) ("**Chongqing Guohong**") | PRC | 17 December 2020 | RMB500,000,000 | 100% | Technology development and promotion |
| 2. | Beijing Hongli Hydrogen Technology Co., Ltd. (北京鴻力氫動科技有限公司) ("**Beijing Hongli**") | PRC | 30 October 2020 | RMB100,000,000 | 100% *(Note 1)* | Technology development and promotion |

| No. | Name of subsidiaries | Place of establishment | Date of establishment | Registered capital as at the Latest Practicable Date | Shareholding held by our Company | Principal businesses |
|---|---|---|---|---|---|---|
| 3. | Guangdong Hongli Hydrogen Technology Co., Ltd. (廣東鴻力氫動科技有限公司) ("**Guangdong Hongli**") | PRC | 7 November 2019 | RMB163,333,300 | 100% | Electrical machinery and equipment manufacturing |
| 4. | Synergy Power | PRC | 30 September 2016 | RMB67,000,000 | 100% *(Note 2)* | Special equipment manufacturing |
| 5. | Beijing Guohong Hydrogen Technology Co., Ltd. (北京國鴻氫能科技有限公司) ("**Beijing Guohong**") | PRC | 16 November 2016 | RMB50,000,000 | 100% | Technology development and promotion |
| 6. | Shanghai Hongxin Hydrogen Energy Technology Co., Ltd. (上海鴻芯氫能科技有限公司) ("**Shanghai Hongxin**") | PRC | 4 June 2021 | RMB100,000,000 | 100% | Technology development and promotion |
| 7. | Ordos Guohong Hydrogen Energy Technology Co., Ltd. (鄂爾多斯市國鴻氫能科技有限公司) ("**Ordos Guohong**") | PRC | 18 November 2021 | RMB100,000,000 | 100% | Battery sales and manufacturing |

*Notes:*

As at the Latest Practicable Date:

(1) Beijing Hongli was held through our wholly owned subsidiary, Beijing Guohong.

(2) On 28 June 2023, the Company completed the purchase of 10% equity interest in Guangdong Synergy Ballard Hydrogen Power Co., Ltd. (廣東國鴻巴拉德氫能動力有限公司) from Ballard Hong Kong for a consideration of USD1. On the even date, it was resolved by its shareholders, among other things, to change its company name to Guangdong Synergy Hydrogen Power Co., Ltd. (廣東國鴻氫能動力有限公司).

For a complete list of the subsidiaries of the Group, please refer to Note 13 of the Accountant's Report as Appendix I to this prospectus.

## MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

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

## PRE-IPO SHARE INCENTIVE SCHEME

The Pre-IPO Share Incentive Scheme (as amended from time to time) was adopted and approved by resolutions in writing by the Board on 28 October 2022. As of the Latest Practicable Date, the Company has issued an aggregate of 12,065,000 Pre-IPO Share Options to 29 Grantees for their contribution to the operation and development of our Group. No further Option will be granted under the Pre-IPO Share Incentive Scheme after Listing. For further information regarding the terms and the information of the Pre-IPO Share Incentive Scheme, please refer to "Appendix VI – Statutory and General Information – D. Pre-IPO Share Incentive Scheme".

## PRE-IPO INVESTMENTS

### Overview

Set forth below is a summary of the Pre-IPO Investments in our Company.

| **Relevant investment** | **Pre-IPO Investor(s)** | **Date of investment[1]** | **Total consideration paid by the investor(s)** *(approximately)* *(in RMB, million)* | **Investment cost per Share** *(approximately)* *(RMB)* | **Date of settlement of full consideration** | **(Discount) to the H Share Offer Price[2]** |
|---|---|---|---|---|---|---|
| November 2016 Investment | Shenzhen Rongdingze | 2 November 2016 | 60.0 | 3 | 10 November 2016 | (83.97)% |
| December 2016 Investment | Shenzhen Rongdingze | 20 December 2016 | 90.0 | 3 | 27 December 2016 | (83.97)% |
| August 2017 Investment | Shanghai Hongcheng | 31 August 2017 | 150.0 | 7.5 | 25 August 2017 | (59.94)% |
| | Shanghai Jucheng | | | | 25 August 2017 | |
| October 2020 Investment | Meijin Energy Holding | 9 October 2020 | 180 | 9 | 30 November 2021 | (51.92)% |
| December 2020 Investment | GQ Shuida Yuda | 24 December 2020 | 525.3 | 9.1 | 14 October 2020 | (51.39)% |
| | Greenway Hydrogen | | | | 22 December 2020 | |
| | Qingdao Huayi | | | | 29 September 2020 | |
| | Shenzhen Jiajiatai | | | | 23 December 2020 | |
| | Guangzhou Chengxin | | | | 3 September 2020 | |
| | Guangdong Yuecai | | | | 21 January 2021 | |
| | Ningbo Lingyu | | | | 25 December 2020 | |
| | Zhuhai Yixing | | | | 29 January 2021 | |

| Relevant investment | Pre-IPO Investor(s) | Date of investment[1] | Total consideration paid by the investor(s) *(approximately)* *(in RMB, million)* | Investment cost per Share *(approximately)* *(RMB)* | Date of settlement of full consideration | (Discount) to the H Share Offer Price[2] |
|---|---|---|---|---|---|---|
| April 2021 Investment | Qingdao Chengtou | 19 April 2021 | 474.7 | 10 | 29 April 2021 | (46.58)% |
| | Yangzhou Guangling | | | | 30 April 2021 | |
| | Qingdao Chengsheng | | | | 29 April 2021 | |
| | Qingdao Hongta | | | | 21 April 2021 | |
| | SME Development Fund | | | | 30 April 2021 | |
| | Zhuhai Zhuoneng | | | | 31 March 2021 | |
| | Shenzhen Runtu | | | | 19 April 2021 | |
| | Foshan Yuanteng | | | | 15 April 2021 | |
| November 2021 Investment | Zhuhai Zhuoneng | 22 November 2021 | 421.6 | 13 | 26 November 2021 | (30.56)% |
| | Chongqing Yu Hydrogen | | | 13 | 26 November 2021 | (30.56)% |
| | Hangzhou Yonglongyi | | | 13 | 19 November 2021 | (30.56)% |
| | Shanghai Chenghu | | | 13 | 24 November 2021 | (30.56)% |
| | Shenghui Energy | | | 13 | 24 November 2021 | (30.56)% |
| | GQ Hydrogen | | | 13 | 22 November 2021 | (30.56)% |
| | Hainan Dingxin | | | 9[3] | 1 December 2021 | (51.92)% |
| January 2022 Investment | Foshan Kaiding | 26 January 2022 | 101.0 | 14.9 | 27 January 2022 | (20.41)% |
| | Guangdong Kaiding | | | | 27 January 2022 | |

| Relevant investment | Pre-IPO Investor(s) | Date of investment[1] | Total consideration paid by the investor(s) *(approximately)* *(in RMB, million)* | Investment cost per Share *(approximately)* *(RMB)* | Date of settlement of full consideration | (Discount) to the H Share Offer Price[2] |
|---|---|---|---|---|---|---|
| August 2022 Investment | Xingcan Shanmei | 11 August 2022 | 460.1 | 16 | 4 August 2022 | (14.53)% |
| | Shenzhen Hengbang | | | | 4 August 2022 | |
| | SME Xi'an | | | | 4 August 2022 | |
| | Ordos Jiafu | | | | 4 August 2022 | |
| | Ordos Jun Hydrogen | | | | 4 August 2022 | |
| | Nanjing Zhizhao | | | | 4 August 2022 | |
| | Zhongjin Xiamen | | | | 4 August 2022 | |
| | Guangzhou New Star | | | | 4 August 2022 | |
| | CETC Zhuhai | | | | 4 August 2022 | |
| | Hangzhou Aopu | | | | 1 August 2022 | |
| | Xugong Venture | | | | 25 July 2022 | |
| | Jiaxing Dinghui | | | | 5 August 2022 | |
| | Xingcan Kangying | | | | 29 July 2022 | |
| | Ningbo Yuhang | | | | 5 August 2022 | |
| | Shanghai Zhaorong | | | | 4 August 2022 | |
| | Xuzhou Yunhong | | | | 22 July 2022 | |
| September 2022 Investment | Jiaxing Hydrogen Port | 23 September 2022 | 546.3 | 16 | 23 September 2022 | (14.53)% |
| | Dinghui Yiyu | | | | 28 October 2022 | |

*Notes:*

(1) The date of investment refers to the date when the registration and filing of such investment with local Administration for Market Regulation was completed.

(2) Calculated based on the foreign exchange rate as at the Latest Practicable Date and the assumption that the Offer Price is HK$20.35 per H Share (being the mid-point of the indicative Offer Price range of HK$19.35 to HK$21.35).

(3) Guangzhou Chengxin transferred approximately 0.24% of its equity interest in the Company to Hainan Dingxin. The consideration for the transfer was determined based on Guangzhou Chengxin's initial investment amount in acquiring the equity interest.

**Shareholding Structure as at the Date of the Pre-IPO Investments**

The following table sets out our shareholding structure as at the date of the Pre-IPO Investments and immediately upon the completion of the Global Offering, without taking into account any Shares to be issued under the Pre-IPO Share Incentive Scheme(note).

| Shareholder | November 2016 Investment | | December 2016 Investment | | August 2017 Investment | | October 2020 Investment | | December 2020 Investment | | April 2021 Investment | | November 2021 Investment | | January 2022 Investment | | August 2022 Investment | | September 2022 Investment | | Upon completion of the Global Offering | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Registered capital contribution *(in RMB million)* | Equity interest *(%)* | Registered capital contribution *(in RMB million)* | Equity interest *(%)* | Registered capital contribution *(in RMB million)* | Equity interest *(%)* | Registered capital contribution *(in RMB million)* | Equity interest *(%)* | Registered capital contribution *(in RMB million)* | Equity interest *(%)* | Registered capital contribution *(in RMB million)* | Equity interest *(%)* | Registered capital contribution *(in RMB million)* | Equity interest *(%)* | Registered capital contribution *(in RMB million)* | Equity interest *(%)* | Registered capital contribution *(in RMB million)* | Equity interest *(%)* | Registered capital contribution *(in RMB million)* | Equity interest *(%)* | Number of Shares *(in million)* | Shareholding *(%)* |
| Hongyun Hydrogen Energy | 82.00 | 41.00 | 82.00 | 41.00 | 82.00 | 41.00 | 82.00 | 37.03 | 82.00 | 29.38 | 82.00 | 23.89 | 82.00 | 21.83 | 80.00 | 21.30 | 80.00 | 19.78 | 80.00 | 18.24 | 80.00 | 15.44 |
| Yunfu Industrial Park | 98.00 | 49.00 | 68.00 | 34.00 | 68.00 | 34.00 | 68.00 | 30.71 | 68.00 | 24.36 | 68.00 | 19.81 | 68.00 | 18.10 | 68.00 | 18.10 | 68.00 | 16.82 | 68.00 | 15.51 | 68.00 | 13.13 |
| Shenzhen Rongdingze | 20.00 | 10.00 | 50.00 | 25.00 | 30.00 | 15.00 | 30.00 | 13.55 | 30.00 | 10.75 | 30.00 | 8.74 | 30.00 | 7.99 | 23.22 | 6.18 | 23.22 | 5.74 | 23.22 | 5.30 | 23.22 | 4.48 |
| Shanghai Hongcheng | – | – | – | – | 13.34 | 6.67 | 13.34 | 6.03 | 13.34 | 4.78 | 13.34 | 3.89 | 13.34 | 3.55 | 13.34 | 3.55 | 13.34 | 3.30 | 13.34 | 3.04 | 13.34 | 2.58 |
| Shanghai Jucheng | – | – | – | – | 6.66 | 3.33 | 6.66 | 3.01 | 6.66 | 2.39 | 6.66 | 1.94 | 6.66 | 1.77 | 6.66 | 1.77 | 6.66 | 1.65 | 6.66 | 1.52 | 6.66 | 1.29 |
| Guangzhou Hongsheng | – | – | – | – | – | – | 1.42 | 0.64 | 1.42 | 0.51 | 18.00 | 5.25 | 15.00 | 3.99 | – | – | – | – | – | – | – | – |
| Meijin Energy Holding | – | – | – | – | – | – | 20.00 | 9.03 | 20.00 | 7.17 | 20.00 | 5.83 | 20.00 | 5.32 | 20.00 | 5.32 | 20.00 | 4.94 | 20.00 | 4.56 | 20.00 | 3.86 |
| GQ Shuida Yuda | – | – | – | – | – | – | – | – | 22.86 | 8.19 | 22.86 | 6.66 | 22.86 | 6.09 | 22.86 | 6.09 | 22.86 | 5.65 | 22.86 | 5.21 | 22.86 | 4.41 |
| Greenway Hydrogen | – | – | – | – | – | – | – | – | 12.09 | 4.33 | 12.09 | 3.52 | 12.09 | 3.22 | 12.09 | 3.22 | 12.09 | 2.99 | 12.09 | 2.76 | 12.09 | 2.33 |
| Qingdao Huayi | – | – | – | – | – | – | – | – | 5.50 | 1.97 | 5.50 | 1.60 | 5.50 | 1.46 | 5.50 | 1.46 | 5.50 | 1.36 | 5.50 | 1.25 | 5.50 | 1.06 |
| Shenzhen Jiajiatai | – | – | – | – | – | – | – | – | 5.49 | 1.97 | 5.49 | 1.60 | 5.49 | 1.46 | 5.49 | 1.46 | 5.49 | 1.36 | 5.49 | 1.25 | 5.50 | 1.06 |
| Guangzhou Chengxin | – | – | – | – | – | – | – | – | 5.49 | 1.97 | 5.49 | 1.60 | 4.66 | 1.24 | 4.66 | 1.24 | 4.66 | 1.15 | 4.66 | 1.06 | 4.66 | 0.90 |
| Guangdong Yuecai | – | – | – | – | – | – | – | – | 3.30 | 1.18 | 3.30 | 0.96 | 3.30 | 0.88 | 3.30 | 0.88 | 3.30 | 0.82 | 3.30 | 0.75 | 3.30 | 0.64 |
| Ningbo Lingyu | – | – | – | – | – | – | – | – | 2.97 | 1.06 | 2.97 | 0.87 | 2.97 | 0.79 | 2.97 | 0.79 | 2.97 | 0.73 | 2.97 | 0.68 | 2.97 | 0.57 |
| Zhuhai Yixing | – | – | – | – | – | – | – | – | 0.03 | 0.01 | 0.03 | 0.01 | 0.03 | 0.01 | 0.03 | 0.01 | 0.03 | 0.01 | 0.03 | 0.01 | 0.03 | 0.01 |
| Qingdao Chengtou | – | – | – | – | – | – | – | – | – | – | 26.40 | 7.69 | 26.40 | 7.03 | 26.40 | 7.03 | 26.40 | 6.53 | 26.4 | 6.02 | 26.4 | 5.10 |
| Yangzhou Guangling | – | – | – | – | – | – | – | – | – | – | 8.00 | 2.33 | 8.00 | 2.13 | 8.00 | 2.13 | 8.00 | 1.98 | 8.00 | 1.82 | 8.00 | 1.54 |
| Qingdao Chengsheng | – | – | – | – | – | – | – | – | – | – | 3.60 | 1.05 | 3.60 | 0.96 | 3.60 | 0.96 | 3.60 | 0.89 | 3.60 | 0.82 | 3.60 | 0.69 |
| Qingdao Hongta | – | – | – | – | – | – | – | – | – | – | 3.00 | 0.87 | 3.00 | 0.80 | 3.00 | 0.80 | 3.00 | 0.74 | 3.00 | 0.68 | 3.00 | 0.58 |
| SME Development Fund | – | – | – | – | – | – | – | – | – | – | 2.50 | 0.73 | 2.50 | 0.67 | 2.50 | 0.67 | 2.50 | 0.62 | 2.50 | 0.57 | 2.50 | 0.48 |
| Zhuhai Zhuoneng | – | – | – | – | – | – | – | – | – | – | 1.82 | 0.53 | 11.82 | 3.15 | 11.82 | 3.15 | 11.82 | 2.92 | 11.82 | 2.70 | 11.82 | 2.28 |
| Shenzhen Runtu | – | – | – | – | – | – | – | – | – | – | 1.25 | 0.36 | 1.25 | 0.33 | 1.25 | 0.33 | 1.25 | 0.31 | 1.25 | 0.29 | 1.25 | 0.24 |
| Foshan Yuanteng | – | – | – | – | – | – | – | – | – | – | 0.90 | 0.26 | 0.90 | 0.24 | 0.90 | 0.24 | 0.90 | 0.22 | 0.90 | 0.21 | 0.90 | 0.17 |
| Chongqing Yu Hydrogen | – | – | – | – | – | – | – | – | – | – | – | – | 8.46 | 2.25 | 8.46 | 2.25 | 8.46 | 2.09 | 8.46 | 1.93 | 8.46 | 1.63 |
| Hangzhou Yonglongyi | – | – | – | – | – | – | – | – | – | – | – | – | 5.69 | 1.52 | 5.69 | 1.52 | 5.69 | 1.41 | 5.69 | 1.30 | 5.69 | 1.10 |
| Shanghai Chenghu | – | – | – | – | – | – | – | – | – | – | – | – | 3.85 | 1.02 | 3.85 | 1.02 | 3.85 | 0.95 | 3.85 | 0.88 | 3.85 | 0.74 |

| Shareholder | November 2016 Investment Registered capital contribution (*in RMB million*) | November 2016 Equity interest (%) | December 2016 Investment Registered capital contribution (*in RMB million*) | December 2016 Equity interest (%) | August 2017 Investment Registered capital contribution (*in RMB million*) | August 2017 Equity interest (%) | October 2020 Investment Registered capital contribution (*in RMB million*) | October 2020 Equity interest (%) | December 2020 Investment Registered capital contribution (*in RMB million*) | December 2020 Equity interest (%) | April 2021 Investment Registered capital contribution (*in RMB million*) | April 2021 Equity interest (%) | November 2021 Investment Registered capital contribution (*in RMB million*) | November 2021 Equity interest (%) | January 2022 Investment Registered capital contribution (*in RMB million*) | January 2022 Equity interest (%) | August 2022 Investment Registered capital contribution (*in RMB million*) | August 2022 Equity interest (%) | September 2022 Investment Registered capital contribution (*in RMB million*) | September 2022 Equity interest (%) | Upon completion of the Global Offering Number of Shares (*in million*) | Upon completion of the Global Offering Shareholding (%) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Shenghui Energy | – | – | – | – | – | – | – | – | – | – | – | – | 3.85 | 1.02 | 3.85 | 1.02 | 3.85 | 0.95 | 3.85 | 0.88 | 3.85 | 0.74 |
| GQ Zeyuan | – | – | – | – | – | – | – | – | – | – | – | – | 3.00 | 0.80 | 5.00 | 1.33 | 5.00 | 1.24 | 5.00 | 1.14 | 5.00 | 0.97 |
| Hainan Dingxin | – | – | – | – | – | – | – | – | – | – | – | – | 0.84 | 0.22 | 0.84 | 0.22 | 0.84 | 0.21 | 0.84 | 0.19 | 0.84 | 0.16 |
| GQ Hydrogen | – | – | – | – | – | – | – | – | – | – | – | – | 0.58 | 0.15 | 0.58 | 0.15 | 0.58 | 0.14 | 0.58 | 0.13 | 0.58 | 0.11 |
| Hongsheng Fengying | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 7.35 | 1.96 | 7.35 | 1.82 | 7.35 | 1.68 | 7.35 | 1.42 |
| Hongsheng Fengtai | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 4.59 | 1.22 | 4.59 | 1.13 | 4.59 | 1.05 | 4.59 | 0.89 |
| Hongsheng Fengyuan | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 3.07 | 0.82 | 3.07 | 0.76 | 3.07 | 0.70 | 3.07 | 0.59 |
| Foshan Kaiding | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 4.00 | 1.07 | 4.00 | 0.99 | 4.00 | 0.91 | 4.00 | 0.77 |
| Guangdong Kaiding | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 2.78 | 0.74 | 2.78 | 0.69 | 2.78 | 0.63 | 2.78 | 0.54 |
| Xingcan Shanmei | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 12.5 | 3.09 | 12.5 | 2.85 | 12.5 | 2.41 |
| Shenzhen Hengbang | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 2.04 | 0.51 | 2.04 | 0.47 | 2.04 | 0.39 |
| SME Xi'an | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 1.88 | 0.46 | 1.88 | 0.43 | 1.88 | 0.36 |
| Ordos Jiafu | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 1.88 | 0.46 | 1.88 | 0.43 | 1.88 | 0.36 |
| Ordos Jun Hydro | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 1.88 | 0.46 | 1.88 | 0.43 | 1.88 | 0.36 |
| Nanjing Zhizhao | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 1.88 | 0.46 | 1.88 | 0.43 | 1.88 | 0.36 |
| Zhongjin Xiamen | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 1.88 | 0.46 | 1.88 | 0.43 | 1.88 | 0.36 |
| Guangzhou New Star | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 1.25 | 0.31 | 1.25 | 0.29 | 1.25 | 0.24 |
| CETC Zhuhai | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 0.94 | 0.23 | 0.94 | 0.21 | 0.94 | 0.18 |
| Hangzhou Aopu | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 0.94 | 0.23 | 0.94 | 0.21 | 0.94 | 0.18 |
| Xugong Venture | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 0.63 | 0.15 | 0.63 | 0.14 | 0.63 | 0.12 |
| Jiaxing Dinghui | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 0.31 | 0.08 | 0.31 | 0.07 | 0.31 | 0.06 |
| Xingcan Kangying | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 0.27 | 0.07 | 0.27 | 0.06 | 0.27 | 0.05 |
| Ningbo Yuhang | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 0.19 | 0.05 | 0.19 | 0.04 | 0.19 | 0.04 |
| Shanghai Zhaorong | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 0.19 | 0.05 | 0.19 | 0.04 | 0.19 | 0.04 |
| Xuzhou Yunhong | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 0.13 | 0.03 | 0.13 | 0.03 | 0.13 | 0.02 |
| Jiaxing Hydrogen Port | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 31.25 | 7.13 | 31.25 | 6.03 |
| Dinghui Yiyu | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 2.89 | 0.66 | 2.89 | 0.56 |
| Other Public H Shareholders | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 79.52 | 15.35 |
| **Total** | 200 | 100 | 200 | 100 | 200 | 100 | 221.42 | 100 | 279.15 | 100 | 343.20 | 100 | 375.62 | 100 | 375.62 | 100 | 404.38 | 100 | 438.52 | 100 | 518.04 | 100 |

*Note:* the above table does not include the capital injections or transfers made by Guangzhou Hongsheng (the then shareholding platform) and the ESOP Platforms.

**Principal Terms of the Pre-IPO Investments**

| | |
|---|---|
| Use of Proceeds from the Pre-IPO Investments | We planned to utilize the entire proceeds received from the Pre-IPO Investors for the development and operations of our business, including but not limited to research and development activities, expansion of our production bases, procurement of production materials, recruiting experienced employees and general working capital purpose. As at the Latest Practicable Date, most of the proceeds from the Pre-IPO Investments have been utilized. |
| Strategic benefits of the Pre-IPO Investors brought to our Company | At the time of the Pre-IPO Investments, our Group was of the view that we could benefit from the insight for industry, the knowledge and experience of the Pre-IPO Investors and the additional funds provided by them. Their investments showed their confidence in our Group's operations and served as an endorsement of our Group's performance and prospects. |
| Basis of determination of consideration | The consideration for each round of Pre-IPO Investments was determined based on arm's length negotiation with reference to the timing of the investments, the scale and valuation of our business and operating entities. |
| Lock-up Period | Pursuant to the applicable PRC law, all Shares issued by our Company prior to the Global Offering (including those held by the Pre-IPO Investors) are subject to transfer restriction for a period of one year from the Listing Date. |

**Information about the Principal Pre-IPO Investors**

We set out below a description of our principal Pre-IPO Investors, being private equity funds or corporations that have made meaningful investments in our Company and each holding more than 1% of our total issued share capital immediately prior to the Global Offering.

***Shenzhen Rongdingze***

Shenzhen Rongdingze is a limited partnership established in the PRC in December 2015, mainly engaged in equity interest investment. As at the Latest Practicable Date, Shenzhen Rongdingze was owned as to approximately (i) 0.01% by Yiyi (Beijing) Investment Co., Ltd. (億藝(北京)投資有限公司) ("**Yiyi Beijing**") as its general partner, (ii) 69.99% by 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) previously known as Guangzhou Huahong Yineng Investment Partnership Enterprise (Limited Partnership) (廣州市華鴻億能投資合夥企業(有限合夥)) ("**Guangdong Baohui**")), and (iii) 30% by Wanjia Gongying Asset Management Co., Ltd. (萬家共贏資產管理有限公司) ("**Wanjia Gongying**"). The largest shareholder of Yiyi Beijing was Hangzhou Yiyi Investment Management Partnership (Limited Partnership) (杭州億藝投資管理合夥企業(有限合夥)) ("**Hangzhou Yiyi**") holding 80% equity interest of Yiyi Beijing, and the general partner who owned as to 50% of Hangzhou Yiyi was Zheng Song (鄭頌), while the limited partner who owned as to 50% of Hangzhou Yiyi was Dai Xingzi (戴興資), both of whom are an Independent Third Parties.

As at the Latest Practicable Date and according to public information, Guangdong Baohui was owned as to 95% by Gu Shuai (谷帥) as its general partner, an Independent Third Party. Wanjia Gongying was owned as to approximately 71.72% by Wanjia Asset Management Co., Ltd. (萬家基金管理有限公司), which was in turn owned as to 60% by Zhongtai Securities Co., Ltd. (中泰證券股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600918), and its controlling shareholder was controlled by Shandong Provincial State-owned Assets Supervision and Administration Commission (山東省人民政府國有資產監督管理委員會).

***Shanghai Hongcheng***

Shanghai Hongcheng is a limited partnership established in the PRC in September 2010 mainly engaged in venture capital investment. As at the Latest Practicable Date, Shanghai Hongcheng was owned as to approximately (i) 0.003% by Shanghai Nanometer Venture Capital Co., Ltd. (上海納米創業投資有限公司) ("**Nanometer Venture**") as its general partner, which was ultimately controlled as to 75% by Chen Jinxia (陳金霞), and (ii) 65.728% by Chen Jinxia (陳金霞), 11.465% by Liu Feng (劉豐), 8.896% by Shi Xiaohong (石筱紅), 8.896% by Zhu Yanjun (朱艷君) and 5.013% by Zhang Zheng (張崢) as limited partners, all of whom were Independent Third Parties.

***Shanghai Jucheng***

Shanghai Jucheng is a limited partnership established in the PRC in June 2014 mainly engaged in venture capital investment. As at the Latest Practicable Date, Shanghai Jucheng was owned as to (i) 0.004% by Yang Lihua (楊利華) as its general partner, and (ii) 99.76% by Chen Jinxia (陳金霞) and 0.24% by Sui Aimin (隋愛民) as its limited partners, all of whom were Independent Third Parties. Yang Lihua (楊利華) also served as a Director of our Company from November 2019 to August 2020. According to public information, as at the Latest Practicable

Date, Chen Jinxia (陳金霞) (i) was the largest shareholder of the general partner of Shanghai Hongcheng and owned approximately 65.728% as a limited partner of Shanghai Hongcheng, and (ii) owned 50% of Yongjin Industry (Group) Co., Ltd. (湧金實業(集團)有限公司) ("**Yongjin Industry**"), which indirectly controlled the general partner of Hangzhou Yonglongyi. Shanghai Hongcheng, Shanghai Jucheng and Hangzhou Yonglongyi will jointly hold approximately 5.86% and 4.96% Shares of our Company immediately prior to the Global Offering and immediately following the completion of the Global Offering respectively.

***Meijin Energy Holding***

Meijin Energy Holding was a limited liability company established in the PRC in January 1997, a company listed on the Shenzhen Stock Exchange (stock code: 000723), mainly engaged in the production and sale of coal and coking production. Pursuant to the 2023 interim report of Meijin Energy Holding, Meijin Energy Holding's controlling shareholder was Meijin Energy Group Co., Ltd. (美錦能源集團有限公司) ("**Meijin Energy Group**"), which held approximately 38.33% of Meijin Energy Holding. Meijin Energy Group was ultimately beneficially owned as to 25%, 12.5%, 12.5%, 12.5%, 12.5%, 12.5% and 12.5% by Yao Junliang (姚俊良), Yao Junhua (姚俊花), Yao Junjie (姚俊杰), Yao Sanjun (姚三俊), Yao Sijun (姚四俊), Yao Junqing (姚俊卿) and Gao Fan'e (高反娥), respectively, all of whom were Independent Third Parties and directors or senior management of Meijin Energy Group.

Meijin Energy Holding has the following relationship with our Group: (i) we established Shanghai Efficient Power Technology Co., Ltd. (上海翼迅創能新能源科技有限公司) ("**Shanghai Efficient**"), a company incorporated in the PRC in August 2021 which was owned as to 7.5%, 27% and 65.5% by our Company, Meijin (Beijing) Hydrogen Energy Technology Co., Ltd. (美錦(北京)氫能科技有限公司) a wholly-owned subsidiary of Meijin Energy Holding and Ningbo Yixun Chuangneng Enterprise Management Partnership (Limited Partnership) (寧波翼迅創能企業管理合夥企業(有限合夥)), both of whom were Independent Third Parties, respectively as at the Latest Practicable Date; (ii) Foshan Feichi, one of our five largest customers during the Track Record Period, was owned as to approximately 42.67% by Meijin Energy Holding; (iii) Qingdao Meijin New Energy Automobile Manufacturing Co., Ltd (青島美錦新能源汽車製造有限公司) ("**Qingdao Meijin**"), one of our five largest customers for the year ended 31 December 2021, was owned as to 95% and 5% by Meijin Energy Holding and Foshan Feichi as at the Latest Practicable Date. For more information, please refer to "Business – Customers – Customer Growth" in this prospectus; (iv) Meijin Energy Holding indirectly held 30% equity interest of our subsidiary, Meijin Guohong (Zhejiang) Hydrogen Technology Co., Ltd (美錦國鴻(浙江)氫能科技有限公司) and held 49% equity interest of our joint venture, Shanxi Meijin Guohong Hydrogen Technology Co., Ltd. (山西美錦國鴻氫能科技有限公司); and (v) Yunfu Jinhong Hydrogen Technology Co., Ltd. (雲浮錦鴻氫源科技有限公司), a company incorporated in the PRC in May 2018 and was owned as to 60%, 30%, 10% equity interest by Meijin Energy Holding, our Company and Yunfu Industrial Park respectively as at the Latest Practicable Date.

***GQ Shuida Yuda***

GQ Shuida Yuda is a limited partnership established in the PRC in August 2020 mainly engaged in project investment. As at the Latest Practicable Date, GQ Shuida Yuda was owned as to approximately (i) 16.86% by Sun Junfu (孫俊甫) as its general partner, and (ii) 72.08% by Liu Xianting (劉現亭), 5.77% by Yang Chengqing (楊成青) and 5.29% by Dong Shimin (董世敏) as its limited partners, all of whom were Independent Third Parties. Sun Junfu (孫俊甫) was the largest shareholder of the general partner of GQ Hydrogen, one of our Pre-IPO Investors holding approximately 0.13% and 0.11% Shares in our Company immediately prior to the Global Offering and immediately following the completion of the Global Offering respectively. Sun Junfu was indirectly interested in approximately 5.34% of our Shares as at the Latest Practicable Date and will be indirectly interested in 4.52% of our Shares following the completion of the Global Offering respectively.

***Greenway Hydrogen***

Greenway Hydrogen is a limited partnership established in the PRC in September 2020 mainly engaged in investment activities. As at the Latest Practicable Date, Greenway Hydrogen was owned as to approximately (i) 0.09% by Shanghai CRRC Greenway Equity Investment and Fund Management Co., Ltd. (上海綠脈股權投資基金管理有限公司) ("**Shanghai CRRC**") as its general partner, and (ii) 72.67% by Hangzhou Huiwang Industrial Co., Ltd. (杭州輝望實業有限公司) ("**Hangzhou Huiwang**"), 22.70% by Yang Hongsen (楊宏森) and 4.54% by Li Xiaoqing (李小青) as its limited partners, all of whom were Independent Third Parties.

Shanghai CRRC was controlled by China City Industrial Group Co., Ltd (中城工業集團有限公司) ("**China City Industrial**"), previously known as CRRC Urban Traffic Co., Ltd. (中車城市交通有限公司). The largest shareholders of China City Industrial were CRRC Investment Co., Ltd. (中車產業投資有限公司) ("**CRRC Investment**") and Greenway Holding Group Co., Ltd. (綠脈控股集團有限公司) ("**Greenway Holding**"), each holding approximately 30.1% of China City Industrial respectively. CRRC Investment was controlled by CRRC GROUP Co., Ltd. (中國中車集團有限公司), which in turn was wholly-owned by 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). Greenway Holding was controlled by Shanghai Greenway Enterprise Development Co., Ltd. (上海綠脈企業發展有限公司), which was in turn controlled by Shanghai Defengmin Enterprise Management Consulting Center (Limited Partnership) (上海德豐敏企業管理顧問中心(有限合夥)) ("**Shanghai Defengmin**"). The general partner of Shanghai Defengmin was Defengrong (Ningbo) Enterprise Management Consulting Co., Ltd. (德豐榮(寧波)企業管理諮詢有限公司) ("**Defengrong**"), of which Gu Yifeng (顧一峰) was the controlling shareholder and an Independent Third Party. Mr. Liao Han (廖含), our Supervisor, has been serving as the investment manager of Shanghai CRRC since September 2021. As at the Latest Practicable Date and according to public information, Hangzhou Huiwang, a limited company established in PRC engaging in property development, property leasing and property management, was wholly owned by Hangzhou Huiwang Technology Co., Ltd. (杭州輝望科技有限公司), which was in turn owned as to approximately 84.74% by Zhejiang Bafang Telecom Technology Co., Ltd. (浙江八方電信科技集團有限公司). Zhejiang Bafang Telecom Technology Co., Ltd. was wholly owned by East Jade International Limited, a company incorporated in the British Virgin Islands and ultimately beneficially owned by Ye Siqing (葉思清) and Ye Tianyun (葉天雲) as at 25 June 2023, both of whom were Independent Third Parties.

***Qingdao Huayi***

Qingdao Huayi is a limited partnership established in the PRC in September 2020 mainly engaged in equity investment. As at the Latest Practicable Date, Qingdao Huayi was owned as to (i) 0.02% by Qingdao Huayi Investment Co., Ltd. (青島華亦投資有限公司) ("**Huayi Investment**") as its general partner and (ii) 99.98% by Anji Fanghong Enterprise Management Partnership (Limited Partnership) (安吉方弘企業管理合夥企業(有限合夥)) ("**Anji Fanghong**") as its limited partner, both of whom were Independent Third Parties. Huayi Investment was ultimately beneficially owned as to 50% by Chen Nan (陳楠), 40% by Li Bin (李斌) and 10% by Zhao Changyi (趙長義), all of whom were Independent Third Parties. As at the Latest Practicable Date and according to public information, Anji Fanghong was incorporated as a limited partnership in the PRC in August 2020 and was owned as to 90% by Shaanxi Taifaxiang Investment Management Co., Ltd. (陝西泰發祥投資管理有限公司), which was in turn wholly owned by Shaanxi Taifaxiang Industrial Group Co., Ltd. (陝西泰發祥實業集團有限公司), a limited company engaged in housing construction, financial investment and coal production and operation, and was owned as to 66% by Zhao Shuanming (趙栓明), an Independent Third Party.

***Shenzhen Jiajiatai***

Shenzhen Jiajiatai is a limited partnership established in the PRC in September 2020 mainly engaged in industrial investment. As at the Latest Practicable Date, Shenzhen Jiajiatai was owned as to (i) 14% by Liu Wei (劉偉) as its general partner and (ii) 20.80% by Cheng Hongliang (程洪亮), 16% by Yi Peng (易鵬), 14% by Yang Kun (楊坤), 12% by Jiang Wei (江維), 11.20% by Hu Yurong (胡玉榮), 10% by Wu Jiangzhong (伍江中) and 2% by Cao Shuyu (曹蜀豫) as its limited partners, all of whom were Independent Third Parties.

***Qingdao Chengtou***

Qingdao Chengtou is a limited partnership established in the PRC in March 2021 mainly engaged in investment activities. As at the Latest Practicable Date, Qingdao Chengtou was owned as to approximately (i) 1% by Qingdao Chengshi Investment Management Co., Ltd. (青島城實投資管理有限公司) as its general partner and (ii) 41.53% by Qingdao Chengtou New Energy Group Co., Ltd. (青島城投新能源集團有限公司) (previously known as Qingdao Chengtou Industrial Investment (Group) Co., Ltd. (青島城投實業投資(集團)有限公司)) ("**Chengtou New Energy**"), 27.22% by Qingdao Chengtou Venture Investment Co., Ltd (青島城投創業投資有限公司) (previously known as Qingdao Chengtou Technology Development Co., Ltd. (青島城投科技發展有限公司)) ("**Chengtou Venture**"), 22.69% by Qingdao Hanhe Industrial Co., Ltd. (青島漢河集團股份有限公司) ("**Qingdao Hanhe**") and 7.56% by Qingdao (Jiaozhou) Urban and Rural Community Construction Investment Co., Ltd. (青島(膠州)城鄉社區建設投資有限公司) ("**Jiaozhou Construction**") as its limited partners, all of whom were Independent Third Parties. Qingdao Chengshi Investment Management Co., Ltd. (青島城實投資管理有限公司) was a wholly-owned subsidiary of Chengtou New Energy a limited liability company established in the PRC in July 2015 and mainly engaged in equity investment, which was in turn wholly owned by Qingdao City Construction Investment (Group) Co., Ltd. (青島

城市建設投資(集團)有限責任公司) ("**Qingdao City Construction**") and was in turn ultimately beneficially owned by State-owned Assets Supervision and Administration Commission of Qingdao Municipal People's Government (青島市人民政府國有資產監督管理委員會) ("**Qingdao SASAC**"). As at the Latest Practicable Date and according to public information, Qingdao SASAC also indirectly wholly owned Qingdao Chengsheng, one of our Pre-IPO Investors holding approximately 0.82% and 0.69% Shares in our Company immediately prior to the Global Offering and immediately following the completion of the Global Offering respectively. Qingdao SASAC will be indirectly interested in approximately 6.84% and 5.79% of our Shares immediately prior to the Global Offering and immediately following the completion of the Global Offering respectively. Mr. Huang Jiao (黃蛟), our Director, has been working in Chengtou New Energy since September 2020.

As at the Latest Practicable Date and according to public information, Chengtou Venture, a limited liability company established in the PRC in April 2019 was wholly owned by Qingdao City Construction.

As at the Latest Practicable Date and according to public information, Qingdao Hanhe, a joint stock limited liability company established in the PRC in August 1997 and mainly engaged in equity investment, was owned as to approximately 66.84% by Qingdao Hanhe Investment Co., Ltd. (青島漢河投資有限公司), which was in turn owned as to approximately 54.73% by Qingdao Hanhe Great Investment Co., Ltd. (青島漢河遠大投資有限公司), a company established in the PRC in March 2011 was owned as to approximately 81.70% by Zhang Sixia (張思夏), an Independent Third Party.

As at the Latest Practicable Date and according to public information, Jiaozhou Construction, a limited liability company established in the PRC in February 2013 was ultimately beneficially owned by Qingdao SASAC.

***Yangzhou Guangling***

Yangzhou Guangling is a limited partnership established in the PRC in July 2020 mainly engaged in equity investment. As at the Latest Practicable Date, Yangzhou Guangling was owned as to (i) 0.10% by CRRC Fund Management (Beijing) Co., Ltd. (中車基金管理(北京)有限公司) and 20% by Dongxing Capital Investment Management Co., Ltd. (東興資本投資管理有限公司) ("**Dongxing Capital**") as its general partners and (ii) 50% by Yangzhou Guangling State Owned Assets Investment and Operation Co., Ltd. (揚州廣陵國有資產投資運營有限公司) ("**Guangling Assets**"), and 29.90% by CRRC Capital Holdings Limited (中車資本控股有限公司) ("**CRRC Capital**") as its limited partners, all of whom were Independent Third Parties. CRRC Fund Management (Beijing) Co., Ltd. was a wholly-owned subsidiary of CRRC Capital, was wholly owned by CRRC Group Co., Ltd. (中國中車集團有限公司) which was in turn ultimately beneficially owned by 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 at the Latest Practicable Date and according to public information, Guangling Assets, a limited liability company established in the PRC in May 2019 was ultimately beneficially owned by State-owned Assets Supervision and Administration Commission of Yangzhou Municipal People's Government (揚州市人民政府國有資產監督管理委員會).

As at the Latest Practicable Date and according to public information, Dongxing Capital, a limited liability company established in the PRC in December 2013 and mainly engaged in investment management, was wholly owned by Dongxing Securities Corporation Limited (東興證券股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 601198), the controlling shareholder of which was controlled by MOF according to its 2023 interim report.

***Zhuhai Zhuoneng***

Zhuhai Zhuoneng is a limited partnership established in the PRC in December 2020 mainly engaged in investment activities. As at the Latest Practicable Date, Zhuhai Zhuoneng was owned as to 75% by Shuai Wuqiang (帥武強) as its general partner, 20% by Peng Zhuoyu (彭卓豫) and 5% by Yang Yi (楊議) as its limited partners, all of whom were Independent Third Parties. As of the Latest Practicable Date, Zhuhai Zhuoneng owned 8.33% equity interest of Foshan Feichi, one of our five largest customers during the Track Record Period.

***Chongqing Yu Hydrogen***

Chongqing Yu Hydrogen is a limited partnership established in the PRC in October 2021 mainly engaged in equity investment. As at the Latest Practicable Date, Chongqing Yu Hydrogen was owned as to approximately (i) 0.18% by Chongqing Yulong Equity Investment Fund Management Co., Ltd. (重慶御隆股權投資基金管理有限公司) ("**Chongqing Yulong**") as its general partner and (ii) 70% by Chongqing Jiulongyuan High-Tech Industry Co., Ltd. (重慶九龍園高新產業集團有限公司) ("**Chongqing Jiulongyuan**"), 20.73% by Chongqing Yulong Chuangyu Equity Investment Fund Partnership (Limited Partnership) (重慶御隆創域股權投資基金合夥企業(有限合夥)) ("**Yulong Chuangyu**"), and 9.09% by Chongqing Aluminium Industries Investment Group Co., Ltd. (重慶鋁產業開發投資集團有限公司) (previously known as Chongqing Xipenglv Industries Zone Development Investment Co., Ltd. (重慶西彭鋁產業區開發投資有限公司)) ("**Chongqing Aluminium**"), as its limited partners, all of whom were Independent Third Parties. Chongqing Yulong was owned as to 10% by Shenzhen Yongyao Fund Management Co., Ltd (深圳永耀基金管理有限公司) and owned as to 90% by Chongqing Yulong Asset Management (Group) Co., Ltd. (重慶渝隆資產經營(集團)有限公司) ("**Yulong Asset**"), which was ultimately owned by Chongqing Jiulongpo District State-owned Assets Supervision and Administration Commission (重慶市九龍坡區國有資產監督管理委員會). As at the Latest Practicable Date and according to public information, Chongqing Jiulongyuan, was ultimately beneficially owned by Chongqing Jiulongpo District State-owned Assets Supervision and Administration Commission (重慶市九龍坡區國有資產監督管理委員會).

As at the Latest Practicable Date and according to public information, Yulong Chuangyu, a limited partnership established in the PRC in December 2018 and mainly engaged in equity investment, was owned as to (i) 0.15% by Chongqing Yulong as its general partner, (ii) 19.85% by Chongqing Aluminium, and (iii) 80% by Yulong Asset as its limited partner.

As at at the Latest Practicable Date and according to public information, Chongqing Aluminium was owned as to 67% by Chongqing State-owned Assets Supervision and Administration Commission (重慶市國有資產監督管理委員會).

We established a company in PRC in October 2021, namely Chongqing Yuhong Chuangneng IoT Technology Co., Ltd (重慶渝鴻創能物聯科技有限公司) ("**Chongqing Yuhong**") which was owned as to approximately 20%, 20%, 19.09% and 0.91% by Chongqing Yu Hydrogen (our Pre-IPO Investor), Chongqing Jiulongyuan (a 70% limited partner of Chongqing Yu Hydrogen, our Pre-IPO Investor), our Company and Shenghui Energy (our Pre-IPO Investor), respectively and registered in the Chongqing Jiulongpo District Market Supervision Administration (重慶市九龍坡區市場監督管理局). Prior to setting up Chongqing Yuhong, the Company has entered into cooperation agreements in early 2021 with the government of the Chongqing Jiulongpo District to set up a hydrogen energy vehicle operation platform for the sales and leasing of hydrogen energy vehicles in Chongqing City. Chongqing Yuhong was principally engaged in hydrogen energy vehicle operation services through carrying out business lines which included self-operation services (i.e. purchase of hydrogen fuel cell vehicles, recruiting its drivers etc), rental services of self-owned hydrogen fuel cell vehicle and cooperation with third parties (i.e. purchase of hydrogen fuel cell vehicles for third parties to operate). Chongqing Yuhong is currently at its initial stage of development and therefore it does not have a material financial impact on the Group's operations.

***Hangzhou Yonglongyi***

Hangzhou Yonglongyi is a limited partnership established in the PRC in January 2017 mainly engaged in industrial investment. As at the Latest Practicable Date, Hangzhou Yonglongyi was owned as to approximately (i) 1.27% by Hangzhou Yonglongchao Investment Management Partnership (Limited Partnership) (杭州湧隆潮投資管理合夥企業(有限合夥)) ("**Hangzhou Yonglongchao**") as its general partner, and (ii) 12.74% by Yang Lihua (楊利華), 12.74% by Beijing Changping SME Innovation Venture Development Fund Co., Ltd. (北京昌平中小微企業雙創發展基金有限公司) ("**Beijing Changping**") as its limited partners and 16 other limited partners, none of them held more than 10% of the capital of Hangzhou Yonglongyi, all of whom were Independent Third Parties. Hangzhou Yonglongchao was owned as to 50% by Hangzhou Yonglong Investment Management Co., Ltd. (杭州湧隆投資管理有限公司), which was wholly owned by Shanghai Yonghua Investment Management Limited (上海湧鏵投資管理有限公司) ("**Shanghai Yonghua**"). Shanghai Yonghua was owned as to 8% by Nanometer Venture and 92% by Yongjin Industry which in turn was held as to 50%, 20%, 20% and 10% equity interest by Chen Jinxia (陳金霞), Yu Guoyin (俞國音), Liu Xianzhen (劉先震) and Zhang Zheng (張崢), all of whom were Independent Third Party. Mr. Tang Zheng (唐政), our Director from August 2020 to August 2022, has worked in Shanghai Yonghua since May 2016 and currently serves as an executive director of Shanghai Yonghua. As at the Latest Practicable Date and according to public information, Nanometer Venture was owned as to 75%, 15% and 10% by Chen Jinxia (陳金霞), Yu Guoyin (俞國音) and Liu Xianzhen (劉先震), respectively.

As at the Latest Practicable Date and according to public information, Beijing Changping, a limited liability company established in the PRC in December 2016 and mainly engaged in investment management, was owned as to (i) 50% by Beijing Service Center for SME (北京市中小企業服務中心) and (ii) 50% by Beijing Changping Science Park Development Co., Ltd. (北京昌平科技園發展有限公司), which was wholly-owned by Beijing Changping District People's Government State-owned Assets Supervision and Administration Commission (北京市昌平區人民政府國有資產監督管理委員會).

*Xingcan Shanmei*

Xingcan Shanmei is a limited partnership established in the PRC in June 2022 mainly engaged in equity investment. As at the Latest Practicable Date, Xingcan Shanmei was owned as to approximately (i) 0.13% by Shaanxi Xinghe Cangyun Private Equity Fund Management Co. (陝西星河璨雲私募基金管理有限公司) ("**Xinghe Canyun**") as its general partner; (ii) 0.44% by Xi'an Shanmei Fund Management Co., Ltd. (西安善美基金管理有限公司) ("**Xi'an Shanmei**") as its general partner; and (iii) 99.44% by Xi'an Shanmei Industrial Investment Fund Partnership (Limited Partnership) (西安善美產業投資基金合夥企業(有限合夥)) ("**Shanmei Industrial**") as its limited partner, all of whom were Independent Third Parties. Xinghe Canyun was mainly engaged in equity investment and was owned as to 40%, 30% and 30% by Shaanxi Xinghe Investment Management Co. (陝西星河投資管理有限公司) ("**Xinghe Investment**"), Shaanxi Saiyao Enterprise Management Partnership (Limited Partnership) (陝西賽耀企業管理合夥企業(有限合夥)) ("**Saiyao Partnership**") and Zwing Asset Management Co., Ltd. (璨雲(上海)私募基金管理有限公司) ("**Zwing Asset**") respectively, all of whom were Independent Third Parties. Xinghe Investment was a wholly-owned subsidiary of Xianyang Financial Holding Co., Ltd. (咸陽金融控股集團有限公司), which in turn was controlled by CDB Development Fund Co., Ltd. (國開發展基金有限公司) and ultimately controlled by Xianyang State-owned Assets Supervision and Administration Commission (咸陽市國有資產監督管理委員會). Saiyao Partnership was owned as to 60% and 40% by Chi Yunbo (遲韻博) and Chi Yan (遲焰) respectively, both of whom are Independent Third Parties. Zwing Asset was owned as to 75% and 25% by Zhu Zhanjun (朱占軍) and Zhang Jialun (張家倫) respectively, both of whom are Independent Third Parties. Xi'an Shanmei was mainly engaged in investment management and was owned as to 98% by Shaanxi Coal and Chemical Industry Group (陝西煤業化工集團有限責任公司) ("**Shaanxi Coal**"), which was ultimately owned by State-owned Assets Supervision and Administration Commission of Shaanxi Municipal People's Government (陝西省人民政府國有資產監督管理委員會). Xinghe Canyun, the general partner of Xingcan Shanmei is also the general partner of Xingcan Kangying, one of our Pre-IPO Investors who will be indirectly interested in approximately 0.06% and 0.05% Shares immediately prior to the Global Offering and immediately following the completion of the Global Offering respectively. Xingcan Shanmei and Xingcan Kangying will be jointly interested in approximately 2.91% of our Shares as at the Latest Practicable Date and will be jointly interested in 2.47% of our Shares following the completion of the Global Offering respectively. Dr. Wan Yu (萬宇), our Director, has been also working for Xi'an Shanmei since June 2021.

As at the Latest Practicable Date and according to public information, Shanmei Industrial, a limited partnership established in the PRC in June 2017 was owned as to approximately (i) 0.02% by Xi'an Shanmei as its general partner and (ii) 99.98% by Shaanxi Coal as its limited partner.

***Foshan Kaiding***

Foshan Kaiding is a limited partnership established in the PRC in October 2021 mainly engaged in equity investment. As at the Latest Practicable Date, Foshan Kaiding was owned as to approximately (i) 1.54% by Guangdong Kaiding Investment Co., Ltd. (廣東凱鼎投資有限公司) ("**Kaiding Investment**") as its general partner; (ii) 30.86% by Liang Mei (梁梅) and 27.47% by Liang Yunqing (梁雲慶) as its limited partners; and (iii) the remaining 40.13% by eight other limited partners (consisting of seven individual and one company), none of them held more than 10% of the capital of Foshan Kaiding, and all of whom were Independent Third Parties. Kaiding Investment is mainly engaged in investment management and was owned as to 35% by Dai Jianxin (戴建新), 18.5% by Dai Fuxing (戴福興), 12% by Chen Jianhua (陳建華) and 10% by Xie Xiaoming (謝小明) and the remaining 24.5% held by seven shareholders each holding less than 10% of the capital of Kaiding Investment, all of whom were Independent Third Parties.

As at the Latest Practicable Date and according to public information, Kaiding Investment was also the 51% shareholder of Kaiding Junneng (as defined below), the general partner of Guangdong Kaiding. Foshan Kaiding and Guangdong Kaiding will be jointly interested in approximately 1.55% of our Shares as at the Latest Practicable Date and will be jointly interested in 1.31% of our Shares following the completion of the Global Offering respectively.

***Guangdong Kaiding***

Guangdong Kaiding is a limited partnership established in the PRC in October 2021 mainly engaged in equity investment. As at the Latest Practicable Date, Guangdong Kaiding was owned as to approximately (i) 0.22% by Shenzhen Kaiding Junneng Venture Capital Management Co., Ltd. (深圳凱鼎君能創業投資管理有限公司) ("**Kaiding Junneng**") as its general partner; (ii) 13.33% by Ye Mingsheng (葉銘生) and 10% by Ye Zhiming (葉志明) as its limited partners; and (iii) the remaining 76.65% by 13 other individual limited partners, and none of them held more than 10% of the capital of Guangdong Kaiding, all of whom were Independent Third Parties. As at the Latest Practicable Date and according to public information, Kaiding Junneng was mainly engaged in investment management and was owned as to 51% by Kaiding Investment and 49% by Shenzhen Junneng Investment Partnership (Limited Partnership) (深圳君能投資合夥企業(有限合夥)), which was owned as to 70% by Huang Senming (黃森明) and 30% by Chen Nengbin (陳能斌), both were Independent Third Parties.

### *Guangzhou Chengxin*

Guangzhou Chengxin is a company established with limited liability in the PRC in October 2006 mainly engaged in venture capital investment. As at the Latest Practicable Date, Guangzhou Chengxin was owned as to approximately 99.74% by Xiong Haitao (熊海濤), an Independent Third Party. Hainan Dingxin and Guangzhou Chengxin will be jointly interested in 1.25% of our Shares as at the Latest Practicable Date and will be jointly interested in 1.06% Shares of the Company following the completion of the Global Offering respectively.

### *Jiaxing Hydrogen Port*

Jiaxing Hydrogen Port is a limited partnership established in the PRC in August 2022 engaged in equity investment. As at the Latest Practicable Date, Jiaxing Hydrogen Port was owned as to 0.01% by Jiaxing Nanhu Equity Investment Fund Co., Ltd. (嘉興市南湖股權投資基金有限公司) ("**Jiaxing Nanhu**") as its general partner and 99.99% by Zhejiang Hydrogen Energy Industry Development Co., Ltd. (浙江氫能產業發展有限公司) ("**Zhejiang Hydrogen Energy**") as its limited partner, both of whom were Independent Third Parties. Jiaxing Nanhu was mainly engaged in entrustment of financial institutions and is a wholly-owned subsidiary of Jiaxing Nanhu Financial Service Co., Ltd. (嘉興市南湖金融服務有限公司) ("**Jiaxing Nanhu Financial**"), which was owned as to approximately 62.20% equity interest by Chiyue Investment Limited (池月投資有限公司) ("**Chiyue Investment**"). Chiyue Investment was owned as to approximately 26.32% equity interest by Ningbo Fotile Kitchenware Co., Ltd. (寧波方太廚具有限公司) ("**Ningbo Fotile**") and 11 other equity interest holders, all of which held less than 20% of the equity interest in Chiyue Investment. Ningbo Fotile was owned as to 80.84% equity interest by Ningbo Feixiang Group Co., Ltd. (寧波飛翔集團有限公司) ("**Ningbo Feixiang**"), which in turn is ultimately owned by Mao Zhongqun (茅忠群), who owned approximately 79.62% of Ningbo Feixiang. Each of Jiaxing Nanhu Financial, Chiyue Investment, Ningbo Fotile, Ningbo Feixiang and Mao Zhongqun (茅忠群) was an Independent Third Party. According to public information, as at the Latest Practicable Date, Zhejiang Hydrogen Energy, a limited liability company established in the PRC in April 2021 was ultimately beneficially owned by State-owned Assets Supervision and Administration Commission of Jiaxing Municipal People's Government (嘉興市人民政府國有資產監督管理委員會).

## Special Rights of the Pre-IPO Investors

There were no special rights granted to the Pre-IPO Investors in November 2016 Investment, December 2016 Investment, August 2017 Investment and October 2020 Investment. In relation to the Pre-IPO Investors in December 2020 Investment, April 2021 Investment, November 2021 Investment, January 2022 Investment, August 2022 Investment and September 2022 Investment, pursuant to the Pre-IPO Investment agreements separately entered into by us and the Pre-IPO Investors (the "**Shareholders Agreement**"), the Pre-IPO Investors were granted certain special rights in relation to our Company, including, among others, tag-along right, anti-dilution right and information right. All special rights under the Pre-IPO Investments have been terminated immediately prior to the first submission of the listing application to the Stock Exchange for the purpose of the Global Offering.

**Public Float**

The 438,521,669 Shares held by all existing Shareholders, representing all of our total issued Shares as of the Latest Practicable Date, or approximately 84.65% of our total issued Shares upon Global Offering, will not be considered as part of the public float as the Shares they hold are Domestic Shares which will not be converted into H Shares and will not be listed following the completion of the Global Offering.

We have applied to the Stock Exchange to exercise its discretion under Rule 8.08(1)(d) of the Listing Rules to grant, and the Stock Exchange has granted our Company a waiver from strict compliance with the minimum public float requirement under Rule 8.08(1)(a) of the Listing Rules so that the minimum percentage of the Shares from time to time to be held by the public will be 15% of the total issued share capital of our Company (including the Shares that may be issued under the Pre-IPO Share Incentive Scheme). Please refer to "Waivers from Strict Compliance with the Listing Rules – Waiver in Relation to Public Float Requirements" in this prospectus for more details.

**Compliance with Pre-IPO Investments and Guidance Letters**

On the basis that (i) the Listing is expected to take place on or after Tuesday, 5 December 2023 and will be more than 120 clear days after the completion of the Pre-IPO Investments; and (ii) no special rights to the Pre-IPO Investors will exist after the Listing, the Sole Sponsor has confirmed that the Pre-IPO Investments are in compliance with the Guidance Letter HKEX-GL29-12 issued by the Stock Exchange in January 2012 and as updated in March 2017 and the Guidance Letter HKEX-GL43-12 issued by the Stock Exchange in October 2012 and as updated in July 2013 and March 2017.

**Relationship with Hongyun Hydrogen Energy**

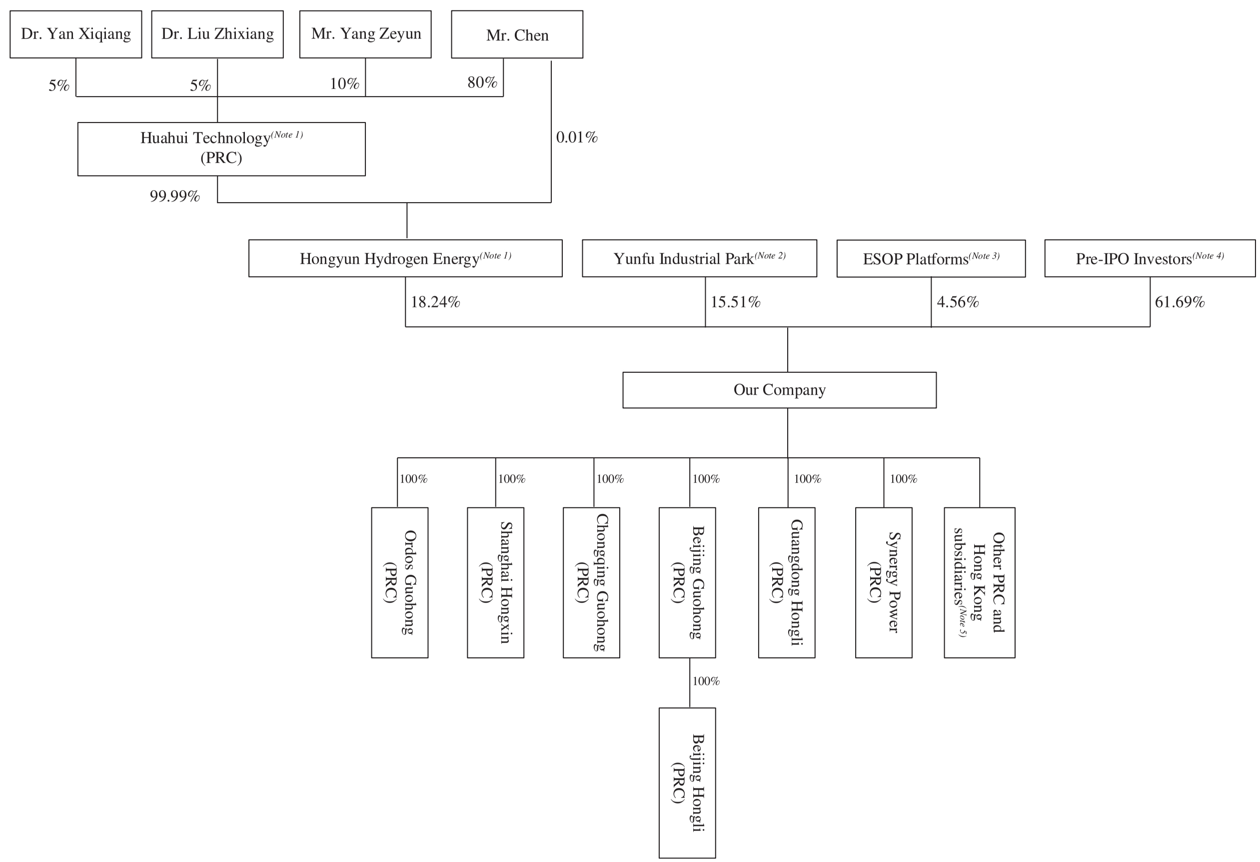
As at the Latest Practicable Date, Hongyun Hydrogen Energy held approximately 18.24% of our issued share capital, and Hongyun Hydrogen Energy was held as to 99.99% and 0.01% equity interest by Huahui Technology (of which Mr. Chen is its general partner) and Mr. Chen respectively. Immediately upon the completion of the Global Offering (without taking into account any Shares to be issued under the Pre-IPO Share Incentive Scheme), Hongyun Hydrogen Energy will own approximately 15.44% of our issued share capital and will continue to be our single largest Shareholder upon Listing.

Hongyun Hydrogen Energy has been under the control of Mr. Chen throughout the Track Record Period and up to the Latest Practicable Date through (1) his control in the voting rights of the shareholders of Hongyun Hydrogen Energy and (2) his control of the composition of an absolute majority of its board seats and such majority can exercise all power of the board of Hongyun Hydrogen Energy. For particulars on Mr. Chen's control over Hongyun Hydrogen Energy, please see "Relationship with Hongyun Hydrogen Energy".

## CORPORATE STRUCTURE OF OUR GROUP

### Corporate Structure Immediately Before the Global Offering

The following chart illustrates the shareholding structure and simplified corporate structure of our Group as at the Latest Practicable Date:



*Notes:*

(1) Huahui Technology is a limited partnership in the PRC owned as to 80% by Mr. Chen (our executive Director) as its general partner, 10% by Mr. Yang Zeyun (楊澤雲) (our executive Director) and 5% by Dr. Yan Xiqiang (燕希強) (a member of our senior management) and Dr. Liu Zhixiang (劉志祥) (a member of our senior management) as its limited partners. Throughout the Track Record Period, Hongyun Hydrogen Energy has been under Mr. Chen's control and it is expected that such control will continue after the Listing. For details, please refer to "Relationship with Hongyun Hydrogen Energy".

(2) Yunfu Industrial Park was ultimately wholly controlled by State-owned Assets Supervision and Administration Commission of Foshan Municipal People's Government (佛山市人民政府國有資產監督管理委員會) and Yunfu Municipal People's Government (雲浮市人民政府國有資產監督管理委員會) and the Department of Finance of Guangdong Province (廣東省財政廳).

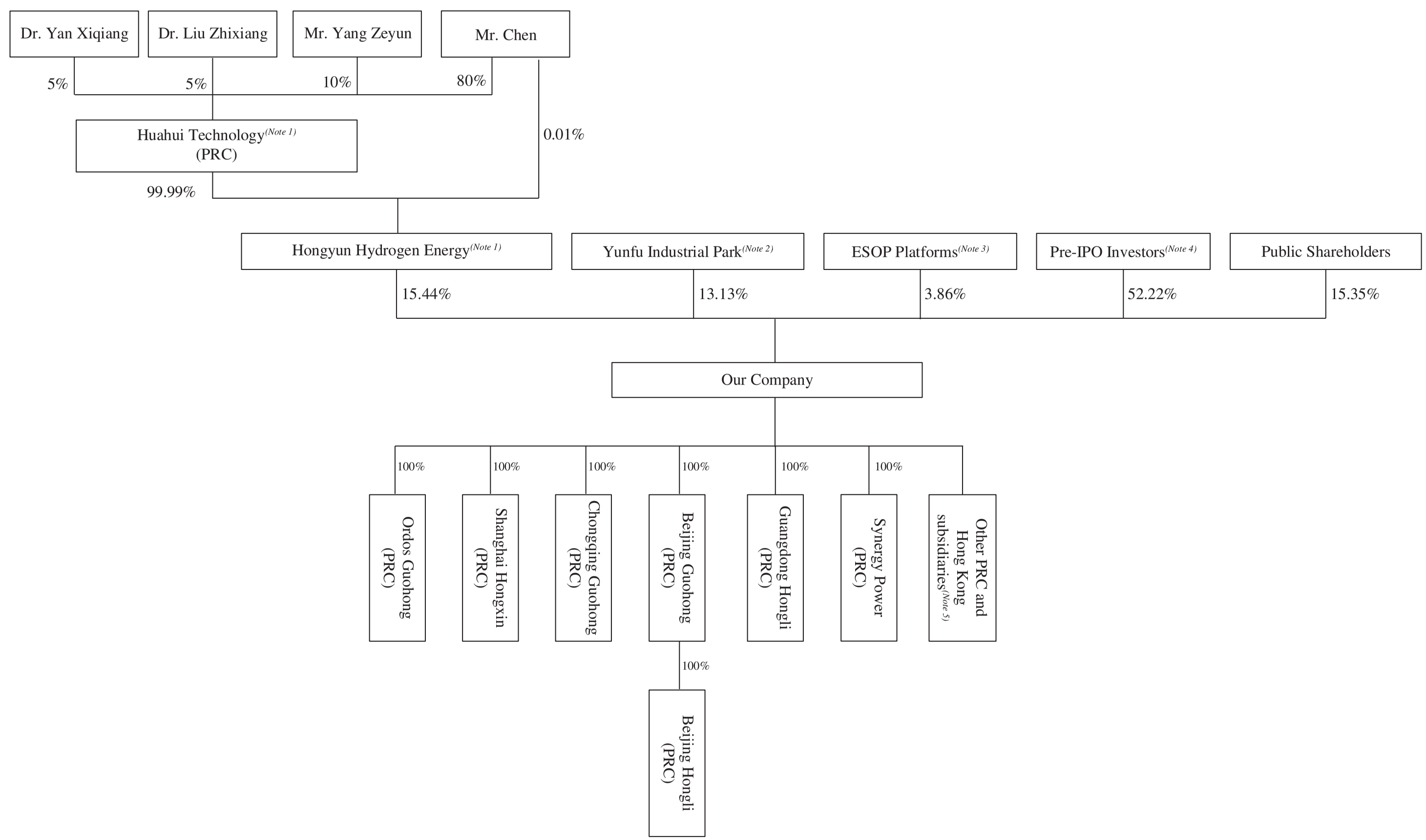
(3) ESOP Platforms refer to four limited partnerships, namely GQ Zeyuan, Hongsheng Fengyuan, Hongsheng Fengtai and Hongsheng Fengying, which were established for providing incentive to our employees for their contributions to our Group. Please refer to "– Establishment and Development of Our Company – (2) Major Shareholding Changes of Our Company" above. The general partner of each GQ Zeyuan, Hongsheng Fengyuan, Hongsheng Fengtai and Hongsheng Fengying is Mr. Yang Zeyun (楊澤雲) (our executive Director), Mr. Wang Jun (王駿), Mr. Liu Nuhai (劉怒海) and Mr. Liu Nuhai (劉怒海) respectively.

(4) For details of the Pre-IPO Investors, please refer to "– Pre-IPO Investments" above.

(5) For a complete list of the relevant subsidiaries, please refer to Note 13 of the Accountant's Report as Appendix I to this prospectus.

**Corporate Structure Immediately Following the Completion of the Global Offering**

The following chart illustrates the shareholding structure and simplified corporate structure of our Group immediately following the completion of the Global Offering (without taking into account any Shares to be issued under the Pre-IPO Share Incentive Scheme):




*Note:* For notes (1) to (5), please refer to the corresponding note below the chart as set out in "– Corporate Structure Immediately Before the Global Offering".

## OVERVIEW

We are a leading technology-based hydrogen fuel cell company in the PRC focusing on research, development, production and sales of hydrogen fuel cell stacks and hydrogen fuel cell systems. We are dedicated to creating a clean and sustainable world, leading the way in hydrogen energy and creating the future together. Through continued technological innovations and product iterations, we have contributed to the transformation of the hydrogen fuel cell industry as well as the development and commercialization of the hydrogen energy technologies in the PRC since our establishment. According to Frost & Sullivan, we are a leading market player in the hydrogen fuel cell industry in the PRC, and we ranked (i) first in terms of hydrogen fuel cell stacks shipment volume for six consecutive years from 2017 to 2022, (ii) first in terms of sales value of hydrogen fuel cell systems in 2022 and (iii) second in terms of sales volume of hydrogen fuel cell systems in 2022. Leveraging our (i) advanced proprietary technologies and leading research and development capabilities, (ii) cost-effective and mass-production capabilities, (iii) proven ability in operations and market expansions and (iv) years of experience in collaborations with the upstream and downstream participants in our industry, we have succeeded in the independent research and development of products, the domestic procurement and production of core raw materials and production machineries and the high-quality mass-production, continuously leading the development of hydrogen fuel cell industry in the PRC. To continue our success in the hydrogen fuel cell industry, we plan to strengthen our technological capabilities to launch our next-generation self-developed hydrogen fuel cell products and further enrich our downstream hydrogen fuel cell product matrix and comprehensive applications.

Our shipment volume of hydrogen fuel cell stacks has exceeded 650MW as of the Latest Practicable Date. Our production facility in Yunfu commenced operation in 2017, which was the world's largest hydrogen fuel cell stacks production facility at that time and has continued to maintain the industry-leading level since then and up to the Latest Practicable Date in terms of production capacity. Since we began production of our hydrogen fuel cell stacks in 2017, we have been leading the way for the commercialization of the hydrogen fuel cell technologies in the PRC. With the expertise of our research and development team and our experience in the mass-production and commercialization of hydrogen fuel cell products, we have led or participated in the formulation of more than 20 national and industry standards for the hydrogen fuel cell industry, including testing and evaluation method for lifespan and durability of PEM fuel cell stack in vehicles (《車用質子交換膜燃料電池堆使用壽命測試評價方法》). We have either been one of the major drafters of or provided advice to those standards based on our expertise and research and development capabilities. We also led or participated in a series of national, provincial and municipal research projects, connected both the upstream and downstream of the hydrogen fuel cell industry, and have become a leading comprehensive hydrogen fuel cell company spearheading the evolution of the hydrogen energy industry.

**Our Industry**

Supportive government policies can be key to the development of and the long-term growth driver for an industry. The hydrogen fuel cell industry in China is largely driven by the PRC government policies. In April 2020, the PRC government issued the Notice on Government Subsidies for Promotion and Application of New Energy Vehicles (《關於完善新能源汽車推廣應用財政補貼政策的通知》), which stipulated that the policy of "award in lieu of subsidy (以獎代補)" will be carried out for hydrogen fuel cell vehicles. In September 2020, the Ministry of Finance, together with several other PRC government departments, jointly issued 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》) (the "**Notice**") to carry out the pilot adoption of hydrogen fuel cell vehicles in order to promote the sustained and orderly development of hydrogen fuel cell vehicle industry in China. In particular, the Notice stated that the awards were to be used for the industrialization of key core technologies of hydrogen fuel cell vehicles, talents recruitment, and the demonstration and application of new models and new technologies. Since August 2021, the PRC government has approved five hydrogen fuel cell vehicle demonstrative city clusters, including Beijing, Shanghai, Guangdong Province, Hebei Province, and Henan Province, all of which support various types of hydrogen fuel cell vehicles, such as passenger vehicles, light- and heavy-duty trucks and commercial buses. For more information on demonstrative city clusters, please see "Industry Overview – Overview of Hydrogen Fuel Cell Stacks and Systems Market – Overview of the Supportive Policies for the Hydrogen Fuel Cell Stacks and Systems Market" in this prospectus.

In addition to the policies mentioned above, local governments also provided additional support to the hydrogen fuel cell vehicles and hydrogen fuel cell systems industry participants, echoing the national development strategy. For instance, Guangdong Province issued the Action Plan for Accelerating the Construction of Fuel Cell Vehicle Demonstration City Clusters (2022-2025) (《廣東省加快建設燃料電池汽車示範城市群行動計劃(2022-2025年)》), which sets the goal of promoting over 10,000 hydrogen fuel cell vehicles by 2025 and emphasized on supporting the development of key components of the hydrogen fuel cell industry, including hydrogen fuel cell stacks, MEAs and bipolar plates, through measures such as providing monetary awards for the research and development of these key components. For more information on the government-promulgated supportive policies, please refer to "Industry Overview – Overview of Hydrogen Fuel Cell Stacks and Systems Market – Overview of the Supportive Policies for the Hydrogen Fuel Cell Stacks and Systems Market" in this prospectus.

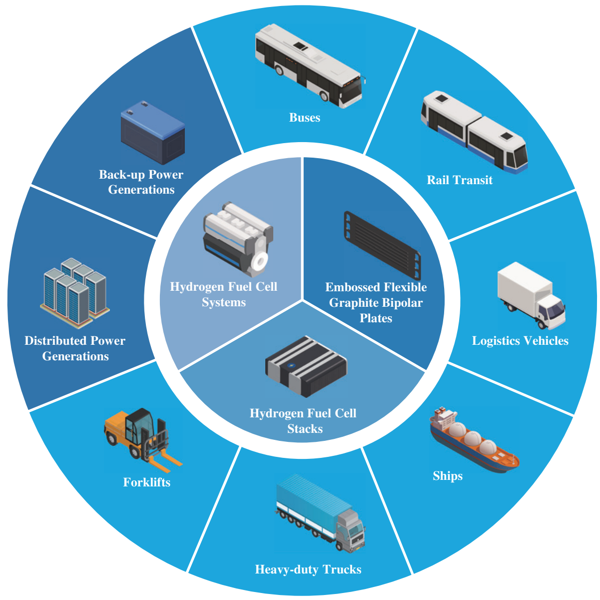
The national and local governments' supportive policies, along with the other relevant "award in lieu of subsidy (以獎代補)" policies and the subsidy policies before 2020, were key in promoting the development of the hydrogen fuel cell industry in China by providing incentives to the market participants and directly benefitted participants along the industry value chain, including hydrogen fuel cell vehicle manufacturers, hydrogen fuel cell systems and fuel cell stacks manufacturers like us, and upstream key parts and components suppliers such as the manufacturers of MEAs and DC-to-DC converters. The focus of the awards policies on the industrialization of key core technologies of hydrogen fuel cell vehicles particularly drove the growth of the hydrogen fuel cell stacks and systems market as it encouraged, incentivized and provided funding for the industry development in the direction of key technologies such as those used in the hydrogen fuel cell stacks and hydrogen fuel cell systems. For more information on the policy support for the hydrogen fuel cell market, please refer to "Industry Overview – Overview of Hydrogen Fuel Cell Stacks and Systems Market – Overview of the Supportive Policies for the Hydrogen Fuel Cell Stacks and Systems Market" in this prospectus.

The PRC government usually updates the awards policies for hydrogen fuel cell vehicles each year. Given that China's hydrogen fuel cell vehicle industry is still developing, it will continue to be affected by government subsidies and the annual periodicity of automobile production in the foreseeable future. As such, the future performance and demand of our products rely significantly on government policies and the hydrogen fuel cell vehicle industry development. For more information on the supportive policies and the relevant risks, please refer to "Industry Overview – Overview of Hydrogen Fuel Cell Stacks and Systems Market – Drivers and Development Trend Analysis of Hydrogen Fuel Cell Stacks and Systems Market in China" and "Risk Factors – Risks Relating to Our Industry and Business" in this prospectus.

**Our Products**

During the Track Record Period, the embossed flexible graphite bipolar plates we produced were mainly utilized for our further production of hydrogen fuel cell stacks, and our hydrogen fuel cell stacks were mainly (i) incorporated into our hydrogen fuel cell systems or (ii) sold to hydrogen fuel cell system manufacturers for further incorporation into their hydrogen fuel cell systems. Our hydrogen fuel cell systems were mainly sold to downstream transit applications customers, and to a much lesser extent, downstream stationary applications customers. Transit applications mainly include: (i) commercial vehicles such as buses, logistic vehicles and heavy-duty trucks, (ii) construction vehicles such as forklifts, (iii) rail transit, and (iv) ships. Stationary applications mainly include distributed power generations and back-up power generations. During the Track Record Period, approximately 93% or more of the revenue generated each year was from transit applications, primarily buses and heavy-duty trucks, and revenue generated from other transit applications and stationary applications was much lower in comparison. However, as the industry develops and our product portfolio expands, we expect to establish a more substantial and broader presence in other applications.

Below is an illustration of our products and their applications:




Through years of operating experience and the strive for excellence, we have been leading in technological capability, product quality, manufacturing techniques as well as reliability and timely product delivery. Our products have been proven to be leading the industry in terms of:

(i) *power density* – our hydrogen fuel cell stacks have highly reliable sealing and control mechanism under high current density, which enable the rapid molding of high-precision plates, continuous assembly of the stacks, and rapid activation of the stacks. For example, we have successfully developed and achieved mass-production of the SynStack GIII, a hydrogen fuel cell stack product to which we own the core intellectual property rights. SynStack GIII has a high power density of 4.5kW/L, representing a substantial improvement in our hydrogen fuel cell stack technology;

(ii) *freeze-start temperature* – our hydrogen fuel cell systems have advanced low freeze-start temperature technology. A majority of our hydrogen fuel cell systems have achieved a freeze-start temperature of -30°C;

(iii) *lifespan* – the latest generation of our hydrogen fuel cell stacks has an expected long lifespan of more than 30,000 hours; and

(iv) *quality, process consistency and performance stability* – in respect of the production process of our embossed flexible graphite bipolar plates, being one of the key components of hydrogen fuel cell stacks, we utilize our independently designed molding technology to ensure the stability of the hydrogen fuel cell stacks when used in series. As a result, the defect rate of our embossed flexible graphite bipolar plates is less than 5%, which is at an industry-leading level as the average defect rate for manufacturing embossed flexible graphite bipolar plates using the same techniques in the PRC is over 20%, as advised by Frost & Sullivan. In addition, the bending strength of our embossed flexible graphite bipolar plates has reached over 50Mpa while its thickness has been reduced to 1.5mm, both of which are on par with the industry-leading levels, according to Frost & Sullivan.

In respect of our quality control system, we took the lead in obtaining ISO9001:2015 and IATF16949:2016 quality control system certifications. We were also one of the first batch of hydrogen fuel cell companies to obtain IATF16949 quality system certification in China.

In addition, with the support of cutting-edge technology, we have led the industry in setting various standards. These standards provide the industry with a comparable and practical unified evaluation benchmark for hydrogen fuel cell systems, paving the way for achieving the national "dual carbon (雙碳)" policy. Moreover, few companies possess the technological and vertical integration capabilities that allowed us to (i) manufacture embossed flexible graphite bipolar plates in-house, (ii) self-develop and manufacture hydrogen fuel cell stacks equipped with our embossed flexible graphite bipolar plates, and (iii) self-develop and manufacture hydrogen fuel cell systems equipped with our hydrogen fuel cell stacks, according to Frost & Sullivan.

Leveraging the industry-leading performance, our products have been extensively validated and recognized in the market. Having seized the opportunities of transit applications, the number of commercial vehicles installed with our products accounted for more than 50% of the hydrogen fuel cell commercial vehicles in operation nationwide as of the Latest Practicable Date. We have also been exploring hydrogen energy solutions in a wide range of applications that present market opportunities. For example, in September 2022, five hydrogen-powered rubber-tyred digital rail trams equipped with our SynRoad series hydrogen fuel cell systems were put into operation in Lin-Gang Special Area of Shanghai, which contributed to the promotion and application of hydrogen fuel cells in the rail transit industry.

We have also assembled a team of specialists with solid research and development capabilities, excellent strategic vision and diversified market expansion insights to embrace huge market opportunities and contribute to the adoption of clean energy in the PRC amid the wave of the global energy transformation.

## OUR COMPETITIVE STRENGTHS

### A leader in the hydrogen fuel cell industry in the PRC, benefiting from the national and local supportive policies and the huge growth potential of the hydrogen industry

With the clean and green characteristics of hydrogen energy and the long-term support of national and local policies, we have rapidly developed into a leading technology-based hydrogen fuel cell company in the PRC with hydrogen fuel cell stacks and hydrogen fuel cell systems as the core products. According to Frost & Sullivan, we are a leading market player in the hydrogen fuel cell industry in the PRC, and we ranked first in terms of hydrogen fuel cell stacks shipment volume for six consecutive years from 2017 to 2022 and second in terms of sales volume of hydrogen fuel cell systems in 2022. In addition, we have contributed to or participated in multiple milestone events in the evolution of the hydrogen energy industry in China, including: (i) we participated in the research and development of the first hydrogen fuel cell vehicle, which was unveiled in 2015; (ii) our hydrogen fuel cell products were installed on all of the buses of the Yunfu demonstrative bus line which had the most hydrogen fuel cell buses running in the world when it commenced operation in 2017; (iii) we completed the commissioning of the first large-scale hydrogen fuel cell stack production line in 2017, which became a landmark event in the commercialization of hydrogen fuel cell stacks in the PRC; (iv) we participated in the development of the world's first hydrogen-powered rubber-tyred digital rail tram, which rolled off the production line in Shanghai in 2021; and (v) we launched our self-developed SynStack GIII hydrogen fuel cell stacks and SynRoad H series hydrogen fuel cell systems in 2022, which were one of the world's largest power hydrogen fuel cell stacks and hydrogen fuel cell systems equipped with graphite plates at that time. As of the Latest Practicable Date, the number of hydrogen fuel cell commercial vehicles in operation installed with our products accounted for more than 50% of the nationwide market share. In addition, we have led or participated in the formulation of more than 20 national and industry standards for the hydrogen fuel cell industry, including testing and evaluation method for lifespan and durability of PEM fuel cell stack in vehicles (《車用質子交換膜燃料電池堆使用壽命測試評價方法》). We have either been one of the major drafters of or provided advice to those standards based on our expertise and research and development capabilities.

Leveraging our (i) advanced proprietary technologies and leading research and development capabilities; (ii) cost-effective and mass-production capabilities; (iii) proven ability in operations and market expansions and (iv) years of experience in collaborations with the upstream and downstream participants in our industry, we have succeeded in independent products research and development, the domestic procurement and production of core raw materials and production machineries, and the high-quality mass-productions, continuously leading the development of hydrogen fuel cell industry in the PRC.

Decarbonization of energy has become a global consensus for sustainable and green development. With the increasing challenges on energy, environment and safety, the global energy transformation is imminent. Hydrogen energy is regarded as the "ultimate clean energy" for its safety, availability, high energy density, clean-emission and promising market potentials. The United States, the European Union, South Korea, Japan, Russia, Australia and other countries or regions have incorporated hydrogen energy into their national energy strategic plans. In the context of the "dual carbon (雙碳)" policy of "carbon peaking (碳達峰)" and "carbon neutrality (碳中和)", hydrogen energy is an important and strategic choice for China to accelerate the energy transformation and to cultivate new economic growth point. In the past few years, incentivizing and supportive policies for hydrogen energy industry have been introduced continuously, and the penetration rate of the hydrogen fuel cell industry has been rapidly increasing. In particular, the hydrogen fuel cell vehicle industry witnessed the promulgation of various supporting policies and clear developmental goals. In September 2020, the Ministry of Finance, the Ministry of Industry and Information Technology, the Ministry of Science and Technology, the NDRC, and the National Energy Administration jointly commenced the demonstration and application of hydrogen fuel cell vehicles, and the demonstration period was set at four years. During the demonstration period, the five departments will adopt the "award in lieu of subsidy (以獎代補)" policy to reward the shortlisted demonstrative city clusters selected nationally for the demonstration according to their target completion status. The first and second batches of demonstrative city clusters selected were Beijing, Shanghai, Guangdong Province, Henan Province, and Hebei Province. Promulgated by the NDRC in March 2022, 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)》) aimed for mid- to long-term planning of the development of hydrogen energy industry with top-down systematic deployment plans, signaling that hydrogen has become an important part of the future national energy system in China. At the national level, a number of policies and plans have been promulgated to guide the development of the hydrogen energy industry. At the local level, approximately 30 provincial administrative regions have listed hydrogen energy development as an important item in their 14th Five-Year Plan ("十四五"規劃). The hydrogen energy industry has become a strategic emerging industry and the focal point of future development. According to the Frost & Sullivan Report, the penetration rate of hydrogen fuel cells is expected to increase significantly in the future. The number of hydrogen fuel cell vehicles in China is expected to grow at a CAGR of 92.7% from 2023 to 2027. It is expected that the proportion of hydrogen energy in terminal energy consumption will reach more than 10.0% in 2050.

With the combination of the global strategic layout of hydrogen energy, the policy support for the hydrogen energy industry in China, and the rapid growth of the hydrogen fuel cell industry, we strive to fully capture the industry development opportunities, reinforce our leading position in the industry and achieve sustainable high-speed growth as a leader in the hydrogen fuel cell industry.

**Strong technological capabilities and quality control systems, which set the standards high for competition**

We have cutting-edge technological research and development capabilities and rich experience in mass-production and quality control, and we are committed to developing frontier technologies. The hydrogen fuel cell stacks and hydrogen fuel cell systems we produced have led overall performance including high power density, low freeze-start temperature, long lifespan, product quality consistency, and stable performance. Our products have set the standards high for competition and promoted the development of technologies for hydrogen fuel cells industry in China.

We have developed advanced hydrogen fuel cell stacks and hydrogen fuel cell systems based on our technologies and our forward development capabilities. In particular,

- in respect of hydrogen fuel cell stacks and hydrogen fuel cell systems, our hydrogen fuel cell stacks have highly reliable sealing and control mechanism under high current density, which enable the rapid molding of high-precision plates, continuous assembly of the stacks, and rapid activation of the stacks. The latest generation of our hydrogen fuel cell stacks has an expected lifespan of more than 30,000 hours. Our hydrogen fuel cell systems have advanced lifespan control and low freeze-start temperature technology. Our hydrogen fuel cell systems are generally installed with our integrated and self-developed hydrogen fuel cell stacks, which help to achieve high power, high integration, and low hydrogen consumption ratio.

- in respect of graphite bipolar plates which we produced mainly for our hydrogen fuel cell stacks, being one of the key components of hydrogen fuel cell stacks, we use low-cost expanded graphite as raw materials and utilize our independently designed molding technology to produce high-strength, air-tight, light-weight, high flexibility, low contact resistance and corrosion resistant bipolar plates, ensuring the stability of the hydrogen fuel cell stacks when used in series and the feasibility of low-cost mass-production. As a result, the defect rate of our bipolar plates is less than 5%, while the bending strength of the bipolar plates has reached over 50Mpa, and the thickness of the bipolar plates has been reduced to 1.5 mm. In addition, through a series of design simulation adopting the multiphysics coupling of fluids, we further optimized the structure and flow field of our bipolar plates.

- produced from all domestically procured raw materials and components, our SynStack GIII fuel cell stack and SynRoad H series fuel cell system launched in April 2022 have led the industry in terms of various performance. A single SynStack GIII fuel cell stack has a rated power of 204kW and power density of 4.5kW/L, as well as excellent dynamic load change and freeze-start performance, while the rated power of a SynRoad H system can reach 240kW with a power density of 906W/kg. The modular design of SynRoad H series fuel cell systems also makes them compatible with multi-power platform output.

- with the support of cutting-edge technology, we have led the industry in setting various standards. We have participated in the formulation of a number of national and group standards related to the hydrogen energy and hydrogen fuel cell industries in China. Among the national and group standards that we participated in the formulation of, green manufacturing – green supply chain management in manufacturing enterprises–specifications of informatization management platform (《綠色製造 – 製造企業綠色供應鏈管理信息化管理平台規範》), green manufacturing –

green supply chain management in manufacturing enterprises – control of purchase (《綠色製造 – 製造企業綠色供應鏈管理採購控制》), testing and evaluation method for lifespan and durability of PEM fuel cell stack in vehicles (《車用質子交換膜燃料電池堆使用壽命測試評價方法》), the PEMFC industry green factory assessment requirements (《質子交換膜燃料電池行業綠色工廠評價要求》), and the PEMFC products carbon footprint assessment guide (《質子交換膜燃料電池產品碳足跡評價導則》) have been promulgated and become effective. We have either been one of the major drafters of or provided advice to those standards based on our expertise and research and development capabilities. These standards provide the industry with a comparable and practical unified evaluation benchmark for hydrogen fuel cell systems, paving the way for achieving the national "dual carbon (雙碳)" policy.

In addition, we have also built an automated, intelligent and efficient quality control system. We took the lead in obtaining ISO 9001:2015 and IATF 16949:2016 quality control system certifications. We were also one of the first batch of hydrogen fuel cell companies to obtain IATF 16949 quality system certification in China and achieved the intelligent manufacturing of hydrogen fuel cell stacks and hydrogen fuel cell systems. In order to ensure superb product quality, we fully evaluate the product quality and engineering capabilities at both the testing stage and the large-scale production stage, ensuring consistency and stable performance of our products. During Track Record Period and as of the Latest Practicable Date, we have not received any material complaint on the safety or quality of our products, and there have not been any fatal incidents caused by our products.

As of 31 May 2023, we had 224 patents and patent applications, including 41 invention patents, 87 invention patent applications, and 96 utility model patents. As one of Inner Mongolia's 12 major demonstrative projects of scientific and technological innovation, our "Technology Development of High-Power and Long-Life Graphite Bipolar Plate Fuel Cell Stacks for Heavy Trucks in Alpine Environment (高寒環境下重卡用大功率長壽命石墨雙極板電堆技術開發)" project was selected as the "Pioneering and Leading (揭榜掛帥)" project.

Our leading and ever-developing technology is the bedrock for our competitive products, mass-production and commercialization capabilities, as well as our leading position in the industry. In the future, we will continue to focus on improving the power density and lifespan reliability of hydrogen fuel cell stacks, developing in the fields of low-cost hydrogen fuel cell stack engineering, graphite and metal bipolar plates, and MEA, and maintaining our long-standing technological advantages. We will also continue to strive for technological breakthroughs and promote the innovation and development of hydrogen fuel cell industry in China.

**"Domestic + scaled + integrated" production, which promotes cost-effectiveness and keeps us ahead of competition**

We have large-scale production capacity and integrated production process, and have gradually achieved domestic procurement and production of core raw materials, components, and production machineries, which promotes cost effectiveness, keeps our industry-leading position, and accelerates the commercialization of the hydrogen energy in China.

The high cost of hydrogen fuel cells is the main pain point in the process of commercialization and promotion of the hydrogen energy industry. Domestic, scaled and integrated production, combined with technological breakthroughs, will effectively reduce the production costs of hydrogen fuel cell stacks and hydrogen fuel cell systems, addressing the pain point of high cost and accelerate the commercialization of the hydrogen energy industry.

*Domestic* – domestic procurement and production are key in building an independent hydrogen energy industry, which also serve as an indication of the advancement of China's hydrogen fuel cell industry. Through continuous independent innovation and process improvement, we have achieved the domestic production and procurement of core raw materials, components and production machineries, in addition to using domestically produced production machineries in our production lines. Based on our technology, production process and supply chain advantages, our self-developed SynStack G series hydrogen fuel cell stack has achieved domestic procurement and production with respect to its core components, including MEAs and graphite bipolar plates, which reduced the production cost of the hydrogen fuel cell stacks. While we achieved domestic procurement and production of core raw materials and components, we have also achieved domestic procurement of production machineries. Our production line in Yunfu has taken the lead in gradually realizing domestic procurement of the parent production machineries. Leveraging the aforementioned advantages, we launched our SynStack GI hydrogen fuel cell stack in 2020 at a price of RMB1,999/kW, achieving the reduction of unit prices while ensuring a reasonable profit margin, thereby contributing to solving of the high cost pain point of the hydrogen fuel cell industry and accelerating the further commercialization of the hydrogen fuel cell industry in China.

*Scaled* – as of the Latest Practicable Date, we had one of the largest hydrogen fuel cell stack production line in terms of annual production capacity and one of the most intelligent and advanced automated production lines in China. As of 31 May 2023, the estimated annual production capacity of our embossed flexible graphite bipolar plates, hydrogen fuel cell stacks and hydrogen fuel cell systems production lines were 1,200,000 pieces of embossed flexible graphite bipolar plates, 300,000kW of hydrogen fuel cell stacks and 2,000 units of hydrogen fuel cell systems, respectively. In addition, we can customize and produce products based on individual needs of our customers. We are also the first company in China to achieve mass-production of low-cost embossed flexible graphite bipolar plates. We are able to produce embossed flexible graphite bipolar plates that have comprehensive advantages in terms of lifetime, quality toughness and cost in comparison with those of our competitors in the market.

*Integrated* – under the "bipolar plates - hydrogen fuel cell stacks - hydrogen fuel cell systems" integrated production process, we can effectively maintain control of the production process, prevent interruptions and improve our production efficiency, product consistency, and performance stability. Through a centralized production control and supply chain management system, we closely monitor all key stages of our production process in order to meet our customers' requirements in an efficient and timely manner.

Driven by our "domestic + scaled + integrated" production, we achieve high production efficiency in producing high performance hydrogen fuel cell stacks and hydrogen fuel cell systems at low cost, which is essential to bring down the overall cost of hydrogen fuel cells. We were among the first batch of hydrogen fuel cell companies in China to bring the unit price of fuel cell stacks below RMB2,000/kW, making hydrogen energy products at more accessible price points. In the future, we will continue to spearhead the commercialization of hydrogen energy in China.

**Proven ability to satisfy the various power demands with rich hydrogen fuel cell product matrix and comprehensive applications**

As a leader in the hydrogen fuel cell industry, we provide customers with a wide range of hydrogen fuel cell solutions from core components, such as hydrogen fuel cell stacks and hydrogen fuel cell systems to the co-designing and development of hydrogen fuel cell systems with downstream hydrogen fuel cell vehicles manufacturers. The rated power of a single hydrogen fuel cell stack ranges from 1kW to 204kW, and the rated power of our hydrogen fuel cell system range from 2kW to 240kW. Such wide coverage can cater to the electricity demand in different fields and makes our products suitable in a variety of applications.

- *Hydrogen fuel cell stacks*: We have independently developed hydrogen fuel cell stacks including the liquid-cooled SynStack G series and the air-cooled SynairStack G series, to which we own intellectual property rights of their core technologies. Our SynStack GIII fuel cell stack launched in April 2022 has a rated power of 204kW, a power density of 4.5kW/L, and excellent uniformity, dynamic load change and freeze-start performance. SynairStack G series air-cooled fuel cell stack targets the low power market, such as emergency power and back-up power, covering power range from 1kW to 6kW, to which we also have core independent intellectual property rights.

- *Hydrogen fuel cell systems*: We have independently developed (i) SynRoad series hydrogen fuel cell systems for road transportation vehicles, (ii) SynRail series hydrogen fuel cell systems for rail transit, (iii) SynPower series hydrogen fuel cell systems for the stationary power market, and (iv) SynMat series hydrogen fuel cell systems for the material handling vehicle market. Our SynRoad G series fuel cell system features customized design, high integration and wide power expansion range. The rated power of our primary model SynRoad G110 fuel cell system can reach 110kW, and the rated power of the high-power model SynRoad H series fuel cell system can reach 240kW. Equipped with SynStack G series high-performance hydrogen fuel cell stack, air supply subsystem, hydrogen management subsystem and the cooling subsystem, the SynRoad series hydrogen fuel cell systems are reliable and easy to maintain. Our SynRail series hydrogen fuel cell systems are designed for rail transit applications and have met the required technical standards. They have been successfully adopted by local rail transit systems such as in Lin-Gang Special Area of Shanghai. Our SynPower series of stationary power generation system products adopt a modular design concept, and we have launched a 640kW version that can be expanded, through combination or parallel connection, to the megawatt level to meet the application needs of large-scale hydrogen energy storage power stations.

- *Comprehensive solutions*: In order to ensure our product diversity, we also provide a comprehensive solution to foster an ecosystem for the products of other companies. We have worked in strategic collaborations with downstream companies including Xiamen King Long United Automotive Industry Co., Ltd. (廈門金龍聯合汽車工業有限公司), Foshan Feichi Automobile Technology Co., Ltd. (佛山市飛馳汽車科技有限公司), Zhizi Automotive Technology Co., Ltd. (質子汽車科技有限公司), Fulongma Group Co., Ltd. (福龍馬集團股份有限公司), Dongfeng Liuzhou Motor Co., Ltd. (東風柳州汽車有限公司), Changsha Zoomline Environmental Industry Co., Ltd. (長沙中聯重科環境產業有限公司), and Xuzhou Xugong New Energy Automobile Co., Ltd. (徐州徐工新能源汽車有限公司), and jointly developed hydrogen fuel cell vehicles including medium- and heavy-duty trucks, logistics vehicles, buses, rail transit and forklifts.

We have led in the way of the hydrogen energy commercialization in the PRC, and have established a portfolio of products for hydrogen energy commercial applications mainly including transit applications such as heavy-duty trucks and buses. Other applications of our products include logistics vehicles, forklifts, rail transit, ships, distributed power generation and backup power supply. In addition, vehicles equipped with our hydrogen fuel cell products have also been in stable operation in 20 provincial administrative regions, including Guangdong Province, Shandong Province, Hebei Province, Zhejiang Province, Shaanxi Province, Inner Mongolia, Tianjin and Beijing. We have led in the way of the hydrogen energy commercialization for various commercial applications in the PRC:

- In terms of medium- and heavy-duty trucks, we have cooperated with downstream participants in our industry to provide high-power hydrogen fuel cell systems. Medium- and heavy-duty trucks equipped with our hydrogen fuel cell systems have been widely used in different applications including ports, mines, steel plants, petrochemical plants. Heavy trucks equipped with our hydrogen fuel cell systems have passed inspections at the Honghe Valley Test Base of North Pole Village, Mohe, Heilongjiang Province, proving the reliability of our products.

- In terms of public transportation, we equipped all of the buses running on the Yunfu demonstrative bus line with our hydrogen fuel cell products, and it was the bus line with the most hydrogen fuel cell buses running in the world when it commenced operation in 2017. As of 31 May 2023, each of the public transportation vehicles of this bus line had been and was still running steadily.

- In terms of logistics vehicles and forklifts, we continue to upgrade and supply hydrogen fuel cell stacks and hydrogen fuel cell systems to meet the needs of urban hydrogen energy logistics solutions and material handling solutions. As of the Latest Practicable Date, we had entered into cooperation agreements with downstream partners in Zhejiang Province, Jiangsu Province, Guangdong Province, Guangxi Province, Shandong Province, Inner Mongolia, Shaanxi Province, Shanghai, Henan Province and Sichuan Province to jointly promote the downstream applications of hydrogen energy.

- In terms of rail transit, the world's first hydrogen-powered rubber-tyred digital rail tram equipped with our SynRail series hydrogen fuel cell systems rolled off the production line in Lin-Gang Special Area of Shanghai in 2021, and was put into commercial operation in 2022, the output power of which reached 115kW.

- As for stationary applications, we have also jointly developed high-power hydrogen fuel cell emergency power supply vehicles with China Southern Power Grid Technology Co., Ltd. (南方電網電力科技股份有限公司) to meet the needs of emergency power protection. Our hydrogen fuel backup power supply system has strong environmental adaptability to meet the emergency power supply needs of communication base stations. The base station power supply system we built in cooperation with China Tower Corporation Limited Yunfu Branch (中國鐵塔股份有限公司雲浮市分公司) has been in stable operation since 2018. Our stationary hydrogen fuel cell power generation system was successfully put into operation in 2022 at the Zero-Carbon Distributed Smart Energy Center of Yulin, Shaanxi Province, with a rated power of 640kW.

In 2022, our hydrogen fuel cell system shipments reached 131.3MW. According to Frost & Sullivan, we ranked first in terms of shipment volume for hydrogen fuel cell stacks and second in terms of sales volume for hydrogen fuel cell systems in the PRC in 2022.

**Strong relationship with upstream suppliers and downstream customers for mutually beneficial collaborations, which fosters industry ecosystem**

We are an advocate of building the hydrogen energy industry ecosystem. We have established strong relationships with upstream raw material suppliers and downstream vehicle manufacturers. Against this backdrop and as one of the most influential players in the key segment of the industry chain, our establishments in different regions have driven the establishments of other upstream and downstream companies, leading to the creations of regional hydrogen industry chain.

We constructed bases in (a) Yunfu, (b) Guangzhou, Guangdong Province, (c) Jiaxing, Zhejiang Province, (d) Chongqing, (e) Ordos, Inner Mongolia, (f) Puyang, Henan Province, and (g) Lin-Gang Special Area of Shanghai, serving functions such as sales and marketing, research and development, or manufacturing. Since the hydrogen fuel cell stacks and hydrogen fuel cell systems are key segments in the hydrogen fuel cell industry chain, when an industry-leading hydrogen fuel cell stacks or fuel cell systems company establishes a foothold in a certain region, it has a driving effect on other upstream and downstream companies to follow suit, thereby promoting the construction of industrial cluster in that region. Industry-wide collaboration has been one of our core focuses since our establishment. Over the years we have gained experience from our collaborations with upstream and downstream partners and have been able to develop such industry-wide collaborations with other industry partners and local governments nationwide. We have participated in the establishment of various hydrogen energy related demonstrative projects, parks and zones that are generally aimed to develop the hydrogen energy industry and reduce carbon emissions regionally. For instance, the establishment of our presence in Jiaxing, Zhejiang Province, along with the establishments of other domestic upstream and downstream leaders in the hydrogen fuel cell industry, helped to drive market demand and promote the commercial application of hydrogen fuel cells in Jiaxing Port Area. In addition, we have led or participated in the formulation of more than 20 national and industry standards for the hydrogen fuel cell industry, including testing and evaluation method for lifespan and durability of PEM fuel cell stack in vehicles (《車用質子交換膜燃料電池堆使用壽命測試評價方法》). We have either been one of the major drafters of or provided advice to those standards based on our expertise and research and development capabilities. Through our advanced technological capabilities and hydrogen fuel cell product portfolio, we contributed to the construction of the local hydrogen energy industry chain and the realization of the local government's goals in carrying out the "dual carbon (雙碳)" policies.

We have established industrial alliances with upstream suppliers and downstream customers of the hydrogen energy industry, including collaborations with companies engaged in the production of major components of hydrogen fuel cell systems, for the development and the domestic production of such components. On the one hand, we actively collaborated with companies such as downstream vehicle manufacturers and hydrogen refueling stations to expand the applications of our products; on the other hand, we worked with upstream players in the industry chain such as the manufacturers of the core components of the hydrogen fuel cell system to achieve domestic production of these core components, and accelerate the pace of substituting imports with domestic-produced products.

With the help of our diverse partners and the hydrogen energy ecosystem, we believe that in the future we can continue to expand our product offerings at lower production costs, while our products will continue to gain market prevalence, particularly in demonstrative city clusters in China.

**Visionary management team comprising largely of experienced experts of hydrogen fuel cell industry**

We have assembled a visionary management team led by our founder and chairman of the Board, Mr. Chen. Our management team comprises experts from different segments of the hydrogen fuel cell industry, providing us with a wealth of research and operational experience from academic perspective as well as industrial perceptive.

Our founder and chairman of the Board, Mr. Chen, with over 15 years of experience in corporate management, has a broad vision, entrepreneurial spirit and rich experience in business management. Mr. Chen has been committed to the independent research and development of hydrogen energy technologies, as well as the scaled and domestic production of core materials and production equipment. In addition, Mr. Chen has been actively promoting comprehensive collaboration with the upstream and downstream partners of the industry, leading us to build a relatively complete and advanced hydrogen energy industry ecosystem and contribute to the evolution of hydrogen energy industry in the PRC.

Key members of our management team have an average of approximately 15 years of industry-related experience. In addition to Mr. Chen, other senior management members also have ample experience in their respective fields and offer valuable insights to the operation and management of our Group. For instance, certain members of our senior management specialize in research and development of hydrogen fuel cell area with doctoral degrees, have working experience in securities, investment and power industries, or are certified professionals.

A visionary management team and experienced hydrogen fuel cell industry insights are the keys for us to capture industry development opportunities, occupy a market-leading position, stay at the forefront of the industry technological development and maintain product competitiveness.

## OUR STRATEGIES

We aim to leverage our leading position to pave a sustainable development pathway for China's hydrogen energy industry and accelerate the adoption of clean and low-carbon energy sources in China. We intend to adopt the following strategies to achieve our goals.

**Further investment in research and development of core products to improve product performance and competitiveness**

We are committed to the innovation of key and frontier technologies, and strive to be at the forefront of technological development and product innovation in the hydrogen fuel cell industry. Following the technology development route of "a generation in production, a generation at launch, a generation in research (生產一代、發佈一代、儲備一代)", we plan to continue the development of high efficiency and high power hydrogen fuel cell stacks and hydrogen fuel cell systems, as well as hydrogen production equipment. We plan to accelerate product iterations with technological innovation in order to further promote production cost reduction and production efficiency, and to ensure that the performances of our products are at a leading level. In the future, we will put our research and development efforts into our products on the following directions:

- In terms of graphite bipolar plates, we plan to continuously upgrade the raw materials, optimize the production process, and increase the bending strength of bipolar plates, so as to further reduce the thickness and the defect rate and increase production efficiency of graphite bipolar plates at the same time. At present, the thickness of our SynStack GIII bipolar plates has been reduced to 1.5 mm – an industry leading level according to the Frost & Sullivan Report – and we plan to launch the next generation of bipolar plates with further reduced thickness, lower contact resistance, higher flexural strength, higher yield, and higher production efficiency.

- In terms of hydrogen fuel cell stacks and hydrogen fuel cell systems, we will continue to enhance our hydrogen fuel cell technologies leveraging our proprietary knowledge and product development expertise to launch state-of-the-art next-generation products. We expect to launch next-generation hydrogen fuel cell stacks with the power density of 5.4 kW/L and hydrogen fuel cell systems with rated power of 360kW, and to strive to achieve a freeze start temperature of -40°C. In addition, our goal is to improve the lifespan, power, and stability of the hydrogen fuel cell stacks and hydrogen fuel cell systems in general, and reduce their production costs while increasing production efficiency at the same time.

In addition, we will promote the hydrogen fuel cell industry to iterate in the direction of high power and high performance in the following aspects:

(i) *raw materials*: we will increase development efforts in resins, domestically produced catalysts, MEAs and graphite sheets, aiming to improve hydrogen fuel cell stack performance, reduce manufacturing costs, and in turn promote the commercialization of hydrogen fuel cell products;

(ii) *production process*: we will further improve our production and quality control process, offering products with a competitive combination of price and quality;

(iii) *air tightness*: we will select the suitable sealing materials and tailor our sealing structure to the specific size and characteristics of the graphite bipolar plates as well as MEAs to ensure better tightness and reliable performance during long-term operation;

(iv) *stability*: we aim to continuously improve product stability through extensive simulations and experimental verifications, especially focusing on the stability under high current density;

(v) *rapid activation*: we have cooperated with Kewell Technology Co., Ltd (科威爾技術股份有限公司), a company listed on the Sci-Tech Innovation Board of the Shanghai Stock Exchange (stock code: 688551), and Tsinghua University (清華大學) to jointly develop a rapid activation method to further optimize our production process;

(vi) *testing*: we will continue to improve our testing capabilities of our products and key components and upgrade testing methods in the research and development process;

(vii) *applications*: we are seeking to increase our penetration of the hydrogen fuel cell systems markets by developing various hydrogen fuel cell systems tailored to different applications, including ships, power generation, and energy storage; and

(viii) *components*: we plan to further develop customized system components and their integration technologies, which can lead to more stable and efficient hydrogen fuel cell systems while increasing production efficiency and lowering production costs.

- In terms of hydrogen production equipment, in the short term we will continue to (i) develop hydrogen production equipment core technologies such as the system integration and system control, (ii) develop independent intellectual properties, and (iii) achieve production and sales of megawatt hydrogen production equipment; in the long term we will focus on the development of our own megawatt-scale electrolyzer technology and to achieve domestic production of advanced hydrogen production equipments.

- In terms of laboratory construction, we plan to focus on building laboratories in (a) Jiaxing, Zhejiang Province, (b) Guangzhou, Guangdong Province and (c) Beijing, which will be equipped with state-of-the-art facilities for research and development.

Through continuous research and development investment in the above aspects, we aim to provide customers with diversified products with higher stability, better consistency, lower cost and wider applications to further strengthen our leading position in the hydrogen fuel cell industry.

We expect to use approximately HK$302.0 million, or approximately 20.0% of our total estimated net proceeds, to fund the research and development of hydrogen fuel cell stacks, hydrogen fuel cell systems and hydrogen production equipment. Please refer to subsection (b) of "Future Plans and Use of Proceeds" for details.

**Expand production capacity in accordance with local policies and opportunities**

As an industry leader in the PRC, we plan to expand our production capacity nationwide in line with the hydrogen energy industry development policies, plans and market demand in different regions. This can help promote the virtuous cycle of cost reduction and increase efficiency as a result of scaled production and localized operation, and provide strong support to the local governments' initiatives to build a clean, low carbon-emission, safe and efficient energy system. Taking into consideration the nationwide initiatives in strengthening the hydrogen energy industry, such as establishing demonstrative city clusters and local governments' priority in supporting leaders in the hydrogen energy industry, we are of the view that there will be a rapid growth in the hydrogen energy industry, and those that have a wide national footprint will have a significant first-mover advantage. As such, we plan to expand production capacity in key regions to empower the local hydrogen energy industry and seize sizable market share, to further reduce the average production cost, realize localized production and enhance operational efficiency, increasing our advantages in scaled production and competition.

Along with the production expansion, we plan to shift to more automated and intelligent production systems than currently in use in order to reduce employee benefit expenses as a percentage of our total production cost and improve our production precision for overall quality improvement. For instance, we plan to implement automated production processes, such as stack assembly robots, production line robots and automated fuel cell system assembly line, in our Ordos, Inner Mongolia, Chongqing, Puyang, Henan Province and Jiaxing, Zhejiang Province production facilities in order to reduce the number of workers needed on our production lines and the employee benefit expenses as a percentage of our total production costs.

In recent years, we have been making forward-looking and strategic plans to expand our production capacity in phases and in key regions, including (i) Jiaxing, Zhejiang Province, (ii) Guangzhou, Guangdong Province, (iii) Chongqing, (iv) Lin-Gang Special Area of Shanghai, (v) Ordos, Inner Mongolia, and (vi) Puyang, Henan Province. As of 31 May 2023, the estimated annual production capacity of our graphite bipolar plate, hydrogen fuel cell stack and hydrogen fuel cell system production were 1,200,000 pieces of embossed flexible graphite bipolar plates, 300,000kW of hydrogen fuel cell stacks and 2,000 units of hydrogen fuel cell systems. Once our expected production lines in (i) Jiaxing, Zhejiang Province, (ii) Guangzhou, Guangdong Province, (iii) Chongqing, (iv) Lin-Gang Special Area of Shanghai, (v) Ordos, Inner Mongolia, and (vi) Puyang, Henan Province are completed and commence operations, they will further expand our annual production capacity. Through the above-mentioned expansion plans, we estimate to increase our annual production capacity by (i) 650,000kW of hydrogen fuel cell stacks, and (ii) 29,000 units of hydrogen fuel cell systems by 2026. For more information, please refer to "– Our Production – Production Expansion Plan" below.

In the future, we will further expand the network of our production facilities. Based on the planning of national hydrogen energy demonstrative city clusters, local hydrogen source reserves, local hydrogen fuel cell industry awards policies as well as local market demand and governments' demand for clean energy, we will select suitable areas nationwide and construct production facilities to help local governments and the local industry to build integrated hydrogen energy industry chain and foster a strong green energy economic growth.

We expect to use approximately HK$603.8 million, or approximately 40.0% of our total estimated net proceeds, to expand the production capabilities of our hydrogen fuel cell stacks and hydrogen fuel cell systems. Please refer to subsection (a) of "Future Plans and Use of Proceeds" for details.

**Actively venture into raw materials and components aspects of the industry and enhance industry-wide synergies**

The hydrogen energy industry has broad market development opportunities, we plan to venture into other areas in the industry with high growth potential or can create synergies with us, including upstream raw materials and components suppliers, technologies that complement ours, or downstream industries through investment, mergers or research and development. We will closely follow market development trends and fully actualize our growth potential in order to reinforce our technological leading position while accelerating the process of China's clean and low-carbon energy transformation.

- We are committed to expanding into the upstream industries in areas such as major raw materials, components and complementary strategic technologies through investment and mergers. We will continue to explore the hydrogen energy market to find suitable merger and investment targets that are in possession of key technologies in the industry or those that can create synergies with us. Specifically, companies engaged in the upstream raw materials and components business such as graphite sheet, catalyst, resin, air compressor, and hydrogen circulation pump will be our primary merger and acquisition targets.

- We plan to overcome technological bottlenecks and expand our technology capabilities into the upstream industries through our own research and development and collaborations in aspects such as research and development, communication, exploration and testing with leading companies and academic institutions in the hydrogen fuel cell industry. For instance, we have been working with companies including Sino Hykey Technology Guangzhou Co., Ltd. (鴻基創能科技(廣州)有限公司) to develop high efficiency and long lasting MEAs.

- We will also collaborate with different segments of the hydrogen fuel cell industry, including other upstream and downstream industry players, as well as local governments through the establishment of joint ventures, aimed at exploring local applications for further driving market demand and promoting the commercial application of hydrogen fuel cells. Through such collaborations, we will contribute to the widespread adoption of clean energy applications and the fulfilment of the "dual carbon (雙碳)" policy nationwide.

Through tapping into various aspects of the industry such as the raw materials and components, we can effectively reduce production costs, improve product performance and stability, and in turn sharpen our technological and product competitiveness, accelerating the commercialization of hydrogen energy. As of the Latest Practicable Date, we had not identified any definite target for cooperation, acquisition or investment.

We expect to use approximately HK$150.9 million, or approximately 10.0% of our total estimated net proceeds, to fund the investment in, the potential acquisition of, or the alliance with companies in our upstream industry. Please refer to subsection (c) of "Future Plans and Use of Proceeds" for details.

**Expand the applications of hydrogen fuel cell technology and accelerate the commercialization of hydrogen energy industry**

We will further expand our product applications in the diversified markets amid the current and future hydrogen industry market opportunities.

- In terms of transit applications, based on our management's vision and prediction of the market, we plan to (i) focus our commercialization efforts on medium- to heavy-duty trucks and buses in the short term, while also making effort for the development of rail transit, cold chain logistics vehicles and forklifts applications in order to diversify our product matrix, and (ii) continue to expand our product applications by deepening collaborations with downstream customers. In the past, we have attracted vehicle manufacturers such as Foshan Feichi Automobile Technology Co., Ltd. (佛山市飛馳汽車科技有限公司) and Xuzhou Xugong New Energy Automobile Co., Ltd. (徐州徐工新能源汽車有限公司) as strategic partners, and we also collaborated with one of our strategic partners to develop the world's first hydrogen-powered rubber-tyred digital rail tram. In the future we will continue to seek strategic collaboration with other leading vehicle manufacturers or other companies that operate in areas we can expand our product applications into.

- In terms of stationary applications, we will focus on the application of our products for distributed power generation and energy storage. For instance, (i) we have collaborated with a globally renowned internet data center on backup power and power generation projects; and (ii) we are engaged in the development of an "integration of wind-solar-hydrogen energy storage (風光氫儲能一體化)" project that utilizes solar or wind power to produce hydrogen, which is then stored for generating electricity when needed. The flexibility hydrogen offers when it comes to generating electricity makes it one of the best alternatives for long-term energy storage in power systems, and the wind-solar-hydrogen energy storage project has also become one of the primary focuses of local governments. Our expansion into this area, through the development and sales of hydrogen production equipment, is in line with the development trend and is expected to bring us vast growth opportunities. In the future, we intend to continue to expand the applications of hydrogen fuel cell products for power generation, energy storage and electrical grid.

- In terms of hydrogen production, our focus will be on electrolysis of water in order to achieve (i) large scale long-duration energy storage and (ii) transformation from "grey" hydrogen made from coal to "green" hydrogen made from electrolysis of water. With respect to energy storage, "green" hydrogen production is the better approach to large-scale, long-term storage of renewable energy as it solves the problem of the renewable energy long-term uneven distribution like the seasonality of solar energy so as to improve the utilization rate. For transformation from "grey" hydrogen production, the existing coal-to-hydrogen production method is contrary to the goal of low carbon, while electrolysis of water to produce "green" hydrogen is one of the best approaches to achieve decarburization because of its high purity and less impurity gas.

In the future, we will continue to utilize synergies with our customers and expand our hydrogen fuel cell product applications according to local conditions. We will build a full spectrum product matrix and expand the applications of hydrogen energy for different industrial purposes to strengthen our leading position in the industry.

We expect to use approximately HK$150.9 million, or approximately 10.0% of our total estimated net proceeds, for (i) joint development of downstream transit and stationary applications of our product portfolios including for medium- and heavy-duty trucks, buses, rail transit, forklifts, logistics vehicles, ships and other transit markets, as well as for stationary power applications such as hydrogen power stations, data center backup power, backup outages, integration of wind-solar-hydrogen energy storage (風光氫儲能一體化) and energy storage with downstream players in order to increase the downstream demand for our products, and (ii) further development of domestic applications and the increase of local demands for our products by establishing joint ventures with the local governments and companies from both upstream and downstream participants of our industry. Please refer to subsection (d) of "Future Plans and Use of Proceeds" for details.

**Continue to attract and cultivate professional talents, improve team building, the utilization of information technology, as well as management and operation efficiency**

We adhere to our talent development strategy and have assembled a team of top talents from management to research and development team and to production workers. We plan to continue to attract and hire more professional and talents, as well as strengthen our personnel training and team building through collaborations with domestic universities to further enhance our leading position in the industry. At the same time, we will further strengthen our utilization of information technology so as to improve the overall management and operation efficiency.

- As our overall business and our regional subsidiaries expand, we expect to add new management executives in the relevant departments and to continue to optimize our management capabilities. For our production lines in (i) Jiaxing, Zhejiang Province, (ii) Guangzhou, Guangdong Province, (iii) Chongqing, (iv) Lin-Gang Special Area of Shanghai, (v) Ordos, Inner Mongolia, and (vi) Puyang, Henan Province, we will recruit and train more skilled workers to ensure production speed and operation stability.

- With respect to research and development, we will continue to attract highly qualified research and development talents in the field of hydrogen fuel cells. We also collaborate with academic institutions such as Tsinghua University (清華大學) and Beijing Institute of Technology (北京理工大學) to quickly turn research and development achievements into commercialized products, and to lay a solid foundation for the continuous improvement of our technological capabilities. At the same time, we plan to recruit research and development talents with internationally leading insight that will give us competitive advantages for our technology.

- In terms of talent training and team building, we will establish an effective talent training system. 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.

- In terms of utilization of information technology, we will further increase our information technology advancement level in terms of production and operation system, financial system, research and development system and human resources system through the combination of in-house development and external procurement, as well as implement measures such as paperless transformation, remote management, and statistics analysis, in order to achieve the improvement of overall management and operational efficiency.

Through the recruitment and training of talents, team building and utilization of information technology, we will be able to comprehensively strengthen our corporate governance, management and operation, thereby effectively consolidating and enhancing our competitiveness in the industry.

We expect to use approximately HK$150.9 million, or approximately 10.0% of our total estimated net proceeds, for team building, talents recruitment and training, enhanced compensation and incentives to key personnel, as well as the upgrade of IT infrastructure. Please refer to subsection (e) of "Future Plans and Use of Proceeds" for details.

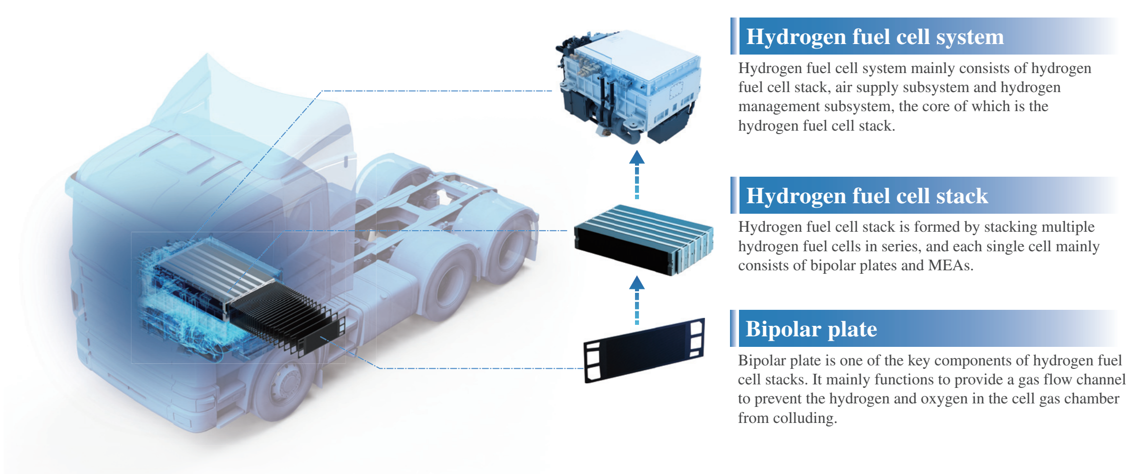
## OUR OPERATION

We focus on the research, development, production and sale of hydrogen fuel cell stacks and hydrogen fuel cell systems. According to Frost & Sullivan, we occupied the largest market share at 24.4%, in terms of shipments of hydrogen fuel cell stacks and the second largest market share at 21.8% in terms of shipments of hydrogen fuel cell systems in the PRC for the year ended 31 December 2022.

During the Track Record Period, our hydrogen fuel cell stacks were mainly (i) incorporated into our hydrogen fuel cell systems or (ii) sold to hydrogen fuel cell system manufacturers for further incorporation into their hydrogen fuel cell systems. Our hydrogen fuel cell systems were mainly sold to downstream transit applications customers, and to a much lesser extent, downstream stationary applications customers. The end customers of our hydrogen fuel cell stacks and hydrogen fuel cell systems generally include, among others, bus companies, logistics and transportation companies, ports, factories and rail companies.

In addition, as requested by and to cater to some of our customers' needs for a more comprehensive and ready-for-use hydrogen fuel cell solution, we offered additional components that assist the operation of our hydrogen fuel cell systems, such as the hydrogen storage systems, together with our hydrogen fuel cell systems to our customers primarily since the second half of 2022. We provided additional components as requested by some of our customers as it brings us advantages in the level of integration, design, and safety while reducing research and development burden for those customers by not having to integrate such components on their own.

Transit applications of our products include: (i) commercial vehicles such as buses, logistic vehicles, material handling vehicles, dump trucks and heavy-duty trucks, (ii) construction vehicles such as heavy transport vehicles, forklifts, cement mixers and emergency vehicles, (iii) rail transit such as intercity trains, and (iv) ships. Stationary applications include stationary power stations, emergency power stations and back-up power stations. During the Track Record Period, approximately 93% or more of the revenue generated each year was from transit applications, primarily buses and heavy-duty trucks, and revenue generated from other transit applications and stationary applications was much lower in comparison. However, as the industry develops and our product portfolio expands, we expect to establish a more substantial and broader presence in other applications. Below is an illustration showing our product application in a heavy-duty truck:




To meet the increasing downstream demands for our products resulted from favorable industry policies promulgated by the relevant government, we are expanding our footprints nationally. We plan to open up new production facilities in the following locations, namely, (i) Jiaxing, Zhejiang Province, (ii) Guangzhou, Guangdong Province, (iii) Chongqing, (iv) Lin-Gang Special Area of Shanghai, (v) Ordos, Inner Mongolia, and (vi) Puyang, Henan Province.

The table below sets forth a breakdown of our revenue by product type, each expressed as an absolute amount and as percentage of our total revenue, during the Track Record Period.

| | Year ended 31 December | | | | | | Five months ended 31 May | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2020 | | 2021 | | 2022 | | 2022 | | 2023 | |
| | *RMB'000* | *%* | *RMB'000* | *%* | *RMB'000* | *%* | *RMB'000* *(unaudited)* | *%* | *RMB'000* | *%* |
| Hydrogen fuel cell stacks | 109,511 | 48.3 | 26,499 | 5.8 | 11,877 | 1.6 | 2,589 | 4.5 | 1,522 | 1.1 |
| – 9SSL fuel cell stacks(1) | 101,073 | 44.6 | 17,308 | 3.8 | 3,961 | 0.5 | 2,253 | 3.9 | 279 | 0.2 |
| – Self-developed hydrogen fuel cell stacks(2) | 8,438 | 3.7 | 9,191 | 2.0 | 7,916 | 1.1 | 336 | 0.6 | 1,243 | 0.9 |
| Hydrogen fuel cell systems | 112,913 | 49.8 | 413,648 | 90.5 | 732,482 | 97.9 | 52,519 | 91.0 | 139,329 | 97.6 |
| – Incorporated 9SSL fuel cell stacks(1) | 92,367 | 40.7 | 15,490 | 3.4 | 13,531 | 1.8 | 1,496 | 2.6 | – | – |
| – Incorporated self-developed hydrogen fuel cell stacks | 20,546 | 9.1 | 398,158 | 87.1 | 630,465 | 84.3 | 51,023 | 88.4 | 121,471 | 85.0 |
| – Incorporated other hydrogen fuel cell stacks(3) | – | – | – | – | 88,486 | 11.8 | – | – | 17,858 | 12.6 |
| Others(4) | 4,459 | 1.9 | 16,991 | 3.7 | 4,116 | 0.5 | 2,590 | 4.5 | 1,947 | 1.3 |
| **Total revenue** | **226,883** | **100.0** | **457,138** | **100.0** | **748,475** | **100.0** | **57,698** | **100.0** | **142,798** | **100.0** |

*Notes:*

(1) Our revenue generated from our 9SSL fuel cell stacks and hydrogen fuel cell systems incorporated the 9SSL fuel cell stacks decreased during the Track Record Period both in absolute amounts and as a percentage of total revenue mainly due to (i) the shift of 9SSL fuel cell stack's applications from on-road vehicles and industrial vehicles to stationary power as a result of the launch of our self-developed hydrogen fuel cell stacks; and (ii) our customers' changing preference for the higher-powered SynStack G series fuel cell stacks over the 9SSL fuel cell stacks for on-road vehicles and industrial vehicle applications.

With the expected decline in the sales of the 9SSL fuel cell stacks, we performed an impairment assessment, and an impairment loss of RMB57.4 million was subsequently provided to the 9SSL fuel cell stacks license for the year ended 31 December 2020. In addition, the impairment recognized on the inventories of the 9SSL fuel cell stacks and hydrogen fuel cell systems equipped with the 9SSL fuel cell stacks amounted to RMB9.0 million, RMB20.7 million, RMB35.7 million and RMB8.1 million for the years ended 31 December 2020, 2021, 2022 and the five months ended 31 May 2023, respectively. For more information, please refer to "Financial Information – Description of Key Statement of Profit or Loss Items – Cost of Sales" and "Financial Information – Certain Statement of Financial Position Items – Inventories" in this prospectus.

(2) Self-developed hydrogen fuel cell stacks represent SynStack G series fuel cell stacks.

(3) During the Track Record Period, we partnered with Supplier C, one of our top five suppliers for the year ended 31 December 2022, in a collaborative project where we equipped a small number of hydrogen fuel cell systems with hydrogen fuel cell stacks we directly procured from them.

(4) Mainly include the occasional sales of hydrogen fuel cell system components and the provision of hydrogen fuel cell related technical services, both of which are recurring in nature and do not require any particular license to be carried out. The increase in revenue for the year ended 31 December 2021 was mainly due to the provision of technical services that amounted to RMB7.6 million to a rail transit customer for the design, development and testing of a high-power hydrogen fuel cell system.

The table below sets forth the breakdown of the revenue, gross profit, gross profit margin, sales volume, sales power output and average selling price per kW by key product of our Group during the Track Record Period:

| | Year ended 31 December | | | | | | |
|---|---|---|---|---|---|---|---|
| | 2020 | | | | | | |
| | Revenue | % of total revenue | Gross profit | Gross profit margin | Sales volume | Sales power output | Average selling price |
| | *RMB'000* | *%* | *RMB'000* | *%* | *unit* | *kW* | *RMB per kW* |
| **Hydrogen fuel cell stacks** | **109,511** | **48.3** | **36,625** | **33.4** | **1,356** | **37,578.2** | **2,914.2** |
| 9SSL | 101,073 | 44.6 | 33,204 | 32.9 | 1,259 | 32,996.2 | 3,063.2 |
| SynStack G | 8,438 | 3.7 | 3,421 | 40.5 | 97 | 4,582.0 | 1,841.6 |
| **Hydrogen fuel cell systems** | **112,913** | **49.8** | **36,310** | **32.2** | **187** | **10,833.0** | **10,423.1** |
| <50kw | 61,349 | 27.0 | 17,580 | 28.7 | 98 | 4,508.0 | 13,609.0 |
| 50-100kw | 41,704 | 18.4 | 15,284 | 36.6 | 78 | 5,110.0 | 8,161.2 |
| >100kw | 9,860 | 4.4 | 3,446 | 35.0 | 11 | 1,215.0 | 8,115.4 |
| **Others** | **4,459** | **2.0** | **1,767** | **39.6** | **N/A** | **N/A** | **N/A** |
| **Impairment loss of inventory and licences** | **–** | **–** | **(66,720)** | **N/A** | **N/A** | **N/A** | **N/A** |
| **Total** | **226,883** | **100.00** | **7,982** | **3.5** | **1,543** | **48,411** | **4,686.6** |

| | Year ended 31 December | | | | | | |
|---|---|---|---|---|---|---|---|
| | 2021 | | | | | | |
| | Revenue | % of total revenue | Gross profit | Gross profit margin | Sales volume | Sales power output | Average selling price |
| | *RMB'000* | *%* | *RMB'000* | *%* | *unit* | *kW* | *RMB per kW* |
| **Hydrogen fuel cell stacks** | **26,499** | **5.8** | **3,902** | **14.7** | **453** | **13,117.2** | **2,020.2** |
| 9SSL | 17,308 | 3.8 | 1,207 | 7.0 | 319 | 6,912.2 | 2,504.0 |
| SynStack G | 9,191 | 2.0 | 2,695 | 29.3 | 134 | 6,205.0 | 1,481.2 |
| **Hydrogen fuel cell systems** | **413,648** | **90.5** | **140,814** | **34.0** | **833** | **84,545.0** | **4,892.6** |
| <50kw | – | – | – | – | – | – | – |
| 50-100kw | 62,693 | 13.7 | 18,163 | 29.0 | 172 | 11,835.0 | 5,297.2 |
| >100kw | 350,955 | 76.8 | 122,651 | 34.9 | 661 | 72,710.0 | 4,826.8 |
| **Others** | **16,991** | **3.7** | **6,203** | **36.5** | **N/A** | **N/A** | **N/A** |
| **Impairment loss of inventory and licences** | **–** | **–** | **(23,391)** | **N/A** | **N/A** | **N/A** | **N/A** |
| **Total** | **457,138** | **100.00** | **127,528** | **27.9** | **1,286** | **97,662** | **4,680.8** |

| | Year ended 31 December | | | | | | |
|---|---|---|---|---|---|---|---|
| | 2022 | | | | | | |
| | Revenue | % of total revenue | Gross profit | Gross profit margin | Sales volume | Sales power output | Average selling price |
| | *RMB'000* | *%* | *RMB'000* | *%* | *unit* | *kW* | *RMB per kW* |
| **Hydrogen fuel cell stacks** | **11,877** | **1.6** | **2,272** | **19.1** | **187** | **7,122.8** | **1,667.5** |
| 9SSL | 3,961 | 0.6 | 166 | 4.2 | 73 | 1,588.8 | 2,493.1 |
| SynStack G | 7,916 | 1.0 | 2,106 | 26.6 | 114 | 5,534.0 | 1,430.4 |
| **Hydrogen fuel cell systems** | **732,482** | **97.9** | **198,439** | **27.1** | **1,253** | **131,300.0** | **5,578.7** |
| <50kw | 2,735 | 0.4 | (120) | (4.4) | 18 | 190.0 | 14,394.7 |
| 50-100kw | 54,713 | 7.3 | 12,460 | 22.8 | 152 | 10,950.0 | 4,996.6 |
| >100kw | 675,034 | 90.2 | 186,099 | 27.6 | 1,083 | 120,160.0 | 5,617.8 |
| **Others** | **4,116** | **0.5** | **1,399** | **34.0** | **N/A** | **N/A** | **N/A** |
| **Impairment loss of inventory and licences** | **–** | **–** | **(43,307)** | **N/A** | **N/A** | **N/A** | **N/A** |
| **Total** | **748,475** | **100.00** | **158,803** | **21.2** | **1,440** | **138,423** | **5,407.2** |

| | Five months ended 31 May | | | | | | |
|---|---|---|---|---|---|---|---|
| | 2023 | | | | | | |
| | Revenue | % of total revenue | Gross profit | Gross profit margin | Sales volume | Sales power output | Average selling price |
| | *RMB'000* | *%* | *RMB'000* | *%* | *unit* | *kW* | *RMB per kW* |
| **Hydrogen fuel cell stacks** | **1,522** | **1.1** | **343** | **22.5** | **19** | **881** | **1,727.6** |
| 9SSL | 279 | 0.2 | (21) | (7.5) | 6 | 127 | 2,196.9 |
| SynStack G | 1,243 | 0.9 | 364 | 29.3 | 13 | 754 | 1,648.5 |
| **Hydrogen fuel cell systems** | **139,329** | **97.6** | **34,228** | **24.6** | **372** | **37,090** | **3,756.5** |
| <50kw | 416 | 0.3 | 160 | 38.5 | 3 | 30 | 13,866.7 |
| 50-100kw | 32,169 | 22.5 | 9,498 | 29.5 | 121 | 9,480 | 3,393.4 |
| >100kw | 106,744 | 74.8 | 24,570 | 23.0 | 248 | 27,580 | 3,870.3 |
| **Others** | **1,947** | **1.3** | **421** | **21.6** | **N/A** | **N/A** | **N/A** |
| **Impairment loss of inventory and licences** | **–** | **–** | **(14,841)** | **N/A** | **N/A** | **N/A** | **N/A** |
| **Total** | **142,798** | **100.0** | **20,151** | **14.1** | **391** | **37,971** | **3,760.7** |

Hydrogen fuel cell stack is a core component for producing hydrogen fuel cell system. In 2020, instead of primarily selling our hydrogen fuel cell stacks directly, we began incorporating our hydrogen fuel cell stacks into our hydrogen fuel cell systems, and then sold such systems to downstream customers. As a result, the proportion of revenue generated from our sale of hydrogen fuel cell systems increased significantly while that of the hydrogen fuel cell stacks decreased during the Track Record Period. We decided and achieved the shift from primarily selling hydrogen fuel cell stacks to primarily selling hydrogen fuel cell systems that incorporated our hydrogen fuel cell stacks mainly as a result of (i) our technological advantages in the hydrogen fuel cell stacks, being a core component of the hydrogen fuel cell systems, enabling us to expand into the market of hydrogen fuel cell systems efficiently and economically and (ii) through strategically putting more efforts on our hydrogen fuel cell systems products, we have been able to obtain more support from customers of those products, such as hydrogen fuel cell vehicle manufacturers, to promote our products. As advised by Frost & Sullivan, compared to those of hydrogen fuel cell stacks, customers of hydrogen fuel cell systems are positioned further as downstream customers in the industry and therefore possess more industry resources of different application scenarios.

Our revenue generated from our 9SSL fuel cell stacks decreased during the Track Record Period both in absolute amounts and as a percentage of total revenue compared to that from the SynStack G series hydrogen fuel cell stacks, mainly due to the shift of 9SSL fuel cell stack's applications from on-road vehicles and industrial vehicles to stationary power as a result of the launch of our self-developed hydrogen fuel cell stacks such as the SynStack G series fuel cell stacks and our customers' changing preference for the higher-powered SynStack G series fuel cell stacks over the 9SSL fuel cell stacks for on-road vehicles and industrial vehicle applications. Albeit our customers continued to purchase our 9SSL fuel cell stacks or hydrogen fuel cell systems equipped with the 9SSL fuel cell stacks for stationary power uses, the revenue from 9SSL fuel cell stacks declined as our primary group of customers during the Track Record Period was hydrogen fuel cell vehicle manufacturers.

With the advancement of technology and manufacturing processes as well as the increased domestic procurement of raw materials and components, the prices of hydrogen fuel cell stacks and hydrogen fuel cell systems were decreasing during the Track Record Period, according to Frost & Sullivan. As one of the leading companies in the industry, we have led the way both in terms of the development of the hydrogen fuel cell industry and in terms of lowering the selling prices of hydrogen fuel cell products to promote the commercialization of the industry. In line with such efforts to promote the commercialization of the industry and in line with the industry trend, we generally lowered the selling prices of our hydrogen fuel cell stacks and hydrogen fuel cell systems during the Track Record Period. For more information, please refer to "Financial Information – Description of Key Statement of Profit or Loss Items – Revenue" in this prospectus.

Despite the increased demand for hydrogen fuel cell stacks since 2021 in line with the industry trend, the sales volume of our hydrogen fuel cell stacks decreased during the Track Record Period mainly due to our reduced amount of hydrogen fuel cell stacks available for external sales.

The sales volume and the sales power output of our hydrogen fuel cell systems generally increased during the Track Record Period mainly due to (i) the launch of our high-powered SynRoad series hydrogen fuel cell systems with a rated power of over 100kW and the resulting increase in demand from customers, (ii) our continuous research and development efforts that improved the reliability of our products, (iii) the development of the industry and the general growing demand from downstream customers, (iv) our efforts to reduce costs and selling prices as mentioned above that promoted the commercialization of our products, (v) continued collaborations with new and existing customers, such as our strategic collaborations with Xiamen King Long United Automotive Industry Co., Ltd. (廈門金龍聯合汽車工業有限公司) and Zhizi Automotive Technology Co., Ltd. (質子汽車科技有限公司) to jointly develop hydrogen fuel cell vehicle applications and (vi) our focus on expanding our customer base and acquiring new customers; for instance, for the years ended 31 December 2021 and 2022, three of the top five customers in the respective year became our customers for the first time in that year.

In particular, the sales volume and the sales power output of our hydrogen fuel cell systems with a rated power of more than 100kW increased significantly while that of our hydrogen fuel cell systems with a rated power of less than 50kW decreased sharply during the Track Record Period mainly due to the increased market demands for higher-powered hydrogen fuel cell systems as the industry developed. Downstream customers, especially those in the transit industry, demanded and benefited from higher-powered hydrogen fuel cell systems primarily because (i) compared with lower-powered hydrogen fuel cell systems, higher-powered systems can power heavier vehicles such as heavy-duty trucks and have broader applications such as for powering ships, and (ii) higher-powered hydrogen fuel cell systems provide vehicles with the ability to operate at a higher speed and for a longer range, which increases efficiency and saves time for the customers. For more information, please refer to "Financial Information – Description of Key Statement of Profit or Loss Items – Revenue".

**Licensed or Purchased Products**

In addition to manufacturing and selling our self-developed hydrogen fuel cell stacks and hydrogen fuel cell systems, such as the SynStack G series hydrogen fuel cell stacks and the SynRoad series hydrogen fuel cell systems, during the Track Record Period, we (i) sold 9SSL fuel cell stacks that we assembled, sold and serviced under a license granted to us by Ballard Power in 2016. For details on the license agreements and equity joint venture agreement with Ballard Hong Kong, please refer to "– Raw Materials and Suppliers – Arrangements with Ballard Power" in this section of the prospectus, and (ii) purchased certain hydrogen fuel cell systems from Guohong Refire to resell to some of our downstream customers in 2020. Guohong Refire manufactured these hydrogen fuel cell systems that were incorporated with the 9SSL fuel cell stacks purchased from us. Please refer to "– Customers – Overlapping of Major Customers and Suppliers" for more details.

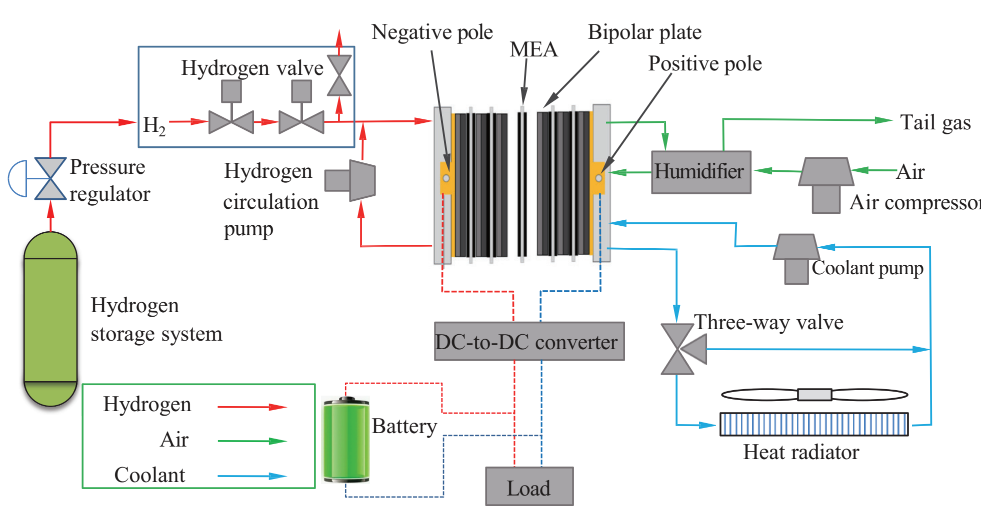
9SSL fuel cell stacks were incorporated into certain of our hydrogen fuel cell system products, such as SynRoad B60, SynRail A115, SynRail A110 and SynPower S640. With both the advantages and limitations of the 9SSL fuel cell stacks in mind, we designed and developed hydrogen fuel cell systems with various applications that would deliver consistent and satisfactory performance when installed with the 9SSL fuel cell stacks, such as for stationary power generation and rail transit. In addition, we differentiated the hydrogen fuel cell systems installed with the 9SSL fuel cell stacks with hydrogen fuel cell systems installed with our self-developed hydrogen fuel cell stacks in order to expand our market reach, cater to a wider customer demographic, and promote the sale of our entire product line.

With our commitment to research and development and our strive for frontier technologies, we plan to continuously develop and launch high-efficiency and high-powered self-developed hydrogen fuel cell stacks and hydrogen fuel cell systems to the market in the future. To more efficiently utilize our resources and focus on developing our unique technological advantages, we did not have plans to obtain new license on new hydrogen fuel cell stacks nor hydrogen fuel cell systems as of the Latest Practicable Date.

## OUR PRODUCTS

During the Track Record Period, our portfolio of products for external sales comprised various series of hydrogen fuel cell stacks and hydrogen fuel cell systems. As part of the production process of the hydrogen fuel cell stacks, we also carried out the in-house manufacturing of embossed flexible graphite bipolar plates, a key component, which were mainly utilized for the internal production of our hydrogen fuel cell stacks during the Track Record Period.

A hydrogen fuel cell is an electrochemical cell that uses the electrochemical reaction between hydrogen and oxygen under the action of catalyst, converting chemical energy into electrical energy and producing water as by-product. A hydrogen fuel cell stack is comprised of several hydrogen fuel cells stacked in series and a hydrogen fuel cell system is a power generation device that converts the chemical energy of hydrogen into electrical energy. The diagram below illustrates the operating principles of a hydrogen fuel cell system:



**Embossed Flexible Graphite Bipolar Plates**

Bipolar plate is one of the key components of hydrogen fuel cell stacks. It functions to (i) provide a gas flow channel to prevent the hydrogen and oxygen in the cell gas chamber from colluding, (ii) evenly distribute the gases to the reaction layer of the electrode for reactions, (iii) discharge heat to keep the battery temperature field uniform, as well as (iv) establish an electric current path between the cathode and anode in series. We use affordable expanded graphite sheets as raw materials and apply rapid forming-molding process on the hydrogen and oxygen electrode plates, and eventually obtain low-cost, long-lifespan embossed flexible graphite bipolar plate through resin impregnation and filling.

During the Track Record Period, we mainly produced SynStack series embossed flexible graphite bipolar plates and 9SSL series embossed flexible graphite bipolar plates. With our continued research and development efforts, we have been primarily producing our self-developed SynStack series graphite bipolar plates since 2020. In particular, we began the production of our latest-generation SynStack GIII embossed flexible graphite bipolar plates in July 2022. Since we began the mass-production of low-cost embossed flexible graphite bipolar plates in 2017, our accumulated production volume has exceeded three million pieces. During the Track Record Period, our embossed flexible graphite bipolar plates were mainly utilized for the internal production of our hydrogen fuel cell stacks.

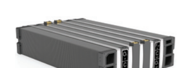
According to Frost & Sullivan, we were the first company in the PRC to possess the mass-production capacity of embossed flexible graphite bipolar plates in 2017. Compared with graphite bipolar plates produced from other types of graphite raw materials (e.g., artificial graphite), embossed flexible graphite bipolar plates are produced at a lower cost, mainly because (i) embossed flexible graphite used for its production does not require additional graphitization treatment, which has cost advantages; and (ii) the rapid molding technique further facilities the mass-production of bipolar plates in a cost-effective manner. Our embossed flexible graphite bipolar plates have high corrosion resistance and strong toughness, which solve the brittleness problem of the hard graphite bipolar plates and greatly improve the reliability as well. Over the years, we were able to continuously improve the performance of our graphite bipolar plates with the launch of each generation through improving certain key aspects such as the thickness and the bending strengths of the plates. Reducing the thickness of the graphite bipolar plates can make the hydrogen fuel cell stacks more compact, and thereby increase the volumetric energy density and reduce unit cost, giving us significant competitive advantages. Stronger bending strength, on the other hand, makes our graphite bipolar plates more endurable when in operation, ensuring the quality and reliability of our products offered to our customers. At merely 1.5 mm and with a bending strength of more than 50Mpa, our SynStack GIII graphite bipolar plates launched in 2022 is at industry-leading level according to the Frost & Sullivan Report.

**Hydrogen Fuel Cell Stacks**

Since our establishment in 2015, we have been committed to the research and development of hydrogen fuel cell stacks. A hydrogen fuel cell stack is formed by stacking multiple hydrogen fuel cells in series, and each single cell is composed of bipolar plates and membrane electrode assembly (the "**MEA**"). We offered and sold various series of hydrogen fuel cell stacks during the Track Record Period. With our continued effort in the development and iteration of hydrogen fuel cell stacks, we have successfully launched various series of hydrogen fuel cell stack including liquid-cooled SynStack GI (鴻芯GI), liquid-cooled 9SSL and air-cooled SynairStack G (鴻楓G). We began mass-production of SynStack GI by the end of 2020. Leveraging our first-mover advantages, we successfully developed and launched our latest generation of self-developed hydrogen fuel cell stack, SynStack GIII (鴻芯GIII), in April 2022 and began production in July 2022. SynStack GIII is a high-power embossed flexible graphite bipolar plate hydrogen fuel cell stack with over 200kW power for a single stack.

Since we began production of our hydrogen fuel cell stacks in 2017, our overall shipment volume has exceeded 600MW of hydrogen fuel cell stacks, covering more than 20 hydrogen fuel cell system manufacturers located in the PRC. During the Track Record Period, all of our hydrogen fuel cell stacks sold were equipped with our embossed flexible graphite bipolar plates manufactured in-house.

The table below sets forth the details of our hydrogen fuel cell stacks during the Track Record Period and up to the Latest Practicable Date:

| **Series** | **9SSL[1]** | **SynStack GI** | **SynStack GIII** | **SynairStack G** |
|---|---|---|---|---|
| **Illustrations** |  |  |  |  |
| **Key specifications** | | | | |
| Thermal management | Liquid-cooled | Liquid-cooled | Liquid-cooled | Air-cooled |
| Power range | 5.0-36.7kW | 6.0-84.0kW | 20.4-204.0kW | 1.0-6.0kW |
| Power density | 2.5kW/L | 3.8kW/L | 4.5kW/L | 500W/L |
| Freeze start temperature | -30°C | -30°C | -35°C | -2°C |
| Lifespan | >20,000h | >20,000h | >30,000h | >4,000h |

| Series | 9SSL[(1)] | SynStack GI | SynStack GIII | SynairStack G |
|---|---|---|---|---|
| **Applications** | • On-road vehicles<br>• Industrial vehicles<br>• Rail transit<br>• Ships<br>• CHP<br>• Stationary power | • On-road vehicles<br>• Industrial vehicles<br>• Rail transit<br>• Ships<br>• CHP<br>• Stationary power | • On-road vehicles<br>• Industrial vehicles<br>• Rail transit<br>• Ships<br>• CHP<br>• Stationary power | • Emergency power<br>• Back-up power<br>• Forklifts |
| **Internal production/external sales** | Internal/external[(2)] | Internal/external | Internal/external | Internal |
| **Commencement of production** | 2017 | 2020 | 2022 | 2017 |

*Notes:*

(1) Ballard Power granted us license to certain intellectual property rights to assemble, sell and service the 9SSL fuel cell stacks. For more information, please refer to "– Raw Materials and Suppliers – Arrangements with Ballard Power" in this section of the prospectus.

(2) During the Track Record Period, the 9SSL fuel cell stacks were in part sold to Guohong Refire for the manufacturing of hydrogen fuel cell systems. Please refer to "– Customers – Overlapping of Major Customers and Suppliers" for more details.

As advised by Frost & Sullivan, we were one of the few companies among the top market players in the hydrogen fuel cell systems industries that possess the ability to manufacture 100% of the bipolar plates needed for hydrogen fuel cell stacks productions and hydrogen fuel cell stacks needed for hydrogen fuel cell system manufactures in-house. Being able to satisfy all of our graphite bipolar plates and hydrogen fuel cell stacks production needs in-house helps us to reduce costs and expenses compared with our peers mainly due to (i) tighter control over the production process which contributes to improving production efficiency and reduce wastes, (ii) long-term cost stability which shields us from potential exposure to market fluctuations, changes in supplier pricing, and supply chain disruptions when relying on external procurement, and (iii) the reduced supply chain costs when we eliminated the need for external procurement.

### Hydrogen Fuel Cell Systems

Since our establishment in 2015, we have been committed to the research and development of hydrogen fuel cell systems. In 2019, we established the Guangdong Provincial Key Laboratory of Hydrogen Energy Technology and carried out research and development, and verification of key components of hydrogen fuel cells and hydrogen fuel cell systems. Up to 2019, we mainly centered on research and development, verification, and small batch productions of the hydrogen fuel cell systems, through which we developed the SynRoad B60 for on-road vehicles. In October 2020, we successfully developed, launched, and began to mass-produce the self-developed SynRoad G series hydrogen fuel cell systems. Hydrogen fuel cell system comprises hydrogen fuel cell stack, air supply subsystem, hydrogen management subsystem, cooling subsystem and control unit, the core of which is the hydrogen fuel cell stack. We have developed, manufactured and sold various series of hydrogen fuel cell systems for different applications. For the commercial vehicles markets, we developed the SynRoad (鴻途) series hydrogen fuel cell systems; for the rail transit market, we developed the SynRail (鴻銳) series hydrogen fuel cell systems; for the material handling vehicles market, we developed the SynMat (鴻邁) series hydrogen fuel cell systems; and for the base station power market and stationary power market, we developed the SynPower (鴻源) series hydrogen fuel cell systems.

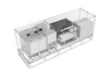
During the Track Record Period, the hydrogen fuel cell systems we developed, manufactured and sold were mainly for transit applications such as for road transportations, industrial uses, and rail transits. We also expanded the applications of our hydrogen fuel cell systems to stationary applications including stationary power stations, emergency power stations and back-up powers.

The tables below set forth the details of the hydrogen fuel cell systems developed or in the process of our development:

***SynRoad Series***

| | **SynRoad B60** | **SynRoad G70** | **SynRoad G80** | **SynRoad G110** | **SynRoad H120** | **SynRoad H240** |
|---|---|---|---|---|---|---|
| **Illustrations** |  |  |  |  |  |  |
| **Fuel cell stacks used** | 9SSL | SynStack GI | SynStack GI | SynStack GI | SynStack GIII | SynStack GIII |
| **Key specifications** | | | | | | |
| Rated power | 65kW | 70kW | 80kW | 110kW | 120kW | 240kW |
| Power density | 402W/kg | 412W/kg | 503W/kg | 555W/kg | 714W/kg | 906W/kg |
| Lifespan | ≥20,000h | | | | | |
| Freeze-start temperature | -30°C | | | | | |
| **Applications** | • On-road vehicles<br>• Industrial vehicles | • On-road vehicles<br>• Industrial vehicles | • On-road vehicles<br>• Industrial vehicles | • On-road vehicles<br>• Industrial vehicles | • On-road vehicles<br>• Rail transit<br>• Ships<br>• Stationary power | • On-road vehicles<br>• Rail transit<br>• Ships<br>• Stationary power |
| **Commencement of production** | 2019 | 2020 | 2022 | 2020 | 2022 | 2022 |

### *Other Series*

| | **SynRail A115** | **SynRail Q110** | **SynRail A110** | **SynPower M2** | **SynPower S640** | **SynMat E10** |
|---|---|---|---|---|---|---|
| **Illustrations** |  |  |  |  |  |  |
| **Fuel cell stacks used** | 9SSL | third-party fuel cell stacks[(1)] | 9SSL | third-party fuel cell stacks[(1)] | 9SSL | SynStack GI |
| **Key specifications** | | | | | | |
| Rated power | 115kW | 110kW | 110kW | 2kW | 640kW | 10kW |
| Power density | 214W/kg | 268W/kg | 319W/kg | 268W/kg | 160W/kg | 25.3W/L |
| Lifespan | ≥20,000h | ≥20,000h | ≥20,000h | ≥2,000h | ≥40,000h | ≥20,000h |
| Freeze-start temperature | -10°C | -30°C | -30°C | -5°C | -30°C | -30°C |
| **Applications** | • Rail transit<br>• Industrial vehicles | • Rail transit<br>• Industrial vehicles | • Rail transit<br>• Industrial vehicles | • Emergency power<br>• Back-up power<br>• Stationary power<br>• Base station power | • Stationary power<br>• CHP | • Material handling vehicles<br>• Forklifts<br>• Stacker<br>• Material transport vehicles |
| **Market launch** | 2018 | 2021 | 2022 | 2022 | 2022 | 2022 |

*Note:*

(1) The hydrogen fuel cell stacks used by SynRail Q110 were procured from Supplier C. Please see the discussion in this subsection of the prospectus for more information. The hydrogen fuel cell stacks used by SynPower M2 were procured from Ballard Power. As one of our relatively new products, SynPower M2 has not been sold during the Track Record Period.

During the Track Record Period, except for a small number of hydrogen fuel cell systems equipped with third-party hydrogen fuel cell stacks that we procured from Supplier C, one of our top five suppliers for the year ended 31 December 2022 and whom we partnered with in a collaborative project that utilized such hydrogen fuel cell systems, all of our hydrogen fuel cell systems sold were equipped with hydrogen fuel cell stacks manufactured in-house. We became acquainted with Supplier C through the introduction of the Management Committee of Lin-Gang Special Area for the joint promotion of hydrogen fuel cell applications in the Lin-Gang Special Area. To promote our products in Shanghai, we entered into a collaborative project with Supplier C to jointly develop, by using hydrogen fuel cell stacks procured from Supplier C, hydrogen fuel cell systems for local downstream applications in the Lin-Gang Special Area.

Our purchases of hydrogen fuel cell stacks from Supplier C for the year ended 31 December 2022 and for the five months ended 31 May 2023 amounted to RMB39.7 million and RMB0.6 million, respectively, which were priced based on our negotiations with Supplier C with reference to the market price. Despite our collaboration with Supplier C on the development of hydrogen fuel cell systems equipped with external hydrogen fuel cell stacks, our long-term strategy continues to be the development and sales of our hydrogen fuel cell stacks and hydrogen fuel cell systems equipped with our stacks.

In addition to the above-mentioned hydrogen fuel cell systems we developed during the Track Record Period, we also directly purchased certain hydrogen fuel cell systems from Guohong Refire to resell to certain of our downstream customers for the year ended 31 December 2020 prior to the shift of our focus to the mass production and sale of our self-developed hydrogen fuel cell systems. These hydrogen fuel cell systems were manufactured by Guohong Refire and were also incorporated with the 9SSL fuel cell stacks that Guohong Refire purchased from us. The revenue generated from the sales of hydrogen fuel cell systems we purchased from Guohong Refire accounted for approximately 29.0%, nil, nil and nil of our total revenue for the years ended 31 December 2020, 2021, 2022 and the five months ended 31 May 2023, respectively. Please refer to "– Customers – Overlapping of Major Customers and Suppliers" for more details.

Primarily since the second half of 2022, as requested by and to cater to some of our customers' needs for a more comprehensive and ready-for-use hydrogen fuel cell solution, we offered additional components that assist the operation of our hydrogen fuel cell systems, including hydrogen storage systems that store hydrogen, together with our hydrogen fuel cell systems to our customers. We provided additional components as requested by some of our customers as it brings us advantages in the level of integration, design, and safety while reducing research and development burden for those customers by not having to integrate such components on their own. Over 94.0% of the revenue generated in 2022 from the sale of such hydrogen fuel cell systems that included the additional components were generated during the second half of the year ended 31 December 2022.

### Latest Products

Leveraging our continuous research and development efforts and focusing on expanding our market share, we launched our latest hydrogen fuel cell system SynRoad H240 and our hydrogen fuel cell stack SynStack GIII in 2022. In addition, we expect to roll out the upgraded G110 hydrogen fuel cell systems by the end of 2023. We plan to increase our sales and marketing efforts with respect to such products in 2023, such as promoting our H240 hydrogen fuel cell systems for longer-ranged and more complex operating environment. In addition, our next-generation hydrogen fuel cell stack is expected to have a power density of 5.4 kW/L while the next-generation hydrogen fuel cell system is expected to have a rated power of 360kW, and to strive to achieve a freeze start temperature of -40°C.

### Product Life Cycle

Due to the relatively fast advancement in technologies of key raw materials of hydrogen fuel cell stacks and core components of hydrogen fuel cell systems, the product life cycle of our hydrogen fuel cell stacks and hydrogen fuel cell systems is generally between three to six years, which is in line with the industry trend as confirmed by Frost & Sullivan. Nevertheless, the multi-use nature of our products allows them to be incorporated in different applications, even when technology has advanced which may otherwise render application in a particular field less competitive after three to six years. For instance, our 9SSL fuel cell stacks were used and sold for stationary applications after its transit application was replaced by our self-developed SynStack G series hydrogen fuel cell stacks during the Track Record Period.

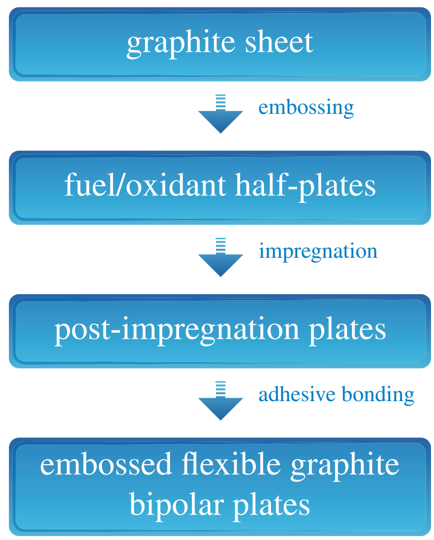
## OUR PRODUCTION

### 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. We have an integrated production control and supply chain management system, through which we closely monitor all key stages of our production process. Our streamlined and standardized production process utilizes semi-automatic technology to ensure production safety, output stability and normative process flow as well as to meet customers' requirements on product quality and timely delivery.

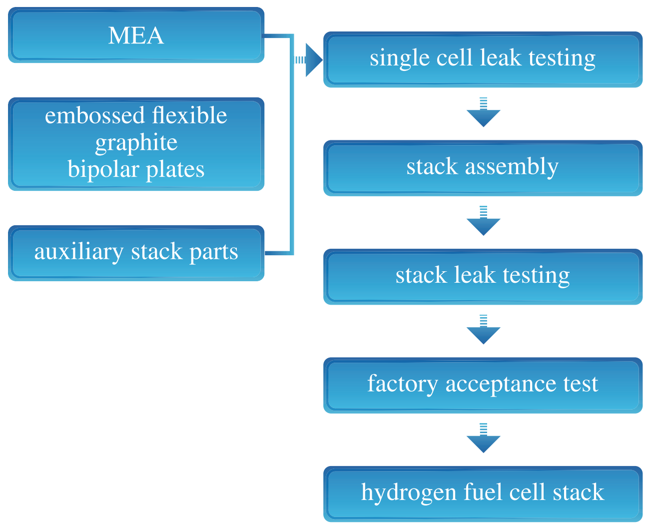
The following chart illustrates the key steps of the production process for embossed flexible graphite bipolar plates (one of the key components for further production of our hydrogen fuel cell stacks), hydrogen fuel cell stacks and hydrogen fuel cell systems:

***Embossed flexible graphite bipolar plates***



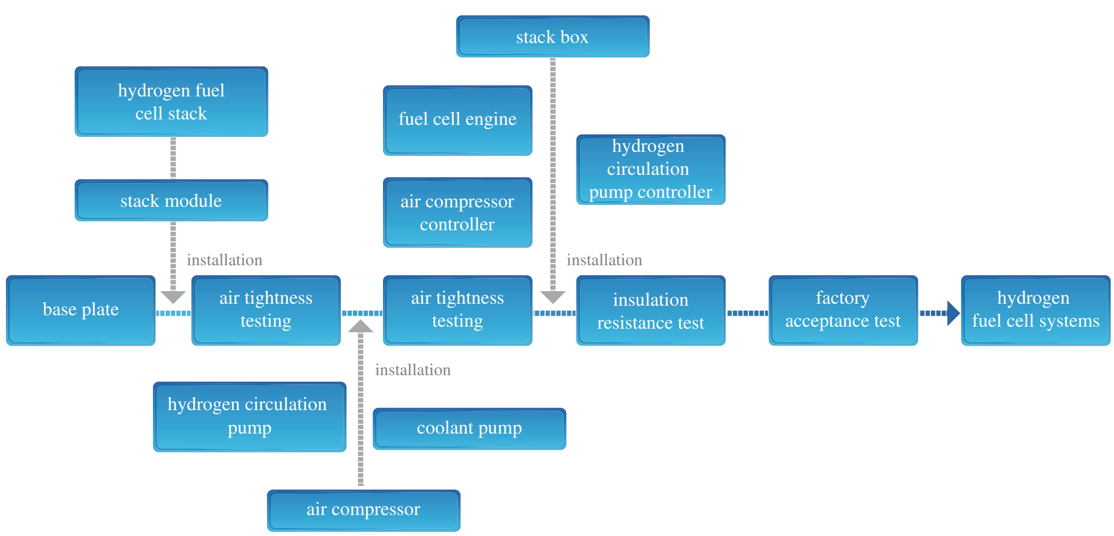

Our embossed flexible graphite bipolar plates retain high conductivity and high corrosion resistance of hard graphite bipolar plates while shortening the long processing cycle and resolving the brittleness issue of a hard graphite plates. As one of the market leaders in the manufacturing of embossed flexible graphite bipolar plates in the PRC, and through our technology iteration and production process optimization, we currently manufacture embossed flexible graphite bipolar plates at a mere thickness of 1.5 mm compared to the 2.0 mm when we first commenced production. Thinner embossed flexible graphite bipolar plates make our hydrogen fuel cell stacks more compact and thereby increase the volumetric energy density and reduce unit cost, so as to provide high-quality and cost-competitive products. We currently possess the advanced technology in embossed flexible graphite bipolar plates manufacturing, and we endeavor to develop even thinner embossed flexible graphite bipolar plates in the future.

*Hydrogen fuel cell stacks*




The hydrogen fuel cell stacks are produced and assembled from MEAs, embossed graphite bipolar plates and auxiliary parts. During the stack assembly process, hydrogen fuel cells first undergo the pre-assembly and leak testing processes, and are then assembled into a hydrogen fuel cell stack which undergoes a stack leak testing. After the stack has passed the leak testing, it will be put into storage once it passes the factory acceptance test.

*Hydrogen fuel cell systems*




The production process of hydrogen fuel cell systems is generally divided into three stages: (i) the assembly of hydrogen fuel cell stack module; (ii) the assembly of hydrogen fuel cell system; and (iii) tests and inspections. Hydrogen fuel cell stacks are installed on a hydrogen fuel cell stack module which is then placed on a base plate. Auxiliary parts such as air compressor, hydrogen circulation pump, and coolant pump are then installed before a stack box with various control units are put in place. The final hydrogen fuel cell system goes through several rounds of testing before it goes into storage pending delivery.

During the production processes of our graphite bipolar plates, hydrogen fuel cell stacks and hydrogen fuel cell systems, we implement various measures to ensure the safety of production and the protection of the environment. For instance, we have implemented company-wide policies, standards and procedures to ensure that we meet the environmental, health and safety protection requirements in relation to emissions of air, water and other waste, including those on wastewater generation and treatment, process safety management, and handling, use, storage, treatment and disposal of hazardous substances and emergency planning and response. We also engaged a qualified environmental impact assessment agency to prepare acceptance reports on the management of pollutants and waste and file such reports with the relevant environmental authority for review.

**Production Cycle**

We adopt a mixed approach for the production of our hydrogen fuel cell stacks and hydrogen fuel cell systems where we commence manufacturing primarily after a customer purchase order is received and confirmed as well as commence manufacturing based on our assessment and estimate of the remaining downstream demand for that year, which is helpful to cope with the seasonality of our products' demands. The production cycle of our products varies depending on the product type, delivery schedule requested by our customers and raw material supply. In general, the production lead time for our hydrogen fuel cell stacks from the first step, being molding processes, to the last step, being packing and storage of finished goods, is around seven days and that for our hydrogen fuel cell systems requires additional three to seven days based on various models. We put great effort in maximizing our production efficiency and utilization rate of raw materials so that we can swiftly respond to changing customer demands while retaining our cost-effectiveness.

**Production Seasonality**

Our production is subject to seasonality. For more information, please refer to "– Seasonality".

**Production Facilities**

We currently manufacture and assemble our embossed flexible graphite bipolar plates, the hydrogen fuel cell stacks and the hydrogen fuel cell systems at our production facility in Yunfu, Guangdong Province. To expand our production capacity and meet the growing demands of our products, we plan to construct additional production facilities in multiple regions in the PRC.

***Existing production facility***

As of the Latest Practicable Date, we operated one production facility that has commenced mass-production in the PRC. The table below sets forth the details:

| Location | Site area *(sq.m.)* | Primary products | Commencement of production | Estimated annual production capacity as of 31 May 2023 |
|---|---|---|---|---|
| Yunfu, Guangdong Province | approximately 12,500 | • embossed flexible graphite bipolar plates<br>• hydrogen fuel cell stacks<br>• hydrogen fuel cell systems | July 2017 | • 1,200,000 pieces of embossed flexible graphite bipolar plates<br>• 300,000 kW of hydrogen fuel cell stacks<br>• 2,000 units of hydrogen fuel cell systems |

***Production capacity and utilization rate***

The following table sets forth a summary of our estimated production capacity and utilization rate for our embossed flexible graphite bipolar plates, hydrogen fuel cell stacks and hydrogen fuel cell systems for the years indicated, respectively:

| | Year ended 31 December | | | Five months ended 31 May |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| **Embossed flexible graphite bipolar plates** | | | | |
| Estimated production capacity (pieces)(1) | 1,200,000 | 1,200,000 | 1,200,000 | 500,000 |
| Actual production volume (pieces) | 523,463 | 800,342 | 905,724 | 161,205 |
| Utilization rate (%)(2) | 43.6 | 66.7(3) | 75.5 | 32.2 |

| | Year ended 31 December | | | Five months ended 31 May |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| **Hydrogen fuel cell stacks** | | | | |
| Estimated production capacity (kW)[(1)] | 300,000 | 300,000 | 300,000 | 125,000 |
| Actual production volume (kW) | 81,511 | 236,487 | 215,111 | 20,192 |
| Utilization rate (%)[(2)] | 27.2 | 78.8[(3)] | 71.7 | 16.2 |

| | Year ended 31 December | | | Five months ended 31 May |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| **Hydrogen fuel cell systems** | | | | |
| Estimated production capacity (units)[(1)] | 500 | 2,000 | 2,000 | 833 |
| Actual production volume (units) | 148 | 1,222 | 1,221 | 391 |
| Utilization rate (%)[(2)] | 29.6 | 61.1[(3)] | 61.1 | 46.9 |

*Notes:*

(1) The estimated production capacity is based on the assumption of one single shift with eight working hours per day and five working days per week minus the number of statutory holidays in the PRC for the year/period).

(2) Utilization rate is calculated based on the actual production volume divided by the estimated production capacity.

(3) The utilization rates for our embossed flexible graphite bipolar plates, hydrogen fuel cell stacks and hydrogen fuel cell systems increased from the year ended 31 December 2020 to the year ended 31 December 2021 primarily because of our increased sales and productions.

Our production of hydrogen fuel cell stacks and hydrogen fuel cell systems are subject to the same industry-wide seasonality, and therefore our utilization rates are relatively high in the second half of the year. For more information on the utilization rates of our products by quarter, please refer to "– Seasonality" in this section of the prospectus.

**Production Expansion Plan**

According to the Frost & Sullivan Report, from 2018 to 2022, (i) the market size of hydrogen fuel cell stacks in the PRC by shipment volume surged from 74.2MW to 716.6MW, with a CAGR of 76.3%, benefiting from the rapid growth of sales of hydrogen fuel cell vehicles, (ii) the market size of hydrogen fuel cell stacks in the PRC by shipment value increased from RMB579.1 million to RMB1,433.1 million during the same period, (iii) the market size of hydrogen fuel cell systems in the PRC by sales volume surged from 58.7MW to 602.8MW, with a CAGR of 79.0%, and (iv) the market size of hydrogen fuel cell systems in the PRC by sales value increased from RMB721.6 million to RMB2,893.4 million during the same period. For more information, please refer to "Industry Overview – Overview of Hydrogen Fuel Cell Stacks and Systems Market" in this prospectus. In order to meet the fast-growing market demand for hydrogen fuel cell products, we plan to further expand our production capacity through the construction of additional production facilities in multiple regions in the PRC. We believe that our expansion projects will help us increase our production capacity and market share. The table below sets forth the details of our expansion plan.

| Location | Primary products | Expected production capacity | Expected capital expenditure to be incurred between 2023 and 2025 *(in RMB million)* | Expected/actual commencement of construction | Expected completion of the plant |
|---|---|---|---|---|---|
| Jiaxing, Zhejiang Province (Phase I) | Hydrogen fuel cell systems | 5,000 units of hydrogen fuel cell systems | 50.0 | November 2020 | March 2023(1) |
| Guangzhou, Guangdong Province | Hydrogen fuel cell systems | 5,000 units of hydrogen fuel cell systems | 50.0 | August 2021 | August 2023(1) |
| Chongqing | Hydrogen fuel cell stacks and hydrogen fuel cell systems | • 150,000kW of hydrogen fuel cell stacks<br>• 2,000 units of hydrogen fuel cell systems | 300.0 | October 2021 | April 2023(1) |
| Ordos, Inner Mongolia | Hydrogen fuel cell systems | 5,000 units of hydrogen fuel cell systems | 200.0 | January 2022 | May 2023(1) |
| Puyang, Henan Province | Hydrogen fuel cell systems | 5,000 units of hydrogen fuel cell systems | 150.0 | June 2022 | June 2023(1) |
| Lin-Gang Special Area of Shanghai | Hydrogen fuel cell systems | 2,000 units of hydrogen fuel cell systems | 101.2 | July 2022 | July 2023(1) |
| Jiaxing, Zhejiang Province (Phase II) | Hydrogen fuel cell stacks and hydrogen fuel cell systems | • 500,000kW of hydrogen fuel cell stacks<br>• 5,000 units of hydrogen fuel cell systems | 600.0 | First half of 2024 | December 2025 |

*Note:*

(i) The constructions of the plants have been substantially completed as of the Latest Practicable Date, subject to further testing and adjustments before the commencement of commercial productions.

In total, we estimate to increase our annual production capacity by (i) 650,000kW of hydrogen fuel cell stacks, and (ii) 29,000 units of hydrogen fuel cell systems by 2026. In addition, as part of the production process of hydrogen fuel cell stacks in the Chongqing plant and phase II of the Jiaxing plant, graphite bipolar plates sufficient for our production of hydrogen fuel cell stacks will be manufactured at those plants as well. We will make further modifications to our graphite bipolar plate production capacity based on (i) the specifications of our future hydrogen fuel cell systems products, which may require a different number of graphite bipolar plates than our current products, and (ii) the future demands of our products in general.

We planned to construct production facilities in different provinces in the PRC in order to (i) take full advantage of the various favorable government and industry policies, such as the establishment of demonstrative city clusters in Guangdong Province, Shanghai and Henan Province and various supports from local governments in terms of orders, land, housing and talents, by making customized expansion plans tailored to the local policies to grow our business; (ii) seize the opportunities of the favorable terms offered for participating in various hydrogen fuel cell-related demonstrative projects and expand our footprint to those provinces. For instance, we entered into cooperation agreements with Chongqing Jiulongpo District to jointly build a hydrogen energy technology industrial park, and the People's Government of Ordos, Inner Mongolia to build a national demonstration zone of the hydrogen energy industry. (iii) fully utilize the existing hydrogen fuel cell industry-related resources at these locations, including the available upstream suppliers, downstream applications, and local talents; and (iv) better grow our business nationwide as these seven production facilities each cover a different area for us to use as a base for regional expansion.

Once our production expansions are completed, we believe that we can benefit from the economies of scale based on the size of our operations and the scale of production capacity to achieve lower per-unit production cost. For instance, by keeping certain production lines focused on the hydrogen fuel cell systems, we could save on the costs and production time associated with switching raw materials and equipment to produce a different product in the same production plant.

With respect to logistics arrangements, we plan to establish relationships and enter into framework agreements with some of the nationwide logistics companies. In addition, we expect to formulate production plans at the beginning of each year and allocate different portions to different production bases, a process that would help us to develop logistics arrangements for the entire year.

We intend to use 40.0% of the net proceeds from our Global Offering on production expansion projects. For more information, please refer to "Future Plans and Use of Proceeds" in this prospectus. We expect to finance the remaining capital expenditure to be incurred for the above-mentioned expansion plans primarily through banking facilities. We have successfully obtained credit facilities from banks for our utilization so far, and we believe that we can continue to obtain the credit facilities with our effective cash flow management and growing business. As of 30 September 2023, we had unutilized banking facilities of RMB353.9

million, all of which were committed and unrestricted. In addition, we will use those banking facilities first according to the actual needs of expansion plans when necessary until the net proceeds of the Global Offering are in place. Once such net proceeds are in place, the advanced investment will be replaced in accordance with the relevant regulations. We estimate the total amount required for our abovementioned production expansion plans is RMB1,957.4 million, of which RMB1,451.2 million are to be incurred between 2023 and 2025. We plan to fund the expected capital expenditure to be incurred between 2023 and 2025 primarily from sources including (i) banking facilities, of which we had RMB353.9 million as of 30 September 2023, (ii) equity financing, our capabilities of which were evidenced by our various rounds of Pre-IPO Investment, (iii) asset financing, which we had RMB576.6 million of property, plant and equipment and land use rights free of any pledges as of 30 September 2023, and (iv) our own capital and operating cash flows which includes RMB485.4 million cash on hand as of 30 September 2023, if the Listing does not occur.

Considering (i) the PRC government's favorable policies supporting the hydrogen energy industry and the hydrogen fuel cell related industry; (ii) the estimated increasing future demand for hydrogen fuel cell vehicles in the next five years; (iii) the expected wider applications of hydrogen fuel cell production, (iv) utilization of existing production facility and the seasonality of our production; and (v) the need to maintain our competitive advantage in the market, we believe that it is necessary to construct additional production facilities in multiple regions in the PRC. We also believe that we can benefit from the economies of scale based on the size of the operations and scale of production capacity, which can enhance our ability to meet customers' demands.

**Major Machineries and Equipment**

We endeavor to equip our production facilities with state-of-the-art equipment, which we believe is essential to increase automation, ensure reliability of our production processes as well as cost competitiveness. We have an array of major machineries and equipment at our production facility, including hydrogen fuel cell stack assembly machines, laser welding machines, hydrogen fuel cell stack testing systems, molding press machines, sealing machines, stack and module leakage detectors, and factory acceptance test equipments. During the Track Record Period and as of the Latest Practicable Date, we owned all of our major machineries and equipment. As those 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.

We regularly carry out inspections and maintenance of our production facility. We have developed and implemented internal procedures at our production facility according to the characteristics and maintenance requirements of the particular equipment and machinery in order to ensure they function properly. For the accounting policies in regard to the depreciation of the machineries and equipment, please refer to "Financial Information – Critical Accounting

Policies and Estimates – Property, Plant and Equipment". 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

Our commitment to high quality and reliability helps strengthen the recognition and trust from our customers. We have a quality control workforce who holds the required qualifications and experience. Our quality control team is responsible for establishing the quality control systems and inspection guidelines for our production, in addition to implementing the quality control standards and procedures. Our quality control team also conducts performance reviews and statistical analysis and provides training on quality standards and inspection techniques to ensure the effectiveness of our overall quality control system. Our production processes are required to comply with a variety of domestic and international guidelines on product quality and production safety. We are certified under IATF16949:2016 automotive industry quality management system and ISO9001:2015 quality management system. In addition, we obtained ISO/TS 22163:2017 (IRIS) quality management system certification in 2020. In addition, we regularly hold quality control meetings to improve product quality and final yield.

We have put in place a strict quality control system for the entire production process, from the procurement of raw materials to production and to our finished products for delivery:

### Inspection of Raw Materials

We have developed stable relationships with raw materials suppliers both in PRC and overseas who have passed our quality and reliability assessments to ensure the quality and stable supply of our raw materials. Upon receiving raw materials, we carry out the inspection according to our inspection instruction manual in place. We adopt a zero-defect acceptance standard for raw materials, where we aim to inspect and sort out every piece of unqualified raw material to prevent it from being passed on to the production process. For unqualified raw materials, we contact the respective supplier and arrange for return.

After passing our inspections, raw materials are stored by categories and strictly in accordance with their storage requirements. For example, hazardous chemicals are stored separately, and low-temperature tolerance materials such as resins are stored in freezers.

### Inspection of Production Process

We strictly follow our customers' detailed specifications and demands for high quality products and we also adhere to the relevant industry standards for the production of our products, including national standards and our internal quality standards. We implement an internal quality control system to perform various inspections over the course of the entire production process. At designated checkpoints of our production lines, our quality control team conducts periodic tests and inspections in accordance with our internally designed quality control processes. For instance, we conduct physical appearance inspection and air tightness leak testing during the production process of our bipolar plates and the assembly process of hydrogen fuel cell stacks. After the stack or the system is assembled, we will conduct subsequent insulation testing and performance testing again. Such quality inspections and tests are intended to ensure that our products, at each stage of the production process, meet the quality standards and specifications set both by us and our customers. Defective products identified by such inspections and tests would not be passed to the next stage of the production process.

### Inspection of Finished Products

Prior to storage of the finished products, our quality control team performs a set of routine inspections on sample finished products. Once sample products from any batch fail our quality testing and inspection, the entire batch will be reprocessed in accordance with our internal control procedures and policies. Specifically, our quality inspectors inspect the physical appearance, size, performance requirements and packaging of the finished products. After passing the inspection, a signed version of the inspection report will be issued for packaging and warehousing.

### Warehousing

Our finished products are first packaged and stored at our warehouses before being transported and delivered. Additionally, we take safety measures to minimize fire hazards, water damage and other similar risks to our products.

### Delivery

Our quality control team collaborates with the relevant production team to ensure that our packaging is well-designed and sufficient to safeguard the integrity of our finished products during their transportation. Delivery time varies depending on customer requirements and destinations.

Based on these quality control measures, we are able to provide our customers with high quality products and timely delivery. During the Track Record Period, we did not experience any material sales returns by our customers nor receive any product liability or other legal claims in connection with the quality of our products.

## RESEARCH AND DEVELOPMENT

Our research and development efforts focus on improving various aspects of the hydrogen fuel cells, such as the development of hydrogen fuel cell system technology, high-power hydrogen fuel cell stack technology, embossed flexible graphite bipolar plate technology, mass-production technique optimization and large-scale production line design. We have invested substantial manpower and resources into research and development, and we believe that our success depends on the outcomes of our continuous research and development efforts.

**Our Development History**

The development history and breakthrough of our technologies and products can be divided into three stages. The first stage was from our establishment until 2017, when we built the world's largest hydrogen fuel cell stacks production facility at that time, licensed the 9SSL fuel cell stack technology, and developed our own research platform. Our independent research and development, led by Dr. Liu Zhixiang and Dr. Yan Xiqiang, two senior experts in the hydrogen industry, also began during the first stage. The research direction included hydrogen fuel cell products and the domestic production of the key parts and components. We benefited from the knowledge and insights gained from our mass production of 9SSL fuel cell stacks and the valuable feedback shared by our customers to drive our own research and development efforts. During the first stage of our development history, our primary focus remained on the industrialization of the hydrogen fuel cell stacks; with respect to hydrogen fuel cell systems, we mainly centered on the research and development, verification, and small batch productions, through which we developed the A115 hydrogen fuel cell stacks used for rail transit and the SynRoad B60 for on-road vehicles that we first sold in 2020.

The second stage of our breakthrough was in October 2020 when we successfully developed and launched the self-developed SynStack GI hydrogen fuel cell stack and SynRoad G series hydrogen fuel cell systems. Along with the development of our SynRoad G series hydrogen fuel cell systems, we shifted from primarily selling hydrogen fuel cell stacks to primarily selling hydrogen fuel cell systems that incorporated our hydrogen fuel cell stacks. The growth in revenue from our self-developed products was an indication of our success in research and development.

The third stage began in April 2022 when, after another two years of research and development, we launched the high-power and long-life SynStack GIII hydrogen fuel cell stacks with excellent performance and lifespan. At the same time, the development of the SynRoad H series fuel cell system was completed. According to Frost & Sullivan, certain parameters of our latest products, such as rated power, power density, freeze-start temperature and lifespan, are at the forefront of the whole industry level.

While we own the intellectual property rights to the core technologies of our self-developed products, we nevertheless place great importance on industry-university-research cooperation and maintain good cooperative relationships with esteemed institutions such as Tsinghua University (清華大學) and Beijing Institute of Technology (北京理工大學). We collaborate with institutions and other industry players to jointly develop and improve our technology and research and development capabilities and maintain our market presence and technological advantages.

As of 31 May 2023, we had a research and development team of 190 personnel (comprising personnel responsible for research and development of hydrogen fuel cell stacks and hydrogen fuel cell systems and personnel responsible for quality control) led by Dr. Liu Zhixiang, Dr. Yan Xiqiang and Dr. Zhao Gang. Among our research and development team members, more than 20.0% have a master's degree or above. 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.

We had led or participated in the formulation of more than 20 national and industry standards for hydrogen fuel cells, such as the test and evaluation method for (i) on-road vehicle PEM hydrogen fuel cell module and (ii) lifespan and durability of PEM fuel cell stacks in vehicles. We have either been one of the major drafters of or provided advice to those standards based on our expertise and research and development capabilities. Our product innovation capability has also been widely recognized by the hydrogen fuel cell stack and hydrogen fuel cell systems industries.

Our focus on research and development has fueled our growth and enabled us to strengthen our market position. We possess frontier hydrogen fuel cells and related technologies and technical know-how to our self-developed hydrogen fuel cell stacks, hydrogen fuel cell systems and embossed flexible graphite bipolar plates, including critical technology and technical know-how for our production processes such as (i) the production of high corrosion resistant embossed flexible graphite bipolar plate by rapid molding of low-cost flexible expanded graphite plate, which reduces the brittleness of hard graphite bipolar plate while greatly lowers our manufacturing cost, (ii) laser welding and binding technology of hydrogen fuel cell stacks which enables rapid assembly of hydrogen fuel cell stacks and greatly improves the efficiency of the assembly process, and (iii) the modular and customized design of the hydrogen fuel cell systems to achieve the compatibility of wide power range and improve the development and production capacity of hydrogen fuel cell systems.

During the Track Record Period, our research and development expenses amounted to RMB35.9 million, RMB72.2 million, RMB91.8 million and RMB35.5 million for the years ended 31 December 2020, 2021, 2022 and the five months ended 31 May 2023, respectively. Our research and development expenses have contributed to the enhancement, development and improvement of our self-developed hydrogen fuel cell stacks, hydrogen fuel cell systems, embossed flexible graphite bipolar plates and their productions. Our research and development expenses were mainly used for (i) independent research and development of high-performance hydrogen fuel cell stack and systems, (ii) development of embossed flexible graphite bipolar plates thinning process, (iii) development and improvement of hydrogen fuel cell stacks and graphite bipolar plates batch production process, and (iv) collaboration with domestic suppliers to achieve domestic procurement of key components and materials such as MEAs and air compressors for our hydrogen fuel cell products to ensure that such parts and raw materials supplied for our hydrogen fuel cell stack and hydrogen fuel cell systems productions meet our standard.

**Our Research and Development Platform**

We continue to upgrade and expand our research and development platform to scale up our research and development efforts. As of the Latest Practicable Date, we were in the process of upgrading our current generation of research and development platform. The following chart compares the performance of our current hydrogen fuel cell products and next generation of research and development platforms:

| Key parameters | Current Generation | Next Generation |
|---|---|---|
| Rated power of the hydrogen fuel cell systems (kW) | 60 – 240 | 120 - 360 |
| Power density of a hydrogen fuel cell stack (kW/L) | 3.8 – 4.5 | 5.0 - 6.0 |
| Graphite bipolar plate thickness (mm) | 1.5 – 1.66 | 1.2 - 1.3 |
| Freeze-start temperature (°C) | -35 – -30 | -40 |

We are comprehensively expanding our research and development capabilities and platform, which include upgrading the hydrogen fuel cell stack's key components such as MEAs and embossed graphite bipolar plates and internal structure of the hydrogen fuel cell systems. We believe that our proprietary technologies and platform enable us to achieve faster innovation and efficient development of future products to meet the market demand. We are of the view that our upgraded research and development platform will help us adapt to the fast-evolving hydrogen fuel cell stacks and hydrogen fuel cell systems markets, and increase our market competitiveness.

Bipolar plates are a key component in hydrogen fuel cell stacks, and can be made from materials such as metal or graphite, forming metal bipolar plates or graphite bipolar plates. We are currently engaging in the research and development of thinner composite bipolar plates (graphite-epoxy bipolar plates and graphite-metal composite bipolar plates) in order to improve hydrogen fuel cell stack power density.

**Our Research and Development Achievements**

Since our establishment, it has been at the heart of our business to create our own core technology development system through steps including technology import and continuous learning, to the eventual independent innovation. Our years of experience in conducting independent research and participation in provincial- and national-level research and development projects allow us to accumulate valuable experience, and help us develop our fundamental technologies.

Our research and development team worked diligently to overcome difficulties in (i) the batch production and manufacture of embossed flexible graphite bipolar plates with domestically procured raw materials, (ii) the development of high-power graphite bipolar plate and hydrogen fuel cell stacks, and (iii) the development of high-power and highly-integrated hydrogen fuel cell systems. We have built a comprehensive technology development system and strive to continuously upgrade the key parameters of our products including technology advancement, ease of use, weather resistance, reliability, durability and safety. Some of our main research and development achievements include:

- We have successfully mass-produced and sold a variety of high-powered and highly-integrated hydrogen fuel cell systems such as SynRoad G70 and SynRoad G110 that were developed based on our self-developed high-performance hydrogen fuel cell stack SynStack GI. Our SynStack G series hydrogen fuel cell stacks were developed based on our research and development efforts, such as our freeze-start technology and cooling structure design for our embossed flexible graphite bipolar plates. As of the Latest Practicable Date, we were in the process of developing the next-generation SynRoad H series fuel cell systems with domestic industry-leading technology.

- We have successfully developed and achieved mass-production of high-performance SynStack GI and the high-powered SynStack GIII, to which we own the core intellectual property rights. Through our research and development efforts, we greatly increased our hydrogen fuel cell stack's power range to over 200kW and improved its power density to 4.5kW/L, in addition to upgrading its freeze-start temperature and overall stability to operate in extreme weather conditions and harsh environments. The raw materials of such hydrogen fuel cell stacks are domestically procured and the stacks themselves are domestically manufactured. SynStack GIII has a single stack power of over 200kW, and a power density of 4.5 kW/L, representing a substantial improvement in our hydrogen fuel cell stack technology and also at an industry-leading level.

- We have achieved mass-production of low-cost embossed flexible graphite bipolar plates with domestically procured raw materials, and have incorporated such embossed flexible graphite bipolar plates into our SynStack fuel cell stacks. Our SynStack GIII graphite bipolar plate has a mere thickness of 1.5 mm which is at the industry leading level according to the Frost & Sullivan Report. Reducing the thickness of the graphite bipolar plates can make the hydrogen fuel cell stacks more compact, and thereby increasing the volumetric energy density and reducing unit cost, giving us significant competitive advantages. As of the Latest Practicable Date, we were in the process of developing an ultra-thin composite graphite bipolar plates which aims to further increase the volumetric energy density of hydrogen fuel cell stacks by 20% compared with those equipped with our SynStack GI embossed flexible graphite bipolar plates.

Our technological achievements were grounded in our development of key technologies such as:

- multi-dimensional flow field design and water management control technology: Through the multi-dimensional design of the flow field structure, we improved the uniformity of gas distribution and the drainage capacity of the hydrogen fuel cell stacks. In addition, with the coupled electricity, water, and thermal management strategies, we were able to improve the performance of the hydrogen fuel cell stacks and the operational stability under high electric density;

- molded graphite bipolar plates thinning technology: through the optimizations of the structure and the manufacturing process of the graphite bipolar plates, the strength of the plates was improved, the thickness of the plates was reduced, and the volume-specific power density of the hydrogen fuel cell stacks was effectively improved;

- stack rapid activation technology: we adopted methods such as high current, oxidant starvation, and hydrogen pump to reduce the activation time of the hydrogen fuel cell stacks;

- low-temperature unassisted start-up technology for the hydrogen fuel cell stacks: we achieved the unassisted start-up of the hydrogen fuel cell stacks at -35°C by employing response surface analysis techniques to establish a cold start model and determine the cold start water-heat balance point; and

- intelligent manufacturing technology: we improved the quality and efficiency of hydrogen fuel cell stacks production through tolerance transfer analysis and the deployment of automated and intelligent manufacturing through technologies such as visual recognition, algorithms controls and high-precision alignment of hydrogen fuel cell stacks.

We applied these fundamental technologies to design, develop, and commercialize our hydrogen fuel cell stacks and hydrogen fuel cell systems. The following table tracks the continued evaluation of our products:

| **Key indicators for hydrogen fuel cell stacks** | **2017 to 2019** | **2020 to 2022** |
|---|---|---|
| Power density of a hydrogen fuel cell stack (kW/L) | 0.5 – 2.5 | 3.8 – 4.5 |
| Graphite bipolar plate thickness (mm) | 2 | 1.66 – 1.5 |
| Freeze-start temperature (°C) | -2 – -30 | -30 – -35 |

| Key indicators for hydrogen fuel cell systems | 2019 | 2020 to 2022 |
|---|---|---|
| Related power of the hydrogen fuel cell systems (kW) | 65 | 70 – 240 |
| Power density of a hydrogen fuel cell system (kW/kg) | 402 | 412 – 906 |

For more information on our upgraded products, please refer to "– Our Products" in this section of the prospectus.

**Research and Development Capabilities**

We have established a stable and dedicated core research and development team led by Dr. Liu Zhixiang, an expert in hydrogen fuel cell systems, Dr. Yan Xiqiang, an expert in hydrogen fuel cell stacks, and Dr. Zhao Gang, an expert in hydrogen fuel cell materials. Our research and development team comprises experienced research and development personnel in the hydrogen fuel cell industry. They have extensive experience in hydrogen fuel cell materials, stacks, systems, vehicle development and engineering technology applications. As of 31 May 2023, our research and development team had 190 personnel, comprising personnel responsible for research and development of hydrogen fuel cell stacks and hydrogen fuel cell systems and personnel responsible for quality control. More than 20.0% of our research and development team members have a master's degree or above. To this end, we have (i) searched for and recruited talents, (ii) built post-doctoral workstations, and (iii) established the industry-university-research cooperation initiative and collaborated with well-known universities to better attract suitable talents for our various research focuses.

Our research and product development achievements were the result of the overall efforts of the research team instead of the sole reliance on any individuals. We have established an IATF16949 quality system and formed our own knowledge system based on past research and development experiences. With the help of the knowledge system, new members of our research and development team can quickly catch up and begin contributing to the research and development process.

Dr. Liu Zhixiang is a committee member of the China Renewable Energy Society Hydrogen Energy Special Committee (中國可再生能源協會氫能專委會) and participated in the development of the first hydrogen fuel cell locomotive in China. Dr. Liu was the person-in-charge for developing the technology behind the world's first commercial fuel cell/supercapacitor hybrid tram. He has edited two academic monographs and published more than 80 scientific papers in domestic and international journals, including more than 40 SCI-indexed papers, which have been cited more than 600 times. For more information, please refer to "Directors, Supervisors and Senior Management – Senior Management".

Dr. Yan Xiqiang obtained a doctoral degree in chemical engineering from Dalian Institute of Chemical Physics, Chinese Academy of Sciences (中科院大連化學物理研究所). Since 2002, Dr. Yan has been conducting in-depth research in the field of PEM fuel cell stacks and key materials and components. He has also been dedicated to solving the main technical bottlenecks in the industrialization of hydrogen fuel cells. He has obtained a series of scientific research achievements, and has published over 30 academic journals. Dr. Yan Xiqiang has also applied for more than 100 patents, including more than 60 authorized national patents. For more information, please refer to "Directors, Supervisors and Senior Management – Senior Management".

Dr. Zhao Gang graduated from Harbin Engineering University (哈爾濱工程大學) with a master's degree in application engineering in April 2002, and graduated from the Hong Kong University of Science and Technology with a doctoral degree in application engineering in the Department of Mechanical Engineering in June 2017. Dr. Zhao formerly served at Dalian Institute of Chemical Physics, Chinese Academy of Sciences (中國科學院大連化學物理研究所). He has published approximately 20 scientific research papers and applied for more than 20 patents.

In addition, we expect to establish new research centers in line with our expansion plans in different major cities to attract and retain talented personnel and maintain a diverse research and development team.

**Cooperation in Research and Development**

During the Track Record Period, we have collaborated with top universities such as Tsinghua University (清華大學), Beijing Institute of Technology (北京理工大學) and South China University of Technology (華南理工大學) and key players in our industry that possess industry-leading technologies for further exploring the iteration of our technologies. We believe these collaborations provide us with insights into industry trends and emerging new technologies, which help direct the focus of our current and future research and development efforts. For instance, in 2021 we entered into a hydrogen fuel cell stack activation-related technology and know-how development agreement with Tsinghua University (清華大學) and Kewell Technology Co., Ltd (科威爾技術股份有限公司), a company listed on the Sci-Tech Innovation Board of the Shanghai Stock Exchange (stock code: 688551). The goal of such collaboration is to shorten the activation time required during the hydrogen fuel cell stack production process, and thus shorten the general production time and improve our competitiveness in the industry.

The salient terms of our typical cooperation agreements are set forth below:

| | |
|---|---|
| Objectives: | The cooperation agreement usually sets out the major objectives, technical routes and target schedule of the research and development projects. |
| Cost and resources: | Cost and resources are generally shared among and provided by the respective parties depending on the role taken by each party. |

| | |
|---|---|
| Intellectual property rights | The arrangement of research results and intellectual property rights formed and interests under the research and development projects shall be mutually agreed by all participating parties. 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 typically jointly owned by us and the participating parties. |
| Confidentiality | The cooperation agreement usually requires parties to assume confidentiality obligation towards information obtained from other parties, which usually survives for several years upon the termination of the cooperation. |

In particular, with Beijing Institute of Technology, we entered into a joint application agreement in 2022 along with two other universities and six companies for the purpose of jointly applying for a national key special hydrogen technology project related to PEM hydrogen fuel cells. Each party was responsible for different research and development tasks. Parties were allocated with the percentages of projects funds to be granted by the government and those that they need to raise themselves. The ownership of intellectual property rights varies and would depend on whether the intellectual property was developed within each party's scope of work or whether it was developed jointly.

With South China University of Technology, we entered into a joint application agreement in 2021 for the purpose of applying for a national key special hydrogen technology project related to fuel cell stack assembly. As a lead applicant, we were responsible for matters such as the organization and execution of the project application, while South China University of Technology was responsible for research tasks related to the technology to meet the assessment criteria. South China University of Technology was entitled to a certain percentage of the allocation of the project funds granted by the government. With respect to intellectual property, the pre-existing intellectual property rights before the project application remained with their original owners and were not subject to any change as a result of the joint application.

With Tsinghua University, we entered into a collaboration agreement in 2021 together with a company that mainly engaged in the provision of testing equipment for the development of fuel cells related techniques and equipment. With respect to role division, (i) Tsinghua University was mainly responsible for fuel cell-related research, analysis and the drafting of the relevant industry standards, (ii) we were responsible for validating the information and conducting trials and evaluations, and (iii) the testing company was primarily responsible for providing implementation plans and prototypes. With respect to costs and intellectual property rights, (i) the testing company would bear the costs of Tsinghua University's research and development, (ii) we provided fuel cell samples for validation and suitable testing facilities, (iii) the parties will share testing data and analysis reports, and (iv) the ownership of developed processes will be jointly held by the testing company and us.

In addition to the above-mentioned cooperations with universities, we have entered into strategic collaborations with downstream hydrogen fuel cell vehicle manufacturers. To protect our intellectual property rights, the relevant contracts in such collaborations would generally stipulate intellectual property protection-related clauses such as (i) 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 (ii) 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.

**Ongoing Research and Development Projects**

As of 31 May 2023, we had various ongoing research and development projects mainly focus on the development of hydrogen fuel cell stacks and hydrogen fuel cell systems to expand their applications and upgrade their architecture, core components, performance stability, and power efficiency. For instance, with respect to upgrading core components, we have collaborated with the relevant suppliers to develop (i) all-in-one controllers, (ii) energy-recovery air compressors, and (iii) coupled hydrogen return devices, in addition to improving the modular design of the hydrogen fuel cell system architecture to further increase its range of power. Some of the key ongoing research and development projects include:

- our three-stage PEM electrolyzer research and development project aims to design, develop and test a megawatt-scale electrolyzer for the development of advanced hydrogen production equipment;

- our composite bipolar plates research and development project aims to develop graphite-epoxy composite bipolar plates and graphite-metal composite bipolar plates to further improve key parameters of our bipolar plates, including their thickness, to improve our hydrogen fuel cell stack power density and reduce its size;

- our cooperation with a subsidiary of a state-owned enterprise for the research and development of hydrogen fuel cell systems for emergency power generation applications to be installed in emergency power generation vehicles to meet the needs of power grid emergency protection;

- our cooperation with a data center equipment manufacturer to develop hydrogen fuel cell power generation systems for data centers to meet the needs of green power generation for data centers; and

- our cooperation with Kewell Technology Co., Ltd (科威爾技術股份有限公司), a company listed on the Sci-Tech Innovation Board of the Shanghai Stock Exchange (stock code: 688551), and Tsinghua University (清華大學) to jointly develop a rapid activation method to shorten the activation time required during the hydrogen fuel cell stack production process, and thus shorten the general production time and improve our competitiveness in the industry.

To maintain our advantages in research and development, we plan to continue or expand our research and development efforts in areas including graphite bipolar plates and hydrogen production equipment.

## INTELLECTUAL PROPERTY

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 31 May 2023, we had (i) 224 patents and patent applications, including 41 invention patents, 87 invention patent applications and 96 utility model patents, (ii) 139 registered trademarks, (iii) seven registered software copyrights and two registered work copyrights, as well as (iv) five registered domain names. For details of our intellectual property portfolio, please refer to "Appendix VI – Statutory and General Information – B. Further Information About the Business – 2. Intellectual property rights" in this prospectus.

In addition, we have adopted and implemented policies to protect our core technologies, including (i) regularly monitoring the status of intellectual property rights of our products under development to avoid infringement; (ii) inclusion of confidentiality clauses as well as ownership and protection of intellectual property rights clauses in commercial and research and development agreements with business partners; for instance, in the strategic collaborations with our business partners, the relevant contracts would generally stipulate intellectual property protection-related clauses such as (i) 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 (ii) 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; (iii) registration of our research and development achievements as patents or inventions timely; (iv) the protection of sensitive information stored on employee computers through protective software; (v) the establishment of an intellectual property office, which is responsible for managing the registration of trademarks, copyrights, patented technologies, non-patent technologies, and trade secrets, in addition to responding to potential intellectual property disputes or litigations and (vi) the establishment of various internal control policies in relation to patents, trademarks, copyrights and trade secrets to further streamline and improve our management of intellectual properties.

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. For certain other legal proceedings we were involved in during the Track Record Period, please refer to "– Legal Proceedings and Compliance" in this section of the prospectus. 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 Industry and Business – Our business depends on our ability to protect our intellectual property rights, and we may be exposed to intellectual property infringement and other claims by third parties".

## RAW MATERIALS AND SUPPLIERS

### Raw Materials and Components

We procure flexible expanded graphite sheets for the manufacturing of our embossed flexible graphite bipolar plates. During the Track Record Period, we sourced flexible expanded graphite sheets from suppliers both in the PRC and overseas. In addition to embossed flexible graphite bipolar plates, the other key raw material for the manufacturing of our hydrogen fuel cell stacks is MEAs. Multiple MEAs and embossed graphite bipolar plates are usually connected in series to create a hydrogen fuel cell, and hydrogen fuel cells are combined to create a hydrogen fuel cell stack that provides a usable output voltage. Our MEAs were mainly procured from two sources: (i) MEAs used in the production of our self-developed hydrogen fuel cell stacks (i.e SynStack G series and SynairStack G series) were sourced from domestic suppliers, whereas (ii) MEAs used in the production of the 9SSL fuel cell stacks were manufactured and provided by Ballard Power. Besides hydrogen fuel cell stacks, the key components to our hydrogen fuel cell systems include air compressor, hydrogen circulation pump and DC-to-DC converters, all of which were primarily sourced from suppliers in the PRC. During the Track Record Period, we also procured certain components that assist the operation of our hydrogen fuel cell systems including hydrogen storage systems and batteries from suppliers.

During the Track Record Period, the prices of major raw materials and components we purchased from suppliers for our production, mainly including MEAs, hydrogen storage system, air compressor, DC-to-DC converter, batteries and hydrogen circulation pump, did not experience any material increases. 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 as well as 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.

### 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. As we were able to locate an increasing number of domestic suppliers to provide us with raw materials and components with quality we believe that is on par with those from overseas suppliers, we have shifted most of our key raw materials and components procurement from international suppliers to domestic suppliers in order to (i) lower the unit cost of our products, (ii) maintain better overall control over the logistics process, and (iii) ensure a more stable supply as overseas supply chains could expose us to risks such as supply disruption caused by delay of shipment. During the Track Record Period, the total amount of purchases attributable to overseas suppliers accounted for approximately 46.9%, 3.6%, 1.7% and nil, respectively, of our total amount of purchases from suppliers. As a result of our efforts to purchase from domestic suppliers and as reflected by the decreasing overseas purchases, we do not rely on international suppliers for our key raw materials or core components. During the Track Record Period, we did not have any material disputes with our suppliers, and we did not experience any material quality issue or financial difficulties after switching from international suppliers to domestic suppliers.

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 which set out the purchase price for the corresponding year. Instead, we enter into procurement contracts on an order-by-order basis. 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 determined by the required product specifications and prevailing market conditions. |
| *Delivery arrangements* | We 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. |
| *Credit term and payment method* | We settle our payments with suppliers generally from 30 days to one year by way of bank transfer, bank acceptance bill, immediately available funds or telegraphic transfer. |
| *Inspection* | Inspections are normally carried out onsite at our designated place of delivery, and unqualified goods will be returned at the suppliers' expenses. |
| *After-sale services* | Warranty and after-sale services are typically provided by our suppliers within one year after acceptance of goods or for a contracted period of time. |

We closely monitor the quality of all raw materials provided by our suppliers to ensure that all raw materials comply with our stringent requirements. For more information on our quality control measures for raw materials, please refer to "– Quality Control" below.

***Our five largest suppliers***

For the years ended 31 December 2020, 2021, 2022 and the five months ended 31 May 2023, purchases from our largest supplier in each year/period amounted to RMB96.1 million, RMB177.1 million, RMB119.9 million and RMB50.0 million, respectively, accounted for 39.6%, 37.0%, 20.8% and 48.6% of our total amount of purchases, respectively; and purchases from our five largest suppliers in each year/period amounted to RMB175.5 million, RMB293.2 million, RMB305.9 million and RMB77.0 million, respectively, accounted for 72.3%, 61.2%, 53.1% and 74.8% of our total amount of purchases for the same years, respectively. Our five largest suppliers during the Track Record Period are primarily raw materials, key components and hydrogen fuel suppliers located in the PRC, Canada, and the U.S. To the best knowledge of our Directors, none of our Directors or their respective close associates or any Shareholder (whom to the knowledge of our Directors owns more than 5% of the issued Shares) had any interest in any of our five largest suppliers as of the Latest Practicable Date.

Since the hydrogen fuel cell stacks and systems industries are still at a stage of early development, the maturity level of its supply chains is not advanced and the market concentrations of the key components of hydrogen fuel cell stacks and hydrogen fuel cell systems are relatively high. For instance, market shares of the top five players in the MEA industry, air compressor industry and the DC-to-DC converter industry in China were over 60.0%, 90.0%, and 90.0% in terms of installed volume in 2022, respectively, according to Frost & Sullivan. The relatively high concentration of our suppliers during the Track Record Period was in line with this industry trend. For more information on the competitive landscape of our suppliers, please refer to "Industry Overview – Overview of Hydrogen Fuel Cell Vehicles Market in China – Overview of the Competitive Landscape of Major Suppliers and Customers of Hydrogen Fuel Cell Stacks and Systems in China" in this prospectus. In addition, as we hold our suppliers to high standards and select them based on stringent criteria including quality, supply stability and cost, we have a limited choice of suppliers when it comes to hydrogen fuel cell parts and components.

Our supplier concentration from the five largest suppliers decreased from the year ended 31 December 2020 to the year ended 31 December 2022 and as the industry further commercializes and the supply chain further develops, we believe the number of suppliers able to meet our high standards and stringent criteria will increase as well. In addition, as the production process matures along with the development of the industry, we expect to have a wider selection of suppliers available to us for procuring various raw materials and components with similar terms and costs. As a result, we do not expect the high concentration of suppliers to continue.

Our business relationship with the major suppliers is based on mutual interests. We have carefully selected our suppliers to secure a stable supply of raw materials at competitive prices from them, and we intend to continue this practice going forward, especially as we increased our procurement from domestic suppliers which helped to lower our procurement costs further. In addition, we work with upstream players in the industry chain such as the manufacturers of the core components of the hydrogen fuel cell system to achieve domestic production of these core components, and accelerate the pace of substituting imports with domestic-produced products. For instance, we entered into a collaborative development agreement with our graphite sheet supplier in 2018 to develop graphite sheets that meet our precise specifications for thickness, bending strength, and cost. These graphite sheets were then utilized in the production of our graphite bipolar plates. We expect to have secure supply and stable procurement of raw materials to meet our rolling demand despite the limited number of suppliers in the PRC mainly due to (i) our mutual interests with the major suppliers, especially those that we have collaborative relationships with, will contribute to their continued willingness to satisfy our demands, and (ii) the fact that our major suppliers during the Track Record Period were major players in their respective industry and we were not aware of any material shortage in terms of adequately supplying their customers in the past.

Through working with us, our suppliers benefit from (i) our market leading position in the industry which helps our suppliers to raise their own brand recognition, (ii) our high standards for raw materials and components that we believe could incentivize suppliers' research and development efforts and improve their production quality, and (iii) our on-going procurements of raw materials and components that provide the suppliers with a steady stream of income. We believe such benefits enjoyed by the suppliers afford us stronger bargaining power and contribute to the suppliers' willingness to continue to transact with us. Considering the above, we believe the likelihood of termination or a material adverse change of our relationships with our key suppliers is relatively low.

Furthermore, we plan to expand into the upstream industries in areas such as major raw materials and components through investment and mergers. Graphite sheet, catalyst, resin, air compressor, and hydrogen circulation pump will be our primary merger and acquisition targets. We expect such efforts will further mitigate our risks to any adverse change in our relationships with any of our major suppliers and help us source key raw materials from alternative suppliers, if needed. For more information, please also refer to "– Our Strategies – Actively venture into raw materials and components aspects of the industry and enhance industry-wide synergies" in this section of the prospectus. Based on (i) our mutually beneficial relationships with our suppliers, (ii) the continually developing industry and the increasing number of suppliers, (iii) the currently available suppliers that we can choose from, including more than three suppliers for air compressors, DC-to-DC converters, MEAs and hydrogen storage systems. As the supply chain matures along with the development of the hydrogen fuel cell industry, it is expected that a wider selection of suppliers will be available to the industry players for procuring various raw materials and parts, and (iv) the sufficient supply of raw materials to us during the Track Record Period, our Directors are of the view that we had and will continue to have sufficient choices on the market to procure our key raw materials and components.

The following table sets out key information about our top five suppliers for the five months ended 31 May 2023:

| Supplier | Background | Major products purchased | Purchase amount *(RMB'000)* | Percentage of our total purchase amount *(%)* | Credit period (approximately) | Year started | Settlement method |
|---|---|---|---|---|---|---|---|
| Sino Hykey Technology Guangzhou Co., Ltd. (鴻基創能科技(廣州)有限公司) | A company incorporated in the PRC; its principal businesses include energy technology research and technology development services | MEA | 50,025 | 48.6 | 40 days | 2019 | Bank transfer |
| Shandong Auyan New Energy Technology Co., Ltd. (山東奧揚新能源科技股份有限公司) | A company incorporated in the PRC; its principal businesses include, among others, the research, development, production and sales of liquified natural gas cylinders, liquified natural gas filling stations and liquified natural gas supply station systems | Hydrogen storage systems | 13,175 | 12.8 | 365 days | 2022 | Bank transfer |
| Beijing Dynamic Power New Energy Tech. Ltd. (北京動力源新能源科技有限責任公司) | A company incorporated in the PRC; its principal businesses include production and sales of new energy intelligent vehicles and electric auxiliary parts and electrical equipment | DC-to-DC converters | 5,766 | 5.6 | 90 days | 2020 | Bank transfer |

| Supplier | Background | Major products purchased | Purchase amount *(RMB'000)* | Percentage of our total purchase amount *(%)* | Credit period (approximately) | Year started | Settlement method |
|---|---|---|---|---|---|---|---|
| Jiangsu Guofu Hydrogen Energy Equipment Co., Ltd. (江蘇國富氫能技術裝備股份有限公司) | A company incorporated in the PRC; its principal businesses include, among others, technical services for liquid hydrogen containers, hydrogen pressurizers, hydrogen refueling stations and on-board fuel supply systems | Hydrogen storage systems | 5,496 | 5.3 | 365 days | 2022 | Bank transfer |
| Shenzhen Mitsuden Industrial Co., Ltd. (深圳市美之電實業有限公司) | A company incorporated in the PRC; its principal businesses include manufacture of adhesives, sealants and other materials | Raw materials | 2,586 | 2.5 | 180 days | 2019 | Bank transfer |

The following table sets out key information about our top five suppliers for the year ended 31 December 2022:

| Supplier | Background | Major products purchased | Purchase amount *(RMB'000)* | Percentage of our total purchase amount *(%)* | Credit period (approximately) | Year started | Settlement method |
|---|---|---|---|---|---|---|---|
| Sino Hykey Technology Guangzhou Co., Ltd. (鴻基創能科技(廣州)有限公司) | As disclosed in the table above | MEA | 119,856 | 20.8 | 40 days | 2019 | Bank transfer |

| Supplier | Background | Major products purchased | Purchase amount *(RMB'000)* | Percentage of our total purchase amount *(%)* | Credit period (approximately) | Year started | Settlement method |
|---|---|---|---|---|---|---|---|
| Shandong Auyan New Energy Technology Co., Ltd. (山東奧揚新能源科技股份有限公司) | As disclosed in the table above | Hydrogen storage system | 86,519 | 15.0 | 365 days | 2022 | Bank transfer |
| Supplier C | A company incorporated in the PRC; its principal businesses include, among others, the field of new energy technology development, technology consulting, technology services, technology transfer, mechanical and electrical equipment | Hydrogen fuel cell stacks | 39,726 | 6.9 | 180 days/back-to-back | 2022 | Bank transfer |
| Microvast Power Systems Co., Ltd. (微宏動力系統(湖州)有限公司) | A company incorporated in the PRC; its principal businesses include the research, design, production and sale of lithium-ion battery materials, battery monoblocks and battery systems | Batteries | 33,418 | 5.8 | 30 days | 2022 | Bank transfer |
| Xeca Turbo Clean Power Rugao Co., Ltd. (勢加透博潔淨動力如臯有限公司) ("**Xeca Turbo**") | A company incorporated in the PRC; its principal businesses include production and sales of power machinery, hydrogen energy and fuel cell-related control systems and other equipment | Air compressors | 26,388 | 4.6 | 90 days | 2020 | Bank transfer |

The following table sets out key information about our top five suppliers for the year ended 31 December 2021:

| Supplier | Background | Major products purchased | Purchase amount *(RMB'000)* | Percentage of our total purchase amount *(%)* | Credit period (approximately) | Year started | Settlement method |
|---|---|---|---|---|---|---|---|
| Sino Hykey Technology Guangzhou Co., Ltd. (鴻基創能科技(廣州)有限公司) | As disclosed in the table above | MEA | 177,147 | 37.0 | 40 days | 2019 | Bank transfer |
| Supplier E | A company incorporated in the PRC; its principal businesses include distribution of hydrogen energy equipment and retail of electronic components | Air supply subsystem | 47,894 | 10.0 | 90 days | 2021 | Bank transfer |
| Xeca Turbo | As disclosed in the table above | Air compressors | 37,337 | 7.8 | 90 days | 2020 | Bank transfer |
| Beijing Dynamic | As disclosed in the table above | DC-to-DC converters | 16,790 | 3.5 | 90 days | 2020 | Bank transfer |
| Guangdong Ruiqu New Energy Technology Co.,Ltd. (廣東瑞驅新能源科技有限公司) | A company incorporated in the PRC; its principal businesses include manufacture and sales of pumps and vacuum equipment | Hydrogen circulation pump | 14,018 | 2.9 | 30 days | 2021 | Bank transfer |

The following table sets out key information about our top five suppliers for the year ended 31 December 2020:

| Supplier | Background | Major products purchased | Purchase amount *(RMB'000)* | Percentage of our total purchase amount *(%)* | Credit period (approximately) | Year started | Settlement method |
|---|---|---|---|---|---|---|---|
| Ballard Power | A Toronto Stock Exchange and NASDAQ listed company incorporated in Canada; its principal businesses include developing and manufacturing hydrogen fuel cells; please refer to "– Arrangements with Ballard Power" below for details on our relationship with Ballard Power | MEA | 96,052 | 39.6 | 30 days | 2016 | Bank transfer |
| Guohong Refire | A company incorporated in the PRC and an associate company of our Group in which we held 35.71% voting rights as of the Latest Practicable Date; its principal businesses include new energy research and development, technology transfer, technology services | Hydrogen fuel cell system | 37,473 | 15.4 | 90 days | 2018 | Bank transfer |
| NeoGraf Solutions, LLC | A company incorporated in the U.S.; its principal businesses include graphite material manufacturing and sales | Graphite sheet | 17,911 | 7.4 | 30 days | 2017 | Bank transfer |
| Sino Hykey Technology Guangzhou Co., Ltd. (鴻基創能科技(廣州)有限公司) | As disclosed in the table above | MEA | 16,578 | 6.8 | 30 days | 2019 | Bank transfer |

| Supplier | Background | Major products purchased | Purchase amount *(RMB'000)* | Percentage of our total purchase amount *(%)* | Credit period (approximately) | Year started | Settlement method |
|---|---|---|---|---|---|---|---|
| Shenzhen Mitsuden Industrial Co., Ltd. (深圳市美之電實業有限公司) | As disclosed in the table above | Raw materials | 7,523 | 3.1 | 75 days | 2019 | Bank transfer |

**Supply Management**

As we continue to grow the scale of our business, our purchases from suppliers will further increase. To narrow the gap between our trade receivables and payables turnover days, we expect to negotiate and obtain more favorable terms from our suppliers leveraging our increasing purchases and our market leading position in terms of shipment volumes of our products, such as (i) setting up longer payment cycles with our suppliers in general, (ii) negotiating flexible means of payment including commercial acceptance bills, (iii) requiring smaller batch but more frequent deliveries to ease the pressure on inventory management, and (iv) obtaining more favorable pricing.

**Arrangements with Ballard Power**

In 2016, we established a joint venture, namely Guangdong Synergy Ballard Hydrogen Power Co., Ltd. (now known as Synergy Power), with Ballard Hong Kong, a wholly-owned subsidiary of Ballard Power, to undertake the establishment of a 9SSL fuel cell stacks production operation in Yunfu, Guangdong. Ballard Power is a company based in Canada and listed on the Toronto Stock Exchange and the NASDAQ. The principal business of Ballard Power include the design, development, manufacture, sale and service of PEM fuel cell products for markets such as heavy-duty motive, material handling and engineering services. Pursuant to our joint venture agreements and a stack assembly license and technology transfer agreement with Ballard Power, Ballard Power provided technology transfer services (including the transfer of production technologies and know-hows), test equipment, production equipment specification, procurement services, training and commissioning support to us in relation to the establishment of the production line in Yunfu for the production of 9SSL fuel cell stacks, and we paid a consideration for this license and cooperation agreement while Ballard Power also became the exclusive supplier of MEAs used for the manufacturing of the 9SSL fuel cell stacks. Pursuant to the original agreements we entered into with Ballard Power in 2016 and the amended and restated stack assembly license agreement and other auxiliary agreements we entered into with Ballard Power in 2019, Synergy Power obtained an exclusive license to assemble, sell and service the 9SSL fuel cell stacks in the PRC.

Below are the salient terms of the joint venture agreement, stack assembly license and technology transfer agreement our Company entered into with members of the Ballard Power group:

***Equity Joint Venture Agreement***

On 26 September 2016, we entered into an equity joint venture agreement with Ballard Hong Kong, a wholly-owned subsidiary of Ballard Power, whereby Synergy Power would be established in the PRC to undertake the manufacturing, sale and servicing of the 9SSL fuel cell stacks in the PRC. Pursuant to the equity joint venture agreement, we and Ballard Hong Kong shall each contribute RMB60.3 million and RMB6.7 million respectively to the registered capital of Synergy Power, which represented 90% and 10% of its equity interest, respectively. The term for the joint venture is for 20 years from the date of establishment of Synergy Power. The board of directors of Synergy Power shall consist of three directors, of whom two directors are to be appointed by us and one by Ballard Power. The chairman of the board shall be appointed by us.

***Stack Assembly License and Technology Transfer Agreement***

On 25 October 2016, we, Synergy Power and Ballard Power entered into a stack assembly license and technology transfer agreement (the "**2016 Agreement**"). Pursuant to the 2016 Agreement, Ballard Power granted Synergy Power a long-term non-sublicensable license to use certain intellectual property rights to its hydrogen fuel cell system as well as providing technology solutions to Synergy Power which enabled Synergy Power to, among others, assemble, sell and service 9SSL fuel cell stacks in the PRC. Any patent rights that arise in the course of the arrangement will be owned by the party that invented, conceived, made or developed them. Any patent rights jointly developed by both parties will be jointly owned. The aggregate consideration for the license and technology transfer was USD17.1 million, which was borne by Synergy Power.

In view of the parties' intention to extend the term of the 2016 Agreement and to further optimize the cooperation between the parties, on 19 July 2019, Ballard Power and Synergy Power entered into an amended and restated stack assembly license agreement (the "**2019 Agreement**"), pursuant to which the term of the exclusive license in the 2016 Agreement was extended to 30 September 2026. Further, the 2019 Agreement included a mutual release of the minimum annual MEA purchase amount under the 2016 Agreement and was replaced with an amended purchase amount. In December 2022, we entered into a memorandum of understanding with Ballard Power and Ballard Hong Kong, pursuant to which the aforementioned amended purchase amount was waived.

With the launch of our self-developed hydrogen fuel cell stacks (such as the SynStack G series) and hydrogen fuel cell systems (such as the SynRoad series which incorporate our SynStack G series stacks) during the Track Record Period and their excellent performance and wide acceptance by our customers, our customers had more choices among our products. As the customers purchased fewer of our 9SSL fuel cell stacks, the sales volume of the 9SSL fuel cell stacks started to decrease, resulting in a decrease of the significance of the 9SSL fuel cell stacks to the operation and financial performance of our business.

With the expected decline in the sales of the 9SSL fuel cell stacks, we performed an impairment assessment and an impairment loss of RMB57.4 million was subsequently provided to the 9SSL fuel cell stacks license for the year ended 31 December 2020. For more information on the impairment loss of the 9SSL fuel cell stacks license, please refer to "Financial Information – Description of Key Statement of Profit or Loss Items – Cost of Sales" in this prospectus and Note 19(b) of the Accountant's Report as Appendix I to this prospectus. For the year ended 31 December 2022, we purchased a relatively small amount of MEAs from Ballard Power because the technology of the 9SSL fuel cell stacks had undergone extensive verifications in the global market and could still be used in certain applications with commercial value. For instance, after taking into consideration the long lifespan and stable performance of the 9SSL fuel cell stacks, we used them for the Zero-Carbon Distributed Smart Energy Center of Yulin, Shaanxi Province. As such, we continued to purchase MEAs used for the production of the 9SSL fuel cell stacks from Ballard Power during the Track Record Period. Nevertheless, given that the market focus of the hydrogen fuel cell industry in China had been on the transit applications, for the years ended 31 December 2020, 2021, 2022 and the five months ended 31 May 2023, revenue generated from the sales of 9SSL fuel cell stacks and hydrogen fuel cell systems that incorporate 9SSL fuel cell stacks have been decreasing and accounted for approximately 73.5%, 3.8%, 0.6% and 0.2% of our total revenue, respectively. In addition, we expect the revenue generated from the sales of the 9SSL fuel cell stacks, as a percentage of our total revenue, to remain at a relatively low level. As a result of the above, our Directors are of the view that the expiration of the current fuel cell stack assembly license agreement or the joint venture agreements as mentioned above will not have a material adverse impact on the operation or the financial performance of our Group.

## SALES AND MARKETING

During the Track Record Period, we primarily focused our marketing and sales efforts on our hydrogen fuel cell stacks and hydrogen fuel cell systems products. As of 31 May 2023, we had a sales and marketing team of 96 personnel, focusing on business development, customer service and industry coverage. We maintain respective sales 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 teams implement strategies within their respective regions. Our sales and marketing staff regularly contact our existing and potential customers about our current offerings and development plans. They also gather feedbacks from customers on our products and provide assistance in addressing their needs on the designs or other aspects of our products. 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. For the years ended 31 December 2020, 2021, 2022 and the five months ended 31 May 2023, our selling expenses were RMB8.0 million, RMB23.0 million, RMB49.3 million and RMB13.9 million, respectively, accounting for 3.5%, 5.0%, 6.6% and 9.7%, respectively, of our revenue during the same years/period, respectively.

**Marketing and Promotion**

In terms of customer management, the key customer department is responsible for managing key customers, while other customers are managed by regional sales team domestically and abroad.

Our customer management team directly reaches out to our customers and potential customers to promote our products. We also attend industry conferences and exhibitions held in the PRC to showcase our new products, enhance our brand recognition and promote our products to our existing and potential customers.

**Pricing Policy**

We generally price our products taking into consideration factors such as the prevailing market prices and conditions, costs of production, years of business relationship, government awards policy and expected margins.

**CUSTOMERS**

Our customers mainly comprise hydrogen fuel cell systems manufacturers and hydrogen fuel cell vehicles manufacturers located in the PRC. Our largest customer is a hydrogen fuel cell vehicles manufacturer primarily engaged in the production and sale of hydrogen fuel cell buses, logistic vehicles and trucks. During the Track Record Period, one of our five largest customers was our associated company. For more information, please see "– Overlapping of Major Customers and Suppliers" below.

For the years ended 31 December 2020, 2021, 2022 and the five months ended 31 May 2023, the revenue attributed to our largest customer in each year/period amounted to RMB111.7 million, RMB244.9 million, RMB256.4 million and RMB75.1 million, respectively, accounted for 49.2%, 53.6%, 34.3% and 52.6% of our revenue for the same years/period, respectively, and revenue attributed to our five largest customers in each year/period amounted to RMB217.2 million, RMB402.4 million, RMB634.5 million and RMB135.3 million, respectively, accounted for 95.7%, 88.1%, 84.9% and 94.8% of our revenue for the same years/period, respectively. As of 31 May 2023, our five largest customers had one to six years of relationship with us.

As advised by Frost & Sullivan, the hydrogen fuel cell system and the hydrogen fuel cell vehicle industries are still at a stage of early development where they are relatively small in scale and high in market concentration. The number of hydrogen fuel cell system companies in China increased from approximately 70 in 2017 to approximately 150 in 2022 and there were approximately 45 hydrogen fuel cell vehicle manufacturers in China with insurance records for hydrogen fuel cell vehicles in 2022, and the top five hydrogen fuel cell vehicle companies accounted for over 70% of the total sales volume of hydrogen fuel cell vehicles in China in 2022. For more information on the competitive landscape of our customers, please refer to "Industry Overview – Overview of Hydrogen Fuel Cell Vehicles Market in China – Overview of the Competitive Landscape of Major Suppliers and Customers of Hydrogen Fuel Cell Stacks and Systems in China" in this prospectus. Therefore, during the Track Record Period, most of our revenue were derived from several major customers. However, our customer concentration from the five largest customers decreased from the year ended 31 December 2020 to the year ended 31 December 2022, and we believe that we will reduce our high customer concentration as the industry further matures and more players enter the downstream hydrogen fuel cell vehicles market.

In addition, we have built solid relationships with our existing customers while focusing on expanding our customer base and acquiring new customers. During the Track Record Period, the majority of our five largest customers varied from year to year mainly because (i) more types of hydrogen fuel cell vehicle manufacturers emerged as (a) the industry developed and the downstream applications expanded and (b) supportive policies continued to be announced and implemented throughout the country that provided incentives for vehicle manufacturers, and (ii) our shift from primarily selling hydrogen fuel cell stacks to primarily selling hydrogen fuel cell systems that changed our primary group of customers from system manufacturers to vehicle manufacturers, and (iii) our continuous efforts in the development of relationships with well-established hydrogen fuel cell vehicle manufacturers. For the years ended 31 December 2021 and 2022, three of the top five customers in the respective year became our customers for the first time in that year.

We are aware of the risks generally associated with customer concentration. Nevertheless, we do not consider that such customer concentration reflects or impacts negatively on our sustainability, taking into account the specific circumstances relevant to our business and operations, such as our leading position and reputation in the industry.

We believe we have mutually beneficial and dependent relationships with our major customers, which primarily include downstream hydrogen fuel cell vehicle manufacturers, in the way that:

(i) our customers could enjoy a relatively stable supply of products tailored to their business operations and products, and we could generate revenue as a result. In particular, we were one of the major suppliers for two of our top five customers during the Track Record Period. Our sales of hydrogen fuel cell systems to Xiamen King Long United Automotive Industry Co., Ltd. (廈門金龍聯合汽車工業有限公司) and Fulongma Group Co., Ltd. (福龍馬集團股份有限公司), accounted for approximately half of their total purchase of hydrogen fuel cell systems for the year ended 31 December 2021, respectively. As we have established ourselves as a key supplier to our customers, they are more likely to continue doing business with us due to the advantages of having a dependable product supply, trusted product quality resulting from close collaboration, and stronger loyalty and commitment stemming from our dedication to fostering long-term partnerships;

(ii) the compatibility of our products with our hydrogen fuel cell vehicle customers' vehicle models and the close cooperation in developing new vehicles models built on our deep understanding of the specifications and standards of their products, which would enable our customers to save time and costs, ensure high quality and good performance of the new models, and increase the effectiveness and efficiency of their operations in general. During the Track Record Period, we began strategic collaborations with certain of our top five customers. For instance, we collaborated with Zhizi Automotive Technology Co., Ltd. (質子汽車科技有限公司) and Xiamen King Long United Automotive Industry Co., Ltd. (廈門金龍聯合汽車工業有限公司), two of our top five customers during the Track Record Period as mentioned below, for the joint development of various types of hydrogen fuel cell vehicles. For more information, please see "– Our Competitive Strengths – Proven ability to satisfy the various power demands with rich hydrogen fuel cell product matrix and comprehensive applications" in this section of the prospectus. Our customers, especially those that we collaborate with, would be more willing to continue doing business with us as we offer an elevated level of service and support to them as we were invested in the success of their business. We believe such collaborations can motivate mutually beneficial and complimentary relationships with our customers and enhance customers loyalty;

(iii) we provide assistance to our customers that are less experienced in certain applications, such as heavy-duty trucks, to help them with the configuration and testing of our products, which strengthens our existing relationships with them; and

(iv) with our growing recognition and reputation in the hydrogen fuel cell market, we expect to raise our end-users' confidence in purchasing hydrogen fuel cell vehicles that are equipped with our high-quality hydrogen fuel cell systems. Such market demand has further driven and contributed to the mutually dependent relationship. As a result of the aforementioned mutual benefits, strategic relationships, and mutual dependence, we are of the view that our major customers will continue to transact with us and the likelihood of termination or a material adverse change of our relationships with our major customers is relatively low, despite the growing number of hydrogen fuel cell system companies in China over the years.

**Customer growth**

The number of our customers grew from 38 for the year ended 31 December 2020 to 57 for the year ended 31 December 2021 and further increased to 74 for the year ended 31 December 2022. From the five months ended 31 May 2022 to the five months ended 31 May 2023, the number of our customers grew from 29 to 33. We had 67 customers in 2023 up to the Latest Practicable Date. Despite the growth of our customer base, we make great efforts to retain our existing customers. For instance, substantially all of the major customers for our self-developed hydrogen fuel cell products in 2021 remained as our customers in 2022.

Meantime, we will continue to seize growth opportunities and further diversify our sales channel and customer base. We have allocated a sufficient amount of budget for acquiring new customers, which varies from year to year depending our then strategies and the different focus of our customer acquisition plan. We believe we are equipped to broaden our customer base in light of the following:

- *our potential collaboration with new customers*: we plan to actively seek and negotiate potential collaborations with downstream hydrogen fuel cell vehicle manufacturers that we have not worked with before, for the development of hydrogen fuel cell vehicles and the promotion of our products;

- *our production expansion*: we plan to expand our production capacity nationwide in line with the hydrogen energy industry development policies, plans and market demand in different regions. See "– Our Strategies – Expand production capacity in accordance with local policies and opportunities". With our increased footprint, we will be able to expand our customer base organically and further explore collaborations and business opportunities along the way;

- *our excellent product performance and customization appeal to our customers*: our excellent technological capabilities and product performance, such as our 1.5 mm thick graphite bipolar plates or our 240kW hydrogen fuel cell systems, our commitment to research and development, in addition to our ability to customize products based on their individual needs, makes us appealing to our customers, particularly those leading players in the vehicle manufacturing and power generation industries. See "– Our Strategies – Expand the applications of hydrogen fuel cell technology and accelerate the commercialization of hydrogen energy industry" for more details; and

- *our continuous efforts in marketing and promoting our products and our brands*: we plan to increase our efforts in marketing and promoting our hydrogen fuel cell stacks and hydrogen fuel cell systems to end-users and to reinforce our leading position in the industry.

*Industry collaboration*

Since our establishment, we have adopted sales and marketing strategies coherent with other aspects of our operations to foster the organic growth of our customer base and the continued expansion of our product applications, such as early-stage and continued collaboration with potential customers that were mutually beneficial to us and the customers. In particular, we tailor our marketing and customer acquisition strategies based on our development in products and research and development, and we apply the experience gained from marketing and customer collaboration to continuously enhance our products. Over the years, we have collaborated with more than 15 hydrogen fuel cell vehicle manufacturers over the years to develop more than 60 types of hydrogen fuel cell vehicle models. For the years ended 31 December 2020, 2021, 2022 and the five months ended 31 May 2023, revenue generated from the sale of hydrogen fuel cell systems (excluding the additional components of hydrogen storage systems and batteries) for the hydrogen fuel cell vehicle models that we collaborated with the vehicle manufacturers to develop accounted for 48.3%, 78.7%, 64.3% and 85.4% of our total revenue, respectively. For instance, (i) we entered into a strategic cooperation agreement in December 2022 with one of our top five customers for the same year to jointly develop and promote its hydrogen fuel cell vehicles equipped with our hydrogen fuel cell systems within the next two years, (ii) we entered into a strategic collaboration agreement with a hydrogen fuel cell vehicle company to jointly develop and promote 100 units of various types of sanitation vehicles, and (iii) we entered into a strategic collaboration agreement with a hydrogen fuel cell vehicle company to develop logistics vehicles. Apart from hydrogen fuel cell vehicle manufacturers, we also collaborated with a globally renowned Internet data center on backup power and power generation projects, and a rail transit company on the development of a power system for hydrogen-powered rubber-tyred digital rail trams.

By collaborating closely with downstream players, we gained valuable insights into their specific needs, challenges, and future requirements, which helped us to guide our research and development efforts, enabling the development of product features that directly address their pain points. In addition, collaboration with downstream players provided us with access to real-world testing environments and feedback loops and allowed for a process of co-creation where the expertise of the downstream customers and our research and development capabilities merge to develop tailored and market-driven products and technologies. To carry out the strategic collaboration between us and our downstream collaborative partners, the relevant costs primarily include, among others, those related to research and development (such as employee benefits, raw materials and testing expenses), testing, demonstration, and marketing and promotion of the collaborations. Such costs are generally shared by us and the respective collaborative partners. During the Track Record Period, the relevant raw material costs and employee benefit costs, which constitute a majority of our estimated total costs in relation to our strategic collaborations, amounted to RMB18.1 million.

In addition, these collaborations helped us to enable wider market reach and increase sales opportunities by showcasing the capabilities and real-world operations of our products through providing tangible evidence of our technology's effectiveness, reliability, and cost-efficiency, thereby instilling confidence and generating interest among potential customers. Some of the notable examples include Zhizi Automotive Technology Co., Ltd. (質子汽車科技有限公司) and Xiamen King Long United Automotive Industry Co., Ltd. (廈門金龍聯合汽車工業有限公司) that we collaborated with to jointly develop hydrogen fuel cell vehicle applications. Revenue from Zhizi Automotive, one of our five largest customers for the year ended 31 December 2022 and the five months ended 31 May 2023, contributed 34.3% and 31.4% of our revenue for the respective year/period, whereas Xiamen King Long, one of our five largest customers for the year ended 31 December 2021, contributed 20.9% of our revenue for the year ended 31 December 2021. Similarly, some of our peers in the industry also collaborated with complementary businesses in the hydrogen energy industry. As advised by Frost & Sullivan, it is not uncommon for companies in our industry to collaborate with downstream market players for benefits including expanding applications, improving technologies and increasing market reach by demonstrating product performances. Compared with our peers, our sales and marketing strategy, particularly the collaborations with downstream market players, have strategic advantages in terms of (i) application diversity from heavy-duty trucks, trams to internet data centers and (ii) our mass-production capabilities and know-how.

In light of the foregoing, our Directors believe that we do not have any undue reliance on any of our five largest customers that would materially and adversely affect our business and operations.

During the Track Record Period, we did not have any unfulfilled or canceled sales orders that could have a material adverse effect on our financial condition or results of operations. The cancellation policies and related penalties, if any, are generally stipulated in sales contracts we enter into with our customers.

The following table sets out key information about our top five customers for the five months ended 31 May 2023:

| Customer | Background and scale of operation/our relationship | Major products sold to customers | Revenue generated *(RMB'000)* | Percentage of our total revenue *(%)* | Credit period (approximately) | Year started as our customer | Settlement method |
|---|---|---|---|---|---|---|---|
| Dongfeng Liuzhou Motor Co., Ltd. (東風柳州汽車有限公司) ("**Dongfeng Liuzhou**") | A company incorporated in the PRC in 1981; its principal businesses include manufacturing of automobiles, engines, and automotive parts. We became acquainted with Dongfeng Liuzhou through our marketing team's active efforts to reach out to it for potential business opportunities, as it is a leading player in the automobile industry, which resulted in our business relationship. In particular, we first began a business relationship with Dongfeng Liuzhou in 2022 for the collaborative development of several hydrogen fuel cell sanitation vehicle models. The collaborative efforts and Dongfeng Liuzhou's deepened understanding of our technologies and products laid the foundation for a trusting and efficient relationship between us. With the fruition of some of our collaboratively-developed models and the development of its hydrogen energy-related business, in the first half of 2023, Dongfeng Liuzhou started to order from us hydrogen fuel cell systems for three sanitation vehicle models. The significant amount of such purchases placed Dongfeng Liuzhou on top of our five largest customers list for the five months ended 31 May 2023. Save as the business relationships disclosed above, to the best knowledge of the Directors, there were no other present and past relationship (family, employment, shareholding, trust, financing, or otherwise) between Dongfeng Liuzhou and us or our subsidiaries, our directors, shareholders or senior management, or any of our respective associates | Hydrogen fuel cell systems | 75,088 | 52.6 | 360 days | 2023 | Bills payment |

| Customer | Background and scale of operation/our relationship | Major products sold to customers | Revenue generated *(RMB'000)* | Percentage of our total revenue *(%)* | Credit period (approximately) | Year started as our customer | Settlement method |
|---|---|---|---|---|---|---|---|
| Zhizi Automotive Technology Co., Ltd. (質子汽車科技有限公司) ("**Zhizi Automotive**") | A company incorporated in the PRC in 2022 with a registered capital of RMB137.2 million; its principal businesses include sales of new energy vehicles; manufacture of automotive parts and accessories. One of its major shareholders is the subsidiary of a state-owned bus and truck manufacturer headquartered in Xi'an, which is also a major commercial vehicle manufacturer in the PRC, through whom we became acquainted with Zhizi Automotive from our marketing team's outreach efforts to such shareholder. Zhizi Automotive purchased our hydrogen fuel cell systems mainly for installation into their tractor units and light-duty trucks. According to public information, the ultimate beneficial owners of the largest shareholder are (i) a State-owned Assets Supervision and Administration Commission at provincial level, and (ii) a management committee of a city | Hydrogen fuel cell systems | 44,779 | 31.4 | 360 days | 2022 | Bank transfer |
| Yutong Bus Co.,Ltd. (宇通客車股份有限公司) ("**Yutong Bus**") | An A-share listed company incorporated in the PRC in 1997; its principal business include, among others, manufacturing of bus. According to its 2023 first-quarter report, its revenue amounted to RMB3,576.0 million for the three months ended 31 March 2023. We became acquainted with Yutong Bus through our marketing team's active efforts to reach out to it for potential business opportunities as it is a leading player in the commercial bus industry, which resulted in our business relationship. According to its 2022 annual report, its ultimate beneficial owner is an individual who is also an Independent Third Party | Hydrogen fuel cell systems and components | 7,080 | 5.0 | 60 days | 2019 | Bank transfer |

| Customer | Background and scale of operation/our relationship | Major products sold to customers | Revenue generated *(RMB'000)* | Percentage of our total revenue *(%)* | Credit period (approximately) | Year started as our customer | Settlement method |
|---|---|---|---|---|---|---|---|
| Xuzhou Xugong New Energy Automobile Co., Ltd. (徐州徐工新能源汽車有限公司) ("**Xuzhou Xugong**") | A company incorporated in the PRC in 2020; its principal businesses include manufacture of automotive parts and accessories and machining of mechanical parts and components. We became acquainted through one of our Pre-IPO investors whose parent company is a state-owned heavy machinery manufacturing company that owns an automotive division that in turn owns Xuzhou Xugong. According to public information, the ultimate beneficiary owners of the largest indirect shareholder are (i) a State-owned Assets Supervision and Administration Commission at municipal level, and (ii) provincial financial office | Hydrogen storage systems | 4,602 | 3.2 | 120 days | 2021 | Bank transfer |
| Foshan Feichi[1] | A company incorporated in the PRC in 2021; its principal businesses include manufacture of automotive parts and accessories and manufacture of intelligent vehicle mounted equipment. According to public information, Foshan Feichi has approximately 500 employees with an annual production capacity of approximately 5,000 units of new energy buses; we became acquainted with Foshan Feichi through our common shareholder Hongyun Hydrogen Energy. Please see the discussion below for further details | Hydrogen fuel cell systems | 3,737 | 2.6 | One to twelve months[1] | 2016 | Bank transfer |

The following table sets out key information about our top five customers for the year ended 31 December 2022:

| Customer | Background and scale of operation/our relationship | Major products sold to customers | Revenue generated *(RMB'000)* | Percentage of our total revenue *(%)* | Credit period (approximately) | Year started as our customer | Settlement method |
|---|---|---|---|---|---|---|---|
| Zhizi Automotive | As disclosed in the table above | Hydrogen fuel cell systems | 256,366 | 34.3 | 360/540 days[(1)] | 2022 | Bank transfer |
| Foshan Feichi[(1)] | As disclosed in the table above | Hydrogen fuel cell systems | 165,060 | 22.1 | One to twelve months[(1)] | 2016 | Bank transfer |
| Xuzhou Xugong | As disclosed in the table above | Hydrogen fuel cell systems | 156,460 | 20.9 | 360 days | 2021 | Bank transfer |
| Fulongma Group Co., Ltd. (福龍馬集團股份有限公司) ("**Fulongma**") | An A-share listed company incorporated in the PRC in 2007 (stock code: 603686); its principal business include, among others, manufacturing of special equipment for environmental protection, manufacturing of environmental emergency technical equipment and manufacturing of special operation robots. According to its 2022 third-quarter report, its revenue amounted to RMB1,288.0 million for the nine months ended 30 September 2022; as Fulongma is a leading player in the sanitation industry, our marketing team actively reached out to it for potential business opportunities in July 2022, which resulted in our business relationship. Fulongma purchased our hydrogen fuel cell systems for their hydrogen sanitation vehicles. According to its 2022 annual report, its controlling shareholder and ultimate beneficial owner is Zhang Guifeng (張桂豐) | Hydrogen fuel cell systems | 34,071 | 4.6 | 360 days | 2022 | Bank transfer |

| Customer | Background and scale of operation/our relationship | Major products sold to customers | Revenue generated *(RMB'000)* | Percentage of our total revenue *(%)* | Credit period (approximately) | Year started as our customer | Settlement method |
|---|---|---|---|---|---|---|---|
| Shanghai Wanxiang Automobile Manufacturing Co., Ltd (上海萬象汽車製造有限公司) ("**Shanghai Wanxiang**") | A company incorporated in the PRC in 1985; its principal businesses include manufacture of automotive parts and accessories and manufacture of intelligent vehicle mounted equipment. According to public information, it possesses the annual production capacity of approximately 5,000 units of vehicles; we became acquainted with Shanghai Wanxiang through the introduction from the management committee of Lin-gang Special Area of China (Shanghai) Pilot Free Trade Zone. According to public information, its ultimate beneficial owner of the largest indirect shareholder is an individual who is an Independent Third Party | Hydrogen fuel cell systems | 22,570 | 3.0 | Back-to-back[3] | 2022 | Bank transfer |

The following table sets out key information about our top five customers for the year ended 31 December 2021:

| Customer | Background and scale of operation/our relationship | Major products sold to customer | Revenue generated *(RMB'000)* | Percentage of our total revenue *(%)* | Credit period (approximately) | Year started as our customer | Settlement method |
|---|---|---|---|---|---|---|---|
| Foshan Feichi | As disclosed in the table above | Hydrogen fuel cell systems | 244,938 | 53.6 | One to twelve months[2] | 2016 | Bank transfer |
| Xiamen King Long United Automotive Industry Co., Ltd. (廈門金龍聯合汽車工業有限公司) ("**Xiamen King Long**") | A company incorporated in the PRC in 1988; its principal businesses include production of road motor vehicles and road freight transport. According to public information, it has exported nearly 140,000 units of passenger vehicles and its sales covers nearly 150 countries and regions; Xiamen King Long became a customer of ours a few years after Xiamen King Long first reached out to us upon learning of our technologies from our reputation in the industry. According to the 2022 annual report of Xiamen King Long Motor Group Co., Ltd. (廈門金龍汽車集團股份有限公司) (the parent company of Xiamen King Long and a company listed on the Shanghai Stock Exchange (stock code: 600686)), the ultimate beneficial owner of Xiamen King Long is Fujian Municipal People's Government State-owned Assets Supervision and Administration Commission (福建省人民政府國有資產監督管理委員會) | Hydrogen fuel cell systems | 95,575 | 20.9 | Back-to-back[3] | 2021 | Bank transfer |

| Customer | Background and scale of operation/our relationship | Major products sold to customer | Revenue generated *(RMB'000)* | Percentage of our total revenue *(%)* | Credit period (approximately) | Year started as our customer | Settlement method |
|---|---|---|---|---|---|---|---|
| Shenghui New Energy Co., Ltd. (昇輝新能源有限公司) ("**Shenghui Energy**")[(4)] | A company incorporated in the PRC in 2021; its principal businesses include manufacture of hydrogen fuel cell system and accessorial equipment. Its controlling shareholder and ultimate beneficiary owner is an A-share listed company mainly engaged in the manufacturing of electrical machinery and equipment. Shenghui Energy is one of our Pre-IPO Investors holding approximately 0.74% of our Shares upon completion of the Global Offering. We became acquainted with the founding members of Shenghui Energy in 2020, and Shenghui Energy decided to purchase hydrogen fuel cell systems from us considering our technologies and product quality | Hydrogen fuel cell systems | 33,204 | 7.3 | 30 days | 2020 | Bank transfer |
| Qingdao Meijin New Energy Automobile Manufacturing Co., Ltd (青島美錦新能源汽車製造有限公司) ("**Qingdao Meijin**")[(5)] | A company incorporated in the PRC in 2019; its principal businesses include manufacture and sale of automobiles, engines for automobiles and automotive parts; technology services, technology development. Its controlling shareholder and ultimate beneficiary owner is an A-share listed company mainly engaged in manufacturing and sales of coke and chemical products and one of our Pre-IPO Investors holding approximately 3.86% of our Shares upon completion of the Global Offering. We became acquainted with Qingdao Meijin when we were in touch with potential Pre-IPO investors, and Qingdao Meijin decided to purchase hydrogen fuel cell systems from us considering our market reputation and the introduction from our Pre-IPO investor | Hydrogen fuel cell systems | 15,192 | 3.3 | 360 days | 2021 | Bank transfer |

| Customer | Background and scale of operation/our relationship | Major products sold to customer | Revenue generated *(RMB'000)* | Percentage of our total revenue *(%)* | Credit period (approximately) | Year started as our customer | Settlement method |
|---|---|---|---|---|---|---|---|
| Sany Special Purpose Vehicle Co., Ltd. (三一專用汽車有限責任公司) ("**Sany Special Vehicle**") | A company incorporated in the PRC in 2018; its principal businesses include manufacturing and sale of automobiles and automotive parts. Its controlling shareholder and ultimate beneficiary owner is an A-share listed company mainly engaged in special equipment manufacturing with revenue of RMB80.0 billion for the year ended 31 December 2022 in accordance with its 2022 annual report. We became acquainted with Sany Special Vehicle through the outreach of our marketing personnel | Hydrogen fuel cell systems | 13,540 | 3.0 | 90 days | 2021 | Bank transfer |

The following table sets out key information about our top five customers for the year ended 31 December 2020:

| Customer | Background and scale of operation/our relationship | Major products sold to customer | Revenue generated *(RMB'000)* | Percentage of our total revenue *(%)* | Credit period (approximately) | Year started as our customer | Settlement method |
|---|---|---|---|---|---|---|---|
| Foshan Feichi | As disclosed in the table above | Hydrogen fuel cell systems | 111,661 | 49.2 | One to twelve months[1] | 2016 | Bank Transfer |
| Guohong Refire[6] | A company incorporated in the PRC in 2016 and an associate company of our Group in which we held 35.71% voting rights as of the Latest Practicable Date; its principal businesses include new energy research and development, technology transfer, technology services. Please see below "– Overlapping of Major Customers and Suppliers" for further details | Hydrogen fuel cell stacks | 73,028 | 32.2 | 90 days | 2016 | Bank transfer |

| Customer | Background and scale of operation/our relationship | Major products sold to customer | Revenue generated *(RMB'000)* | Percentage of our total revenue *(%)* | Credit period (approximately) | Year started as our customer | Settlement method |
|---|---|---|---|---|---|---|---|
| Haizhuo Power (Qingdao) Energy Technology Co., Ltd (海卓動力(青島)能源科技有限公司) ("**Haizhuo Power**") | A company incorporated in the PRC in 2020 with a registered capital of RMB30.0 million; its principal businesses include development, assembly and sales of automotive components, hydrogen fuel cell systems and components, battery packs and technology development. According to public information, it has an annual production capacity of approximately 5,000 units of hydrogen fuel cell systems. As a hydrogen fuel cell system manufacturer, Haizhuo Power was one of our target customers and we became acquainted through the outreach efforts of our marketing team. Haizhuo Power purchased our hydrogen fuel cell stacks for installations into their hydrogen fuel cell system products. According to public information, its ultimate beneficial owners of the largest shareholder are two Independent Third Parties | Hydrogen fuel cell stacks | 23,469 | 10.3 | 30 days | 2020 | Bank transfer |
| Zhongshan Broad-ocean Motor Co., Ltd. (中山大洋電機股份有限公司) | An A-share listed company (stock code: 002249) incorporated in the PRC in 2000; its principal businesses include development, production and sales of micro motors. The main products are fan load motors according to its 2022 annual report, its revenue amounted to RMB10,930.1 million for the year ended 31 December 2022. We became acquainted through our marketing team's outreach efforts in addition to our locations' proximity. According to its 2022 annual report, the ultimate beneficial owners of Zhongshan Broad-ocean Motor Co., Ltd. are Lu Chuping (魯楚平), Lu Sanping (魯三平), Xiong Jieming (熊傑明) and Peng Hui (彭惠) | Hydrogen fuel cell stacks | 7,180 | 3.2 | 180 days | 2018 | Bank transfer |

| Customer | Background and scale of operation/our relationship | Major products sold to customer | Revenue generated *(RMB'000)* | Percentage of our total revenue *(%)* | Credit period (approximately) | Year started as our customer | Settlement method |
|---|---|---|---|---|---|---|---|
| China Southern Power Grid Technology Co., Ltd. (南方電網電力科技股份有限公司) ("**Southern Power**") | A state-owned A-share listed company incorporated in the PRC in 1988 (stock code: 688248); its principal businesses include manufacturing of transmission and distribution and control equipment. We became acquainted with Southern Power through the introduction from our shareholder Yunfu Industrial Park. | Hydrogen fuel cell systems | 1,829 | 0.8 | 30 days | 2019 | Bank transfer |

*Notes:*

(1) We had a one-off and insignificant transaction amounted to approximately RMB0.4 million with Foshan Feichi in the second half of 2022 for the purchase of batteries.

(2) We have credit periods with Foshan Feichi ranging from one to twelve months primarily due to the difference in the products we sold to Foshan Feichi. We generally enter into agreements with shorter credit periods for the sales of system parts compared with the sales of hydrogen fuel cell systems, which generally have more extended credit periods that align with the industry norm, as confirmed by Frost & Sullivan. With respect to Zhizi Automotive, we agreed upon a 540 days credit period, which is in line with the industry norm, at the beginning to build a stronger relationship and customer loyalty with Zhizi Automotive. We further agreed on the shorter 360 days credit period after our negotiations and as a show of goodwill for long-term relationships with Zhizi Automotive. We generally determine credit period based on individual customers from our overall evaluation of their financial performance, creditworthiness, the past business relationships and the then industry norm of the credit periods of our downstream customers (such as hydrogen fuel cell vehicle manufacturers) that may vary as our industry develops.

(3) Under back-to-back payment arrangements, we are paid after our customers have received payment from their respective customers. In the event that the ultimate customers defaulted, we have the right to pursue payments from our customers under the back-to-back arrangements. In addition, we do not accept product returns from our customers or their respective customers under the back-to-back arrangements. We recognized revenue when products were delivered to the relevant customers in accordance with IFRS 15 as sales are recognized when control of the products has been transferred. As confirmed by Frost & Sullivan, such arrangements are common in our industry as it is still in the early stage of development. The terms of our transactions with such customers were comparable to those of our other customers, except for the payment terms.

(4) According to public information, Foshan Feichi was owned as to 8.33% by Shenghui Energy as of the Latest Practicable Date.

(5) According to public information, Qingdao Meijin was owned as to 5% by Foshan Feichi and Foshan Feichi was owned as to approximately 42.67% by the controlling shareholder of Qingdao Meijin as of the Latest Practicable Date.

(6) Guohong Refire was jointly established by Shanghai Refire and us in October 2016. The Single Largest Shareholder was a one-off customer of Shanghai Refire in 2017 primarily for the development of a hydrogen fuel cell vehicle platform. To the best knowledge of the Directors, the Single Largest Shareholder was one of Shanghai Refire's founding shareholders holding 20% equity interest in September 2015. In March 2017, the Single Largest Shareholder disposed of such equity interest to Mr. Ma and Guangzhou Huahong Yineng Investment Partnership Enterprise (Limited Partnership) (廣州市華鴻億能投資合夥企業(有限合夥)) which, according to public information, was held as to approximately 94.95% by Wang Weidong (王衛東), 5.00% by Feng Yan (馮燕) and 0.05% by Sun Jijun (孫繼軍) at the time, all of whom were Independent Third Parties and that it has subsequently disposed of such equity interests in September 2019. Mr. Ma (our former Director and a seasoned and experienced investor in various industries in the PRC), and the daughter of Mr. Ma have past or current shareholding and employment relationships with Shanghai Refire, as (a) Mr. Ma acquired 10% equity interest of Shanghai Refire in March 2017 and to the best knowledge of our Company, (i) in July 2017, his equity interests in Shanghai Refire diluted to 8.53% due to a new round of investment in Shanghai Refire, and, (ii) as confirmed by Mr. Ma on 20 April 2023, Mr. Ma was a 2.17% shareholder of Shanghai Refire; (b) Mr. Ma, a director of Guohong Refire from its incorporation in October 2016, tendered his resignation as a director of Guohong Refire in December 2021; (c) Ms. Ma Audrey Jing Nan, the daughter of Mr. Ma, was a vice 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 wholly-owned non-principal subsidiary of our Company from August 2016 to January 2017; and (d) to the best knowledge of our Company, Ms. Ma Audrey Jing Nan worked as a business development director and vice president of Shanghai Refire Technology Co., Ltd. (上海重塑能源科技有限公司), a subsidiary of Shanghai Refire, from February 2017 to January 2020 and subsequently the vice president of Shanghai Refire since January 2020. Ms. Audrey Ma was a participant under two employees' shareholding platforms of Shanghai Refire. Mr. Chen has been a director of Guohong Refire since its establishment.

Our five largest customers in each year/period during the Track Record Period were generally downstream customers in the hydrogen fuel cell industry that (i) purchased our hydrogen fuel cell systems for purposes including: (a) installation into their hydrogen fuel cell vehicles, and (b) integration into their stationary power generation systems, and (ii) purchased our hydrogen fuel cell stacks for integration into their own hydrogen fuel cell systems. Upon our management's discussions with some of our largest hydrogen fuel cell vehicle manufacturer customers during the Track Record Period, and the review of the Catalog of Recommended New Energy Vehicle Models for Promotion and Application (《新能源汽車推廣應用推薦車型目錄》) to check for vehicles of our downstream customers that are installed with our products, nothing has come to our Directors' attention that would cause doubt on the genuineness of the demand of the hydrogen fuel cell vehicles.

As of the Latest Practicable Date, Foshan Feichi was owned as to approximately (i) 8.33% by Yunfu Industrial Park, one of our substantial Shareholders that had a common director with Foshan Feichi, (ii) 32.33% by Hongyun High-Tech, which was in turn wholly owned by Foshan Automobile Transportation, (iii) 8.33% by Zhuhai Zhuoneng, (iv) 8.33% by Shenghui Energy, and (v) 42.67% by Meijin Energy Holding, respectively. Shenghui Energy, one of our Pre-IPO Investors and a subsidiary of an A-share listed company, was founded in August 2021 and mainly engaged in the production and supply of electricity and heat. For more information on the background of Zhuhai Zhuoneng and Meijin Energy Holding, please see "History, Development and Corporate Structure – Pre-IPO Investments – Information about the Principal Pre-IPO Investors" in this prospectus. For more information on Hongyun High-Tech's background, please refer to "Relationship With Hongyun Hydrogen Energy" in this prospectus. Foshan Feichi is a company incorporated in the PRC specialising in the research and development, production and sales of highway buses, tour bus and city bus. It is one of the first batch of medium to large-sized bus manufacturers listed in the PRC announcement catalogue. Mr. Chen is a director of both Hongyun High-Tech and Foshan Automobile Transportation.

To the best knowledge of the Directors and according to public information, (i) Mr. Chen was a former director of Foshan Feichi and he tendered his resignation as a director of a subsidiary of Foshan Feichi on 22 May 2023; (ii) Mr. Hu Muzhou, our employee representative Supervisor, was a former director of office (辦公室主任) of Foshan Feichi, (iii) a former director of Foshan Feichi and our Company served as a director of a subsidiary of Foshan Feichi as of the Latest Practicable Date; (iv) a former supervisor of Foshan Feichi and our Company who tendered his resignation as a supervisor of Hongyun Hydrogen Energy and a principal subsidiary of our Company on 29 May 2023 was a supervisor of a subsidiary of Foshan Feichi as of the Latest Practicable Date; (v) a former supervisor of Foshan Feichi was a former Supervisor of our Company; (vi) a director of Foshan Feichi served as the chairman of the board of Qingdao Meijin and a director of a subsidiary of our Company; and (vii) a former director of Foshan Feichi was a former director of Hongyun Hydrogen Energy. Save as disclosed above, there were no past or present relationships between Foshan Feichi and our Company since our establishment, to the best knowledge of our Directors. In addition, except with respect to Guohong Refire, none of the five largest customers in each year/period during the Track Record Period was our related party. For more information on related parties of our Group, please refer to Note 39(a) of the Accountant's Report as Appendix I to this prospectus.

Save as disclosed above, none of our Directors or their respective close associates or any Shareholder (whom to the knowledge of our Directors owns more than 5% of the issued Shares) had any interest in any of our five largest customers as of the Latest Practicable Date. During the Track Record Period and as of the Latest Practicable Date, we did not have material disputes with our customers.

During the Track Record Period, we granted relatively long-term credit terms to certain of our customers as disclosed above. As confirmed by Frost & Sullivan, long-term credit terms from certain of our customers, especially hydrogen fuel cell vehicle manufacturers, are common in our industry given that the payment circles of such customers are generally affected by the promulgation and the requirements of various local awards policies related to their industry. Specifically, the current awards policy usually puts a relatively long time gap, generally over two years as advised by Frost & Sullivan, between when hydrogen fuel cell vehicle manufacturers sell their vehicles and when they may collect their qualified awards in full. Such a long time gap places capital restraints on some of the customers with whom we granted relatively long-term credit terms, taking into account our long-term business relationship with such customers in addition to the stronger bargaining power possessed by hydrogen fuel cell vehicle manufacturers as our industry is still at its early development stage.

We granted these long-term credit terms on a case-by-case basis, taking into various considerations and upon the approval from our pre-screening process. Factors we take into consideration when entering into these arrangements mainly include, among others, years of business relationship with relevant customers, financial performance and stability of relevant customers. For instance, Xuzhou Xugong, one of our top five customers for the year ended 31 December 2022, was a state-owned enterprise with years of experiences in the vehicle industry, while Zhizi Automotive was another state-owned enterprise with a focus on the sales of new energy vehicles. Fulongma Group Co., Ltd. (福龍馬集團股份有限公司) is an A-share listed company and a major player in the sanitation vehicle industry in China. Both Foshan Feichi and Qingdao Meijin were controlled by A-share listed companies. In addition, we share common Shareholders with Foshan Feichi and the parent company of Qingdao Meijin is also one of our Pre-IPO Investors, as discussed above. Extended credit periods with these companies were warranted after taking into consideration (i) the relationships of our Shareholders, (ii) their generally better financial stability and creditworthiness as state-owned enterprises, (iii) their ease of access to capital, and (iv) the recognition we may gain from transacting with such companies.

In addition, in order to mitigate any inherent risk, we have in place an internal control system for approving and continued monitoring of such arrangements to provide adequate assurance with respect to the effective management of our credit risk. Specifically,

- we conduct thorough know-your-customer procedures which require any customer who is intended to acquire long-term credit term to provide a list of information for vetting and to demonstrate its creditworthiness;

- we also conduct due diligence including: (i) verifying the information provided by the customer, and (ii) examining the operating quality of the customer's business, its financial standing and its cash flow;

- we review and decide the credit terms on a case-by-case basis and seek approvals from our deputy general manager and general manager; and

- we also regularly review the financial standing and balance of receivables with such customers.

For more information on our measures to monitor the outstanding trade receivables, please refer to "Financial Information – Certain Statement of Financial Position Items – Trade and Bills Receivables – Trade receivables recoverability" in this prospectus.

Based on the above-mentioned industry background, considerations we had taken into account and the internal control measures we implement before granting such credit terms, our Directors are of the view that the long-term credit terms we granted to some of our customers will not expose us to credit risks that would materially and adversely affect our business operations and financial condition.

Nevertheless, we expect to adopt plans to shorten the credit term granted to our customers. For instance, through our communications and negotiations with one of our customers regarding flexible payment methods, we have successfully shortened the payment time by over six months as we agreed to accept bank acceptance bills.

In addition to the credit risk management policies and measures mentioned above, we also implemented measures to perform on-going credit evaluations to both our new and existing customers. Specifically,

- we assess a potential customer's credit quality and associated risks before entering into any sales contract with such customer;

- as part of our customer intake process, we collect background information and build a customer profile for any new customer, which includes its business operation conditions, financial standing and credit history in order to assess its credit risk;

- before we enter a new sales contract with both of our new and existing customers, we internally review and confirm the order with our head of sales and marketing and obtain approvals from managers of different departments, including the manager of sales and marketing, manager of finance, manager of legal, as well as our general manager;

- for existing customers, we also consider the customers' payment history and any unsettled amount with us at the time;

- we update our credit assessments of existing customers based on their business operations and financial performance from time to time through information obtained from the public domain and regular communications with them; and

- we assign credit limits to our customers and our sales and marketing personnel also conduct reviews annually on such credit limits to ensure the customer's business and finance conditions are properly reviewed.

With respect to policies on impairment provision of our trade receivables, our accounting team, together with the sales team, conduct regular analyses on the level of recoverability of overdue trade receivables. We group long-term and short-term trade receivables based on shared credit risk characteristics and estimate the expected credit loss rate of trade receivables on a collective basis based on historical credit loss experiences, with adjustment for forward-looking information. 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. We make the relevant credit assessments, impairment provisions, update the historical expected default rates and analyze changes in the forward-looking estimates every six months.

**Trade receivables management**

During the Track Record Period, our trade receivables turnover days were 495 days, 430 days, 521 days and 1,478 days, while our trade payables turnover days were 83 days, 78 days, 190 days and 647 days for the years ended 31 December 2020, 2021, 2022 and the five months ended 31 May 2023, respectively. There is a timing difference between our collection and payment cycle, such difference in settlement in general puts pressure on our operating cash flows. The final production completion and delivery time of our products will usually be in the second half of the year. For the years ended 31 December 2020, 2021 and 2022, our revenue for the second half of the year, especially the fourth quarter, accounted for a majority of our total revenue in the same year, while payment for such sales is normally not received until a later stage. On the other hand, we normally purchase certain core components in advance, especially those that are customized for our products, for which our payment is made shortly after the order.

To narrow the gap in turnover days of trade receivables and trade payables, we have implemented the sales and collection policy, which detailed our cash flow and liquidity management policy with specific measures to timely collect our payments from customers. To ensure timely collection of trade receivables from our customers, (i) our sales team assesses the potential customer's credit quality at the early stage of sales contract negotiation, collects information on the customer's financial standing and builds customer profiles, which include the customer's payment history and any unsettlement amount with us; (ii) our finance team regularly monitors our Group's bank accounts and compiles trade receivables data every month, while our sales team maintains close communications with our customers in respect of any outstanding payments through written notices and letters, when necessary; (iii) legal team also regularly informs our customers of their payment obligations and will enforce our contractual rights when necessary; and (iv) in the meantime, we plan to negotiate more favorable terms with our customers. To begin with, we have offered favorable payment terms in 2023 as incentives for customers to settle before payments are due, such as providing a discount at a rate to be agreed by the parties when the customer pays in advance. As of the Latest Practicable Date, we expected to set the range of discount percentages between 1% to 3% for advanced payment of three to nine months before the due date, subject to certain considerations at the time of negotiation including (i) how advanced the payment is, (ii) the then market rate for advanced payment, if any, and (iii) the then London Inter-Bank Offered Rate ("**LIBOR**"). For details, please refer to "Financial Information – Certain Statement of Financial Position Items – Trade and Bills Receivables – Trade receivables recoverability".

Our enhanced receivables management policies have successfully shortened the days of overdue trade receivables. As of 30 September 2023, 10.5% of our trade receivables past due as of 31 May 2023 had been collected. In particular, our accounts receivable overdue for three to four years amounted to RMB34.0 million as of 31 May 2023, among which RMB11.6 million had been collected by us as of 30 September 2023, representing our progress in collecting long aging trade receivables.

During the Track Record Period, we entered into various legally binding strategic sales agreements with certain customers, such as system manufacturers or companies in our downstream industry. Such strategic sales agreements helped us further promote our products in certain geographic locations or expand our product applications. These agreements generally specify a variety of terms, including the duration, minimum purchase commitment, price adjustment provision, the goal of collaboration and termination clauses. During the Track Record Period, we did not experience any material breach by our customers. The following table summarizes the key terms of the strategic sales agreement:

| | | |
|---|---|---|
| Duration | : | Generally two to three years, subject to renewal |
| Minimum purchase commitment | : | Varies depending on the product type, failing which would generally result in the customer's loss of discounted rate |
| Price adjustment | : | Price can generally be adjusted if a customer cannot satisfy certain terms in the contracts including the minimum purchase commitment |
| Goal of collaboration | : | Such as for the sale and integration of our product for a specific application or the sale of our products in a specific geographic location |

In addition, we also entered into a strategic cooperation agreement in December 2022 with one of our top five customers for the year ended 31 December 2022 and the five months ended 31 May 2023 to jointly develop and promote its hydrogen fuel cell vehicles equipped with our hydrogen fuel cell systems within the next two years.

With respect to warranty terms under our sales contracts, we are generally responsible for the relevant repair or maintenance of the products during the warranty period. In addition, some of our contracts stipulate a 5% to 10% retention amount to be paid to us by the customers generally within 30 days from the expiration of the warranty period.

**Overlapping of Major Customers and Suppliers**

As disclosed above, for the year ended 31 December 2020, Guohong Refire was both one of our top five suppliers and top five customers. See "– Raw Materials and Suppliers – Suppliers" and "– Customers" in this section of the prospectus. As of the Latest Practicable Date, Guohong Refire was held as to 35.71%, 34.31% and 29.98% voting rights by our Company, Shanghai Refire Group Limited (上海重塑能源集團股份有限公司) ("**Shanghai Refire**"), an Independent Third Party, and Yunfu Rongda respectively.

Shanghai Refire is a company incorporated in the PRC in 2015 with its principal business in, among others, product development in the fields of fuel cell system and control system, fuel cell stack and MEA and power electronics. To the best knowledge of our Directors, Hongyun Hydrogen Energy, our single largest Shareholder, was one of the founding shareholders of Shanghai Refire holding 20% equity interest in September 2015. In March 2017, Hongyun Hydrogen Energy disposed of such equity interest to Mr. Ma and Guangzhou Huahong Yineng Investment Partnership Enterprise (Limited Partnership) (廣州市華鴻億能投資合夥企業(有限合夥)) which, according to public information, was held as to approximately 94.95% by Wang Weidong (王衛東), 5.00% by Feng Yan (馮燕) and 0.05% by Sun Jijun (孫繼軍) at the time, all of whom were Independent Third Parties and that it has subsequently disposed of such equity interests in September 2019. In addition, as confirmed by Mr. Ma on 20 April 2023, Mr. Ma was a 2.17% shareholder of Shanghai Refire. As of 31 December 2022, Shanghai Refire was owned as to 20% by Lin Qi (林琦), 17.93% by Sinopec Group Capital Co., Ltd. and 37 other shareholders which each of them owned less than 6% of the shareholding in Shanghai Refire. As advised by Frost & Sullivan, given the relatively high concentration of the hydrogen fuel cell industry in China, there are limited scalable companies as investment targets in the industry. As a result, it is not uncommon for players in the industry to have common shareholders and for upstream and downstream players to be shareholders of other players along the value chain. To the best knowledge of the Directors and according to public information, (i) none of our direct shareholders holds any shareholding interests in Shanghai Refire, (ii) there are indirect shareholders of us that indirectly hold minority interests in Shanghai Refire (the "**Common Indirect Minority Shareholders**"). The Common Indirect Minority Shareholders (i) were generally institutional investors such as registered private equities, asset management companies and investment funds that hold large investment across industries and companies, (ii) in aggregate hold less than 4.0% of the shareholding interests in the Company while each indirectly holds less than 0.4% of the shareholding interests in the Company, except for two that holds 0.7% and 1.6% of our shareholding interests, respectively, and (iii) in aggregate hold less than 1.6% of the shareholding interests in Shanghai Refire while each indirectly holds less than 0.2% of the shareholding interests in Shanghai Refire, except for two that holds approximately 0.23% and 0.56% of Shanghai Refire's shareholding interests, respectively.

Yunfu Rongda was incorporated in the PRC in 2005, with its principal business in, among others, investment 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 in turn owned by Yunfu Infrastructure Construction Investment Group Co., Ltd. (雲浮市基礎設施建設投資集團有限公司) ("**Yunfu Infrastructure**") and Guangdong Provincial Department of Finance (廣東省財政廳), respectively. Yunfu Infrastructure was wholly owned by Yunfu Municipal People's Government State-owned Assets Supervision and Administration Commission (雲浮市人民政府國有資產監督管理委員會). The board members of Guohong Refire as of the Latest Practicable Date included, among others, Mr. Lin Qi, Mr. Chen, and a former director of Yunfu Puhui, who was also a former director of Guangdong Hongli. Both Yunfu Puhui and Guangdong Hongli were our subsidiaries as of the Latest Practicable Date. In addition, Mr. Ma, a director of Guohong Refire from its incorporation in October 2016, tendered his resignation as a director of Guohong Refire in December 2021.

Guohong Refire was jointly founded by us and Shanghai Refire in 2016. Shanghai Refire has been our insignificant customer which purchased hydrogen fuel cell stacks and parts during the Track Record Period. Our revenue attributable to sales to Shanghai Refire accounted for nil, less than 0.1%, 0.7% and less than 0.1% of our total revenue for the years ended 31 December 2020, 2021, 2022 and the five months ended 31 May 2023, respectively. Shanghai Refire has also been our insignificant supplier during the Track Record Period, as we only had a one-off transaction with Shanghai Refire which took place in 2020, for the purchase of certain hydrogen fuel cell system parts, the amount of which accounted for 1.0% of our total purchases in 2020.

As of 31 May 2023, we recorded trade receivables of RMB33.6 million from Shanghai Refire Technology Co. Ltd. (上海重塑能源科技有限公司) ("**Shanghai Refire Tech**"), a wholly owned subsidiary of Shanghai Refire, RMB5.9 million of which was due to Synergy Power and the remaining RMB27.7 million was due to the Company (including RMB16.2 million, RMB5.9 million and RMB11.5 million for the years ended 31 December 2017, 2018 and 2019, respectively). The transactions that gave rise to such trade receivables were mainly the purchase of hydrogen fuel cell stacks from us by Shanghai Refire Tech to be used for hydrogen fuel cell systems-related research and development and small batch trial productions. Based on communications with Shanghai Refire Tech, the delay in payment was out of its then understanding of fluctuations on the downstream market demands of the hydrogen fuel cell systems market, whereas companies in the new energy vehicle industry chain, including those of the hydrogen energy vehicle industry, were generally facing varying degrees of cash flow issues due to the early development of the industry and the influence of the subsidy policies. To the best knowledge of the Directors, Shanghai Refire Tech adjusted and arranged payments based on its own circumstances, supplier relationships, and other factors during its business operations.

As at the time of its incorporation, Guohong Refire was owned as to 51% and 49% equity interest by our Company and Shanghai Refire, respectively. Guohong Refire was mainly positioned as a hydrogen fuel cell system production base, the key management of which was generally appointed by Shanghai Refire. With respect to the articles of association of Guohong Refire and the cooperation agreement entered into between Shanghai Refire and us in 2016, the major terms included, among others:

- Shanghai Refire had the right to appoint two of Guohong Refire's five directors board and we had the right to appoint the remaining three; a resolution of the board of directors of Guohong Refire shall be passed only with the approval of two-thirds or more of its directors;

- Shanghai Refire had the right to recommend the general manager of Guohong Refire, who presided over Guohong Refire's production and operation management; and

- Shanghai Refire and our Company shared the profit of Guohong Refire by our respective shareholding interest proportion to the paid-up registered capital in Guohong Refire.

In October 2016, Shanghai Refire granted the license of technology for the manufacturing of certain hydrogen fuel cell systems to Guohong Refire for a one-off consideration of RMB20.0 million payable by Guohong Refire to Shanghai Refire. It was further agreed that: (1) we were responsible for monitoring the construction and renovations of Guohong Refire's production building, while Guohong Refire was responsible for monitoring the construction of production lines and facilities; and (2) we were to provide a RMB20.0 million loan to Guohong Refire to (i) obtain the license from Shanghai Refire, and (ii) construct production facilities and production lines. The cooperation agreement shall remain effective for the duration of the joint venture unless a party, upon being notified by way of written notice, fails to rectify a material breach of the agreement or if the parties to the agreement are in the process of liquidation or cease to conduct business.

In December 2018, Guohong Refire, our Company, Shanghai Refire and Yunfu Rongda entered into a four-party investment agreement, pursuant to which, Yunfu Rongda invested a sum of RMB77.8 million to hold approximately 29.98% interest in Guohong Refire in addition to taking an added seat at Guohong Refire's board of directors. In December 2020, the parties to the investment agreement entered into a supplemental agreement, pursuant to which the maturity date for the funds invested by Yunfu Rongda was extended to 30 June 2023 on which Yunfu Rongda has the right to redeem its investment fund in Guohong Refire. Yunfu Rongda is entitled to the withdrawal rights as Yunfu Rongda's investments were "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) in nature, which, pursuant to the 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) (currently known as Department of Industry and Information Technology of Guangdong Province (廣東省經濟和信息化廳)) and Yunfu Government, shall be invested into the target company in the form of an investment and Yunfu Rongda shall be entitled to the right to withdraw. In addition, Guohong Refire has undertaken to return the funds invested by Yunfu Rongda while our Company and Shanghai Refire, responsible for 51.0% and 49.0%, respectively, agreed to guarantee the repayment of Yunfu Rongda's investment funds and its fixed return. Yunfu Rongda is not entitled to dividends or residual return from Guohong Refire but is entitled to a fixed rate of return at 1.50% per annum. As Yunfu Rongda was expected to withdraw its investment from Guohong Refire, we entered into a supplemental agreement with Yunfu Rongda in June 2023, which stipulated that (i) approximately RMB39.7 million and RMB38.1 million of the investment sum shall be returned to Yunfu Rongda by us and Shanghai Refire, respectively, and (ii) Yunfu Rongda shall transfer approximately 15.3% and 14.7% of the interests of Guohong Refire back to us and Shanghai Refire, respectively. We returned the RMB39.7 million investment to Yunfu Rongda in June 2023.

At the time of Guohong Refire's incorporation, because of our advantages in areas such as research and development, design, and manufacture in the field of hydrogen fuel cell stacks, Shanghai Refire designed and developed relevant hydrogen fuel cell system products using 9SSL fuel cell stacks as the core component and entrusted Guohong Refire for processing and manufacturing. Such arrangements with respect to Guohong Refire were beneficial to both parties as (i) we were able to form a relatively stable cooperative relationship in the early stage of the hydrogen fuel cell industry to accelerate its industrialization process, (ii) we were able to expand our scope of business and (iii) Shanghai Refire was able to utilize Guohong Refire as a production base for the manufacturing of hydrogen fuel cell systems.

From its establishment up to 2020, Guohong Refire had been an important production base of Shanghai Refire, and had produced products based on the processing needs of Shanghai Refire. Guohong Refire manufactured the relevant hydrogen fuel cell systems, which were then sold by Shanghai Refire externally or, to a lesser extent, to Guohong Refire's downstream customers in its early stage of development and to us for occasional needs of our downstream customers. To our best knowledge, Guohong Refire was one of Shanghai Refire's suppliers from Guohong Refire's establishment for the years ended 31 December 2017 to 2022 and Guohong Refire was one of Shanghai Refire's customers for the years ended 31 December 2017 to 2020 for the purchase of, among others, hydrogen fuel cell systems, hydrogen fuel cell system parts, and spare parts. Shanghai Refire sold hydrogen fuel cell systems to Guohong Refire in cases where Guohong Refire is listed as the hydrogen fuel cell system manufacturer of hydrogen fuel cell vehicles published in the Catalogue.

Historically, we manufactured and sold 9SSL fuel cell stacks to Guohong Refire for its above-mentioned production and sales of the hydrogen fuel cell systems products. To a lesser extent, we had also purchased hydrogen fuel cell system products from Guohong Refire for external sales in response to the occasional needs of our downstream customers. During the Track Record Period, we sold hydrogen fuel cell stacks to Guohong Refire and occasionally purchased hydrogen fuel cell system products from Guohong Refire which contained our hydrogen fuel cell stacks originally sold to Guohong Refire. For transactions that involve our purchase of Guohong Refire's hydrogen fuel cell system products which were equipped with our hydrogen fuel cell stacks previously supplied to Guohong Refire, such transactions as a whole were a "deemed consigned processing" in substance, so we made accounting treatment on net basis. The difference between our sales of hydrogen fuel cell stacks and the purchases of hydrogen fuel cell systems were recorded as cost for deemed consigned processing, and together with the costs for production of hydrogen fuel cell stacks, the total inventory cost. Revenue for such transactions were recognized when the hydrogen fuel cell systems were sold to customers other than Guohong Refire without double-counting the revenue from the previous sales of hydrogen fuel cell stacks. The revenue generated from the sales of hydrogen fuel cell systems we purchased from Guohong Refire accounted for approximately 29.0%, nil, nil and nil of our total revenue for the years ended 31 December 2020, 2021, 2022 and the five months ended 31 May 2023, respectively. The purchase cost (i.e. cost for deemed consigned processing) attributable to Guohong Refire as a supplier amounted to RMB37.5 million, nil, nil and nil for the years ended 31 December 2020, 2021, 2022 and the five months ended 31 May 2023, respectively, representing 15.4%, nil, nil and nil of our total amount of purchase and 20.2%, nil, nil and nil of Guohong Refire's revenue for the same years/period, respectively. For the year ended 31 December 2020, the gross profit margin attributable to such sales was 29.5%, while our overall gross profit margin for hydrogen fuel cell systems was 32.2% for the same year.

Separately, the revenue generated from sales of hydrogen fuel cell stacks to Guohong Refire as a customer (excluding the sales of hydrogen fuel cell stacks under the abovementioned "deemed consigned processing" transactions) amounted to RMB73.0 million, nil, nil and nil for the years ended 31 December 2020, 2021, 2022 and the five months ended 31 May 2023, respectively, representing 32.2%, nil, nil and nil of our total revenue for the same years/period, respectively. To the best knowledge of our Directors, hydrogen fuel cell stacks purchased from us for the year ended 31 December 2020 represented all of Guohong Refire's purchased hydrogen fuel cell stacks.

In addition, as advised by Frost & Sullivan, the hydrogen fuel cell industry in China is still under early stage of development with limited number of established markets players along the industry value chains. Our Directors are of the view that given such nature of the hydrogen energy industry, it is not uncommon for the players at the similar level of the industry value chains (such as Shanghai Refire and us) to have common customers and suppliers despite being each other's Independent Third Party, which Frost & Sullivan also concurs with the view. In addition to the aforementioned (i) revenue generated from the sales of hydrogen fuel cell systems to Guohong Refire and (ii) the purchase cost attributable to Guohong Refire, for the years ended 31 December 2020, 2021, 2022 and the five months ended 31 May 2023, to the best knowledge of our Directors, the purchases attributable to the overlapping suppliers between Shanghai Refire and us amounted to RMB7.7 million, RMB49.7 million, RMB170.2 million and RMB19.2 million, respectively; and the revenue attributable to the overlapping customers between Shanghai Refire and us amounted to RMB142.3 million, RMB341.3 million, RMB181.5 million and RMB5.4 million, respectively. With the aforementioned (i) revenue generated from the sales of hydrogen fuel cell systems to Guohong Refire and (ii) the purchase cost attributable to Guohong Refire, for the years ended 31 December 2020, 2021, 2022 and the five months ended 31 May 2023 included, the total purchases attributable to the overlapping suppliers between Shanghai Refire and us accounted for 18.6%, 10.4%, 29.5% and

18.7% of our total purchases for the same periods; and the total revenue attributable to the overlapping customers between Shanghai Refire and us accounted for 94.9%, 74.7%, 24.2% and 3.8% of our total revenue for the same periods. The purchase attributable to the overlapping suppliers as a percentage of our total purchases decreased from the year ended 31 December 2020 to 2021 mainly due to our cessation of purchases from Guohong Refire, one of our five largest suppliers for the year ended 31 December 2020. Such percentage increased from the year ended 31 December 2021 to 2022 as we began purchasing hydrogen storage systems, and the suppliers of such systems were overlapping suppliers. Such percentages decreased from the year ended 31 December 2022 to the five months ended 31 May 2023 because of our decreased purchase of raw materials from an overlapping supplier due to sufficient inventory. The revenue attributable to the overlapping customers as a percentage of our total revenue generally decreased during the Track Record Period mainly due to (i) our cessation of sales to Guohong Refire after 2020. Guohong Refire is one of our five largest customers for the year ended 31 December 2020 and the revenue from which accounted for 32.2% of our total revenue for the year ended 31 December 2020, and (ii) our increased customer base and the growing number of downstream hydrogen fuel cell system manufacturers since 2020 as the industry develops.

Our Directors confirmed that all of our sales to and purchases from Guohong Refire were conducted in the ordinary course of business under normal commercial terms and on arm's length basis.

With the launch of our SynRoad series hydrogen fuel cell systems in 2020 and taking advantage of our ability to manufacture graphite bipolar plates, hydrogen fuel cell stacks and hydrogen fuel cell systems in-house, we have begun manufacturing hydrogen fuel cell systems incorporated our self-developed hydrogen fuel cell stacks and have ceased our procurement of any products from Guohong Refire since 2021 to achieve faster cost reductions and we did not generate any sales of hydrogen fuel cell systems procured from Guohong Refire since 2021. Further, to address the matter of overlapping customers and suppliers, the cooperation method of Guohong Refire was adjusted, and we began directly selling hydrogen fuel cell stacks to a subsidiary of Shanghai Refire. As a result, we ceased our supply of any products to Guohong Refire as well. Accordingly, the above-mentioned overlapping of supplier and customer no longer exists. Considering that (i) since 2020, we have expanded into the hydrogen fuel cell systems market for commercial vehicles and various downstream applications beyond the transit market, and as such, we have shifted from primarily selling hydrogen fuel cell stacks to the mass production and sale of hydrogen fuel cell systems that incorporated our hydrogen fuel cell stacks in 2020, and (ii) to the best knowledge of our Company, Shanghai Refire has mastered the production of hydrogen fuel cell stacks since 2020, our Directors believe that the purpose for which Guohong Refire was established which was mainly positioned as a hydrogen fuel cell system production base had been fulfilled. As of the Latest Practicable Date, we were in negotiations with Shanghai Refire with respect to the liquidation of Guohong Refire, the procedures of which are expected to take place in the second half of 2023.

Save as disclosed above, during the Track Record Period, no other major customer was also our major supplier, or vice versa.

For more information on Guohong Refire, please refer to Notes 4(b), 12, 35(b), 35(c), 36, and 39 of the Accountant's Report as Appendix I to this prospectus.

**Historical Financial Performance of Guohong Refire**

The table below sets forth the historical financial performance of Guohong Refire during the Track Record Period:

| | Year ended 31 December | | | | | | Five months ended 31 May |
|---|---|---|---|---|---|---|---|
| | **2017** | **2018** | **2019** | **2020** | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| | *(unaudited)* | *(unaudited)* | *(unaudited)* | *(unaudited)* | *(unaudited)* | *(unaudited)* | *(unaudited)* |
| **Revenue** | 184,300 | 255,814 | 219,067 | 185,756 | 2,657 | 280 | 593 |
| **Gross profit/(loss)** | 12,311 | 31,926 | 25,534 | 6 | (52,194) | (15,650) | (1,249) |
| **Net loss** | (5,001) | (11,509) | (11) | (32,513) | (67,964) | (13,829) | (2,033) |

The above historical financial performance was unaudited and we have taken into account of the impact of harmonized accounting policies. When applying the equity method, we also take into account all adjustments necessary to give effect to the elimination related to unrealized profits and losses from upstream and downstream transactions and the excess deficit expected to be borne by us. For more information, please refer to "Financial Information – Share of Losses of Joint Ventures and Associates Accounted for Using the Equity Method" and "Financial Information – Provision" in this prospectus.

**SUSTAINABLE OPERATION**

To pave the way for long-term success in this newly developed and fast growing market, we have been focusing on product development, research and development, and growth in our customer base, rather than seeking short-term financial return or profitability. As both the hydrogen fuel cell industry and the hydrogen fuel cell vehicle industry are still at the early stage, factors such as the relatively high production costs, limited downstream applications and limited development in the upstream and downstream of the hydrogen fuel cell and hydrogen fuel cell vehicle industries affected our profitability and we remained loss-making. With breakthroughs in our research and development and the achievement of mass production, we expect to gradually reduce our production costs, accelerating our industry's commercialization and increasing our profitability and revenue.

Since our inception in 2015, we have carefully crafted and followed plans and strategies focusing on different targets as we grow and evolve to align with our goals and visions. In the initial years of our operation, we focused on leading the commercialization of and establishing our presence in the hydrogen fuel cell industry. In 2017, our production facility in Yunfu began operation, which was the world's largest hydrogen fuel cell stacks production facility at that time. We also equipped all of the buses running on the Yunfu demonstrative bus line with our hydrogen fuel cell products. In addition, we established a joint venture with Ballard Hong Kong, a wholly-owned subsidiary of Ballard Power, and obtained an exclusive license to assemble, sell and service the market-verified 9SSL fuel cell stacks in the PRC.

With the initial development of our presence in the industry, we dedicated our efforts to research and development, committing ourselves to innovation and excellence. Despite the increase in the provision of impairment of the 9SSL fuel cell stacks during the Track Record Period, we benefited from the knowledge and insights gained from our mass production of 9SSL fuel cell stacks and the valuable feedback shared by our customers to drive our own research and development efforts. For detailed analysis on impairment loss of 9SSL fuel cell stacks license, please refer to "Financial Information – Certain Statement of Financial Position Items – Inventories". In addition, we were approved to set up a national-level post-doctoral research station in Yunfu, Guangdong Province in 2018, and we launched our self-developed hydrogen fuel cell stacks SynStack GI and commenced the production and sale of our self-developed hydrogen fuel cell systems SynRoad G series in 2020. As the hydrogen fuel cell industry was at its early stage of development, we leveraged our advantages in hydrogen fuel cell technologies to work with other partners, such as Ballard Power and Shanghai Refire, to jointly develop and manufacture hydrogen fuel cell products, contributing to the development of the industry.

With the success of our product development, we shifted our focus to commercialization in 2020. With a launch price of RMB1,999/kW, our SynStack GI demonstrated our ability to achieve production cost reduction while ensuring a reasonable profit margin, thereby contributing to solving the high-cost pain point of the hydrogen fuel cell industry and accelerating the further commercialization of the hydrogen fuel cell industry in China. Further, revenue generated from hydrogen fuel cell systems equipped with our self-developed hydrogen fuel cell stacks increased significantly from RMB20.5 million for the year ended 31 December 2020 to RMB398.2 million for the year ended 31 December 2021, and further to RMB630.5 million for the year ended 31 December 2022, accounting for 9.1%, 87.1% and 84.3% of our total revenue, respectively. For the five months ended 31 May 2023, revenue generated from hydrogen fuel cell systems equipped with our self-developed hydrogen fuel cell stacks was RMB121.5 million and accounted for 85.0% of our total revenue.

In addition, with a strong foothold in transit applications, we made plans for expansion into rail, backup power generation, stationary power generation and hydrogen storage. In 2021, the world's first hydrogen-powered rubber-tyred digital rail tram rolled off the production line in Shanghai, which we had participated in its development. Specifically, we were responsible for the design, production, or procurement of hydrogen fuel cell systems, heat dissipation systems, and hydrogen storage systems. We also assisted the rail transit company in completing prototype assembly, commissioning, and vehicle road tests. In addition, in the same year, we entered into cooperation agreements with Chongqing Jiulongpo District Government to jointly build a hydrogen energy technology industrial park, and the People's Government of Ordos, Inner Mongolia to build a national demonstration zone of the hydrogen energy industry, thus further expanding our national footprint. Under the agreements with the respective government bodies and other participating hydrogen industry enterprises, we shall establish production facilities and project companies in the respective areas, and in support of the production and development of the hydrogen fuel cell industry locally, the respective government bodies would provide assistance in the applications for national, municipal and district level supportive policies in addition to providing favorable treatments relevant to the projects.

Due to the successful implementation of our growth strategies, we have experienced a robust business growth during the Track Record Period. The number of our customers grew from 38 for the year ended 31 December 2020 to 57 for the year ended 31 December 2021 and further increased to 74 for the year ended 31 December 2022. From the five months ended 31 May 2022 to 2023, the number of our customers grew from 29 to 33. We had 67 customers in 2023 up to the Latest Practicable Date. Despite the growth of our customer base, we make great efforts to retain our existing customers. For instance, substantially all of the major customers for our self-developed hydrogen fuel cell products in 2021 remained as our customers in 2022. Our revenue increased (i) by 101.5% from RMB226.9 million for the year ended 31 December 2020 to RMB457.1 million for the year ended 31 December 2021, (ii) by 63.7% from RMB457.1 million for the year ended 31 December 2021 to RMB748.5 million for the year ended 31 December 2022 and (iii) by 147.5% from RMB57.7 million for the five months ended 31 May 2022 to RMB142.8 million for the five months ended 31 May 2023.

Our overall gross profit margin increased from 3.5% for the year ended 31 December 2020 to 27.9% for the year ended 31 December 2021 mainly due to the absence of an impairment loss of RMB57.4 million on our 9SSL fuel cell stacks license in 2020. Our gross profit margin decreased from 27.9% for the year ended 31 December 2021 to 21.2% for the year ended 31 December 2022 mainly due to (i) the decrease of gross profit margin of our hydrogen fuel cell systems, which is caused by the lower profit margin of the additional components (i.e. hydrogen storage systems and batteries) procured from third parties that were sold together with our hydrogen fuel cell systems in order to provide a more comprehensive and ready-for-use hydrogen fuel cell solution, and (ii) the increase in impairment loss of our inventories and licences. Our gross profit margin increased from 3.0% for the five months ended 31 May 2022 to 14.1% for the five months ended 31 May 2023 mainly due to the significant increase in our gross profit of sales of goods and services, which outpaced the growth in the impairment loss of inventory and licenses.

While our business expanded, our gross profit margin of sales of goods and services remained at a relatively stable level at 32.9% and 33.0% for the years ended 31 December 2020 and 2021 and at 22.9% and 24.5% for the five months ended 31 May 2022 and 2023, respectively, which we successfully achieved through measures including shifting the procurement of key raw materials and components to domestic suppliers and incorporating our self-developed hydrogen fuel cell stacks into our hydrogen fuel cell systems. Our gross profit of sales of goods and services decreased from 33.0% to 27.0% from the year ended 31 December 2021 to 2022 primarily due to the decrease in the gross profit margin of our hydrogen fuel cell systems, which was caused by the lower profit margin of the additional components (i.e. hydrogen storage systems and batteries) procured from third parties that were sold together with our hydrogen fuel cell systems in order to provide a more comprehensive and ready-for-use hydrogen fuel cell solution. Please refer to "Financial Information – Description of Key Statement of Profit or Loss Items – Gross Profit and Gross Profit Margin" for more information.

In addition, we have a healthy cash balance to support our operations and future business expansion. As of 30 September 2023, our cash and cash equivalent was RMB485.4 million, which is sufficient to cover our net cash flows used in operating activities, providing ample liquidity for our continuing business operations.

Notwithstanding the above, we recorded net losses and net operating cash outflow during the Track Record Period, and we currently expect such positions may continue until we achieve greater economies of scale and obtain more purchase orders. For the years ended 31 December 2020, 2021, 2022 and the five months ended 31 May 2023, we recorded net losses of RMB221.4 million, RMB703.0 million, RMB280.2 million and RMB88.3 million, respectively, which were largely due to (i) share-based payments we recorded for the years ended 31 December 2020 and 2021 from equity transactions of equity interests in the Single Largest Shareholder and Share Incentive Scheme. For more information, please refer to Note 29 of the Accountant's Report as Appendix I to this prospectus; (ii) impairment loss on intangible assets related to 9SSL fuel cell stacks license; (iii) continuous expansion of our business scale during the Track Record Period and the resulting increase in the relevant expenses; and (iv) the impairment loss of our trade receivables. In addition, we expect to continue to record net losses until at least 2025. For risks related to our financial position, please refer to "Risk Factors – Risks Relating to Our Industry and Business – We recorded net losses in the past and had negative cash flows from operating activities, all of which may continue if we may not be able to implement our business plans successfully in the future" in this prospectus.

In the future, 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**

We operate in one of the fastest-growing industries in China with strong government support. In April 2020, the PRC government issued the Notice on Government Subsidies for Promotion and Application of New Energy Vehicles (《關於完善新能源汽車推廣應用財政補貼政策的通知》), which stipulated that the policy of "award in lieu of subsidy (以獎代補)" will be carried out for hydrogen fuel cell vehicles. In September 2020, the Ministry of Finance, together with several other PRC government departments, jointly issued 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》) to carry out the pilot adoption of hydrogen fuel cell vehicles in order to promote the sustained and orderly development of hydrogen fuel cell vehicle industry in China.

In addition, according to the Frost & Sullivan Report, the total number of hydrogen fuel cell vehicles in China increased from 3,438 by the end of 2018 to 12,219 by the end of 2022 and this number is estimated to exceed 100,000 by the end of 2025. The annual sales volume of hydrogen fuel cell vehicles is expected to exceed 150,000 units by the end of 2027 at a CAGR of 90.0% from 2023 and the sales volume of hydrogen fuel cell systems is expected to reach 25,027.0MW by the end of 2027 at a CAGR of 99.2% from 2023. For more information, please see "Industry Overview – Overview of Hydrogen Fuel Cell Stacks and Systems Market – Market Size of Hydrogen Fuel Cell Systems in China" and "Industry Overview – Overview of Hydrogen Fuel Cell Vehicles Market in China – Market Size of Hydrogen Fuel Cell Vehicles in China". As a leading provider of hydrogen fuel cell stacks and hydrogen fuel cell systems in China, we are well-positioned to generate sustainable revenue growth in the future. Our revenue growth will be driven by the following factors:

- *improving product performance and market competitiveness:* we plan to continue our research and development efforts and continue to develop high efficiency and high power hydrogen fuel cell stacks and hydrogen fuel cell systems to increase our competitiveness in the market and confidence from our customers. For instance, from our SynStack GI to SynStack GIII, we greatly increased our hydrogen fuel cell stack's power range to over 200kW and improved its power density to 4.5kW/L, in addition to upgrading its freeze-start temperature and overall stability to operate in extreme weather conditions and harsh environments, representing a substantial improvement in our hydrogen fuel cell stack technology. Similarly, our SynRoad H240 hydrogen fuel cell system represented a substantial upgrade from the previous model with its modular design, increased rated and maximum power, increased efficiency, and the resulting wider range of applications, including rail transit, ships, and stationary power generations. Going forward, we plan to further increase our product competitiveness and create more value for customers through continuous technological development. For more information, please refer to "– Research and Development" above;

- *expanding the applications of our hydrogen fuel cell products:* we will further expand our product applications in the diversified markets amid the current and future hydrogen industry market opportunities to set ourselves apart from our competitors. For the transit applications, we will closely cooperate with our existing downstream customers and partners to develop new models and products suitable to the evolving hydrogen fuel cell vehicle industry in the PRC while reaching out to potential customers for new collaboration opportunities. In addition to transit applications, we expect to expand our reach in rail transit, stationary power generation, and hydrogen storage. For instance, leveraging our experience, we engaged in the development of an "integration of wind-solar-hydrogen energy storage (風光氫儲能一體化)" project that utilizes solar or wind power to produce hydrogen, which is then stored for generating electricity when needed;

- *expanding our geographical presence and production capacity:* since August 2021, the PRC government has approved five hydrogen fuel cell vehicle demonstrative city clusters, including Beijing, Shanghai, Guangdong Province, Hebei Province, and Henan Province. Other cities also designed hydrogen fuel cell development plans based on their own resources and unique advantages. In line with the favorable government policies and to achieve economies of scale, in recent years, we have been making forward-looking and strategic plans to expand our geographical presence, including (i) Jiaxing, Zhejiang Province, (ii) Guangzhou, Guangdong Province, (iii) Chongqing, (iv) Lin-Gang Special Area of Shanghai, (v) Ordos, Inner Mongolia, and (vi) Puyang, Henan Province. For more information, please refer to "– Our Strategies – Expand production capacity in accordance with local policies and opportunities" in this section of the prospectus. Through expanding our geographical presence, we also plan to strengthen our supply and domestic customer service abilities for our customers located in different regions nationwide.

On a best effort basis, we confirm the actual usages of the relevant hydrogen fuel cell vehicles equipped with our products by the respective end-customers in cases where (i) we were given consent to inspect the operation status of some of those hydrogen fuel cell vehicles or (ii) our staff performed after-sales services on-site or remotely in relation to our products, although we do not possess the operation status of all of the hydrogen fuel cell vehicles operated by the end-customers that are equipped with our products. Based on the representations and confirmations given to the Sole Sponsor and the due diligence steps performed by the Sole Sponsor, nothing has come to the Sole Sponsor's attention that would cause them to have reasonable doubt on the actual usage of the Group's products by its end customers. Vehicles equipped with our hydrogen fuel cell products have been in stable operation in 20 provincial administrative regions and key locations include, among others, (i) Inner Mongolia, (ii) Shanxi Province, (iii) Shaanxi Province, (iv) Shandong Province, (v) Guangdong Province and (vi) Tianjin.

- *enhancing marketing efforts:* we plan to expand our marketing team with experienced business and sales personnel who have expertise in the logistics and commercial transportation industry and are capable of developing network with more end-customers. In addition, we plan to actively promote the application of our products by (i) increasing our efforts in marketing and promoting; (ii) participating actively in various industry events for our products, such as our participation in the IAA Transportation 2022 event in Hanover, Germany in September 2022; (iii) placing online and conventional advertisement; and (iv) leveraging the various local supportive policies for the hydrogen fuel cell industry to enter different markets and expand our sales channels. During the Track Record Period, our number of customers increased from 38 for the year ended 31 December 2020 to 74 for the year ended 31 December 2022; and

- *enlarging and diversifying our customer base:* we believe there will be more end-customers and market participants involved in the hydrogen fuel cell vehicle market resulting from the significant improvement of hydrogen energy infrastructure in China and therefore the underlying demand from the end-customers for our products will increase as well. For example, according to Frost & Sullivan, the number of hydrogen refueling stations in China was surging at a CAGR of 85.8%, from 26 stations in 2018 to 310 stations in 2022, and is expected to grow steadily to exceed 1,000, 3,000 and 10,000 stations in 2025, 2030 and 2050, respectively. During the Track Record Period, we have continued to attract reputable and well-recognized hydrogen fuel cell vehicle manufacturers as our customers. For instance, for the year ended 31 December 2021 , three of our top five customers were reputable hydrogen fuel cell vehicle manufacturers that became our customers for the first time in that year. In addition, we entered into a strategic cooperation agreement in December 2022 with one of our top five customers for the same year to jointly develop and promote its hydrogen fuel cell vehicles equipped with our hydrogen fuel cell systems within the next two years.

**Ability to Manage Costs and Enhance Operating Leverage**

During the Track Record Period, we incurred significant operating expenses, including administrative expenses, research and development expenses and selling expenses, to support our business expansion, develop new products and enhance our brand recognition. In the near to medium term, we will continue to invest in our business expansion, research and development, product development, branding and marketing activities as well as sales and service network expansion. As we continue to scale up and our brand becomes more well-known, the operating expenses as a percentage of revenue are expected to decrease. For instance, the average cost of production per kW for our products has decreased from RMB1,074.0 for the year ended 31 December 2021, to RMB675.2 for the year ended 31 December 2022 and further decreased to RMB597.5 for the five months ended 31 May 2023.

The following table sets forth a breakdown of our operating expenses, each expressed as an absolute amount and as a percentage of our revenue, for the years indicated:

| | **Year ended 31 December** | | | | | | **Five months ended 31 May** | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **2020** | | **2021** | | **2022** | | **2022** | | **2023** | |
| | *RMB'000* | *% of revenue* | *RMB'000* | *% of revenue* | *RMB'000* | *% of revenue* | *RMB'000* | *% of revenue* | *RMB'000* | *% of revenue* |
| | | | | | | | *(unaudited)* | | | |
| Administrative expenses | 150,283 | 66.2 | 616,251 | 134.8 | 181,385 | 24.2 | 63,691 | 110.4 | 65,703 | 46.0 |
| Research and development expenses | 35,945 | 15.9 | 72,192 | 15.8 | 91,815 | 12.3 | 43,629 | 75.6 | 35,469 | 24.8 |
| Selling expenses | 8,007 | 3.5 | 22,995 | 5.0 | 49,279 | 6.6 | 9,961 | 17.3 | 13,910 | 9.8 |
| **Total** | **194,235** | **85.6** | **711,438** | **155.6** | **322,479** | **43.1** | **117,281** | **203.3** | **115,082** | **80.6** |

The significant increase of our administrative expenses for the year ended 31 December 2021 was primarily because we recorded RMB498.0 million of share-based payments due to transfer of equity interests in the Single Largest Shareholder. The administrative expenses remained relatively stable from the five months ended 31 May 2022 to 2023, and decreased as a percentage of the revenue of the respective period mainly due to the significant increase in revenue for the five months ended 31 May 2023. Our research and development expenses decreased from RMB43.6 million for the five months ended 31 May 2022 to RMB35.5 million for the five months ended 31 May 2023 primarily due to the decrease in raw materials expenses of one of our research and development projects on stationary power applications in 2022. For more information on the share-based payments recognized as administrative expenses, please refer to Note 29 of the Accountant's Report as Appendix I to this prospectus.

In addition, we plan to take measures such as manufacturing improvement and product upgrades to improve our production efficiency and lower our average production costs. To further improve our cost of productions and operating leverage, we plan to carry out the following:

- *supply management*: we plan to continue to leverage our success in the domestic procurement of raw materials and components to further drive our costs down. We believe that the purchase cost from domestic suppliers is expected to continue to decrease as (i) their technology develops and production volume increases as the industry develops, which would result in decreased cost; and (ii) their own domestic procurement of raw materials increases which would also result in a decreased cost. For instance, the raw materials of MEAs, the key component of a hydrogen fuel cell stack that also constitutes a substantial portion of the costs, are primarily procured from overseas by domestic MEA suppliers, as advised by Frost & Sullivan. For instance, we have requested our MEA supplier to find domestic substitutes and increase their domestic purchases of raw materials. From our perspective, we also plan to further utilize the advantage of geographic proximity to work more closely with domestic suppliers to align production schedules, address quality concerns promptly, and streamline processes. We expect improved collaboration to result in more efficient production, fewer errors, and ultimately lower our procurement costs. Furthermore, as we enhance our current partnerships with domestic suppliers and forge new connections with potential ones, we expect to select from those that offer not only superior-quality products but also competitive pricing to further lower our production costs.

During the Track Record Period, our self-developed SynStack G series hydrogen fuel cell stack has achieved domestic procurement and production with respect to its core components, including MEAs and graphite bipolar plates, which reduced the production cost of the hydrogen fuel cell stacks. For instance, (i) the price of the graphite sheets of our graphite bipolar plates used for the production of SynStack G series hydrogen fuel cell stacks was lowered by approximately 49% after we switched to domestic suppliers from international suppliers; and (ii) the per unit cost of our MEAs were reduced by 35.4% since we have switched to domestic suppliers. With the reduced cost in production, our overall operating cash flows can be improved.

We plan to further invest in raw materials and components, and approximately 10.0% of our total estimated net proceeds from the Global Offering is intended to be used to fund the investment in, the potential acquisition of, or the alliance with companies in our upstream industry in order to consolidate and strengthen our supply chain.

For more information, please refer to "Future Plans and Use of Proceeds" in this prospectus. In addition, as we continue to grow the scale of our business, our purchases from suppliers will further increase and we expect to negotiate and obtain more favorable pricings from our suppliers with similar qualities and terms.

- *manufacturing improvement*: we plan to upgrade our production process and production equipment in order to increase our production efficiency and decrease our average production costs. For instance, (i) on the one hand, we plan to acquire and develop upgraded equipment and software systems to optimize our production process and to boost our overall production efficiency such as through the implementation of (a) visual collection and detection equipment, including sensors and radio-frequency identifications, to more efficiently conduct data acquisition, quality inspection and defect analysis, and (b) manufacturing execution systems that would be used in manufacturing to track and document the transformation of raw materials to finished goods, helping us to optimize and improve production output. There are a sufficient number of suppliers in the market for such equipment and software systems that would meet our criteria for improving the production efficiency of our production lines; and (ii) on the other hand, we plan to implement automated production processes, such as stack assembly robots, production line robots and automated fuel cell system assembly lines, in our Ordos, Inner Mongolia, Chongqing, Puyang, Henan Province and Jiaxing, Zhejiang Province production facilities in order to reduce the number of workers needed on our production lines and the employee benefit expenses as a percentage of our total production costs, in addition to improve our production precision for overall quality improvement. We expect to complete the upgrade of the automated production process for the hydrogen fuel cell stack assembly process between the end of 2023 to the first half of 2024.

  The costs of a new production plant equipped with upgraded equipment, software, and automated production process are expected to be on a similar level as our existing production plant, while it is expected to significantly reduce the time required for our hydrogen fuel cell stack assembly process from approximately one day per batch of stacks to one hour per batch of stacks, therefore increasing the production efficiency by approximately 14% from the previously seven days (consisting of four days for graphite bipolar plates production, one day for hydrogen fuel cell stacks production and two days for processes including FAT and storage) to six days, taking into consideration the entire production cycle and turnover time by workstream.

To further reduce the cost of production and realize economies of scale as our production expands, we have implemented an ERP system that we believe will help us in aspects including: (i) improving our inventory management by providing real-time visibility into our inventory levels to reduce the costs associated with overstocking or stockouts, (ii) enhancing our supply chain management in procurement, production, and distribution, which can reduce costs associated with delays, excess inventory, and transportation, and (iii) reducing our need for manual data entry by automating processes such as raw material procurement data entry, which can reduce errors and save time and labor costs. Approximately 40.0% of our total estimated net proceeds from the Global Offering is intended to be used to expand the production capabilities of our hydrogen fuel cell stacks and hydrogen fuel cell systems. For more information, please refer to "Future Plans and Use of Proceeds" in this prospectus;

While implementing the aforementioned plans to cut production costs, we do not expect the performance or safety of our productions to be compromised. We believe utilizing more automated production processes and software system for tasks traditionally carried out by human will (i) result in fewer errors while also increase efficiency during production and (ii) be able to significantly enhance production safety by minimizing the reliance on human labour in potentially hazardous tasks, reducing the risk of workplace accidents, and ensuring greater adherence to standardized safety protocols throughout the production process. We have also implemented work safety and quality control procedures to ensure the well-being of our employees and the consistency of our product qualities.

- *product upgrade:* technology iterations are also key to lowering costs. Leveraging our ability to self-develop hydrogen fuel cell systems, we have successfully increased the level of integration for our hydrogen fuel cell systems during the Track Record Period, which in turn reduced the number of components needed and the overall production costs. For instance, when we launched the new SynRoad H240 hydrogen fuel cell system, we reduced the number of connectors and the amount of wires between the hydrogen fuel cell stack and the DC-to-DC converter by 34.8%, in addition to reducing the number of silicon tubes that connects various components within the hydrogen fuel cell system by 36.8%, compared with the previous model. As a result, the average costs of raw materials per kW for producing SynRoad H240 hydrogen fuel cell system decreased significantly. We plan to further increase the level of integration of our hydrogen fuel cell systems through more streamlined structure and integrated components in order to reduce the number of components required in a hydrogen fuel cell system to further decrease production costs in the future.

In addition, some of our ongoing research and development projects are expected to reduce the production costs of our products such as the hydrogen fuel cell stacks. In particular, (i) our stack repaid activation project aims to adopt methods such as high current, oxidant starvation, and hydrogen pump to reduce the activation time of the hydrogen fuel cell stacks, which in turn would reduce the hydrogen used in the activation process and the usage time of factory acceptance test equipment, effectively reducing the production costs of hydrogen fuel stacks; and (ii) we expect to develop a MEA frame integrated sealing technology which processes the sealant line onto the MEA through injection molding, a method that is expected to reduce production costs through reducing the sealing costs of MEAs and increasing the passing rate of the airtightness test. We expect to complete both research and development projects by the end of the 2023.

- *operating leverage*: after we have completed our production facilities, increased our sales efforts, and our products have become more widely accepted, we consider our revenue will grow at a relatively fast pace and our operating expenses will not increase proportionately to our revenue growth and thus our operating expenses as a percentage of revenue is expected to decrease.

**Improving Cash Flow and Ability to Raise Funds**

To mitigate risks related to our net operating cash outflows, we expect to improve our cash flow positions by continuously enhancing working capital efficiency. We believe our working capital position will be improved and we possess the ability to raise funds when necessary, mainly taking into consideration of:

- *increased revenue and improved operating leverage*: through the aforementioned (i) measures to increase our revenue, such as improving product performance and expanding product applications, and (ii) measures to manage our costs and improve the operating leverage, we expect to improve our net operating cash position;

- *enhanced collection efforts and credit assessment*: we have been collecting and will continue to collect our trade and bills receivables in a more effective manner. We have implemented sales and collection policy, which detailed our cash flow and liquidity management policy with specific measures to timely collect our payments from customers. In particular, our finance team regularly monitors our Group's bank accounts and compiles trade receivables data every month, while our sales team maintains close communications with our customers in respect of any outstanding payments. For more information, please refer to "– Customers – Trade Receivables Management" in this section of the prospectus. In addition, we plan to negotiate more favorable credit terms with our customers, such as shorter credit periods, as our products continue to improve and our brand becomes more well-known. To begin with, we have offered favorable payment terms in 2023 as incentives for our customers to settle before payments are due, such as providing a discount at a rate to be agreed by the parties when the customer pay in advance.

With respect to credit assessment, we also implemented measures to perform on-going credit evaluations for both our new and existing customers. For instance, we assess a potential customer's credit quality and associated risks, including its business operations and past financial performance obtained through the public domain, before entering into any sales contract with such a customer. We collect background information and build a customer profile for any new customer, which includes its business operation conditions, financial standing and credit history in order to assess its credit risk, as part of our customer intake process. For more information, please refer to "– Customers" in this section of the prospectus;

- *stronger supply management*: as we continue to grow the scale of our business, our purchases from suppliers will further increase and we expect to obtain more favorable terms with them, such as (i) setting up longer payment cycles with our suppliers in general, (ii) negotiating flexible means of payment such as commercial acceptance bills to decrease our cash outlay for day-to-day operations, and (iii) requiring smaller batch but more frequent deliveries to ease the pressure on inventory management. For more information on supply management, please see "– Raw Materials and Suppliers – Supply Management" in this section of the prospectus;

- *efficient inventory management*: we will continue to carry out our inventory management policies in place and further adopt additional inventory management policies when necessary as we believe that maintaining appropriate levels of inventories can help us better plan raw material procurement and deliver our products to meet customer's demand in a timely manner without straining our liquidity. For more information on our inventory management policies, please refer to "– Inventories – Inventory Management" in this section of the prospectus; and

- *financial resources available to us*: we have obtained, and believe that we can continue to obtain, credit facilities from banks for our utilization when needed and we would further raise funds through equity and debt financings, if and when necessary. As of 30 September 2023, we had unutilized banking facilities of RMB353.9 million, all of which were committed and unrestricted. In addition, we expect to receive the estimated net proceeds from the Global Offering.

With our strategies and plans for (i) business expansions and growth, (ii) enhanced cost management and operating leverage, and (iii) improved cash flow positions, we believe our business will continue to grow and we will be able to achieve profitability with cash flows in the near future, taking into consideration (i) our historical revenue growth during the Track Record Period from RMB226.9 million for the year ended 31 December 2020 to RMB457.1 million for the year ended 31 December 2021 to RMB748.5 million for the year ended 31 December 2022 and from RMB57.7 million for the five months ended 31 May 2022 to RMB142.8 million for the five months ended 31 May 2023, respectively, (ii) the expected growth of the hydrogen fuel cell industry as sales volume of the hydrogen fuel cell systems is expected to increase from approximately 1,589.6MW in 2023 to approximately 25,027.0MW in 2027, representing a CAGR of approximately 99.2%, and the shipment volume of the hydrogen fuel cell stacks is expected to increase from approximately 1,966.3MW in 2023 to approximately 30,342.1MW in 2027, representing a CAGR of approximately 98.2%, according to Frost & Sullivan, and (iii) our domestic procurement and production of core raw materials, components, and production machineries, which promotes cost effectiveness, as well as assuming there are no changes in extrinsic factors that would materially influence the hydrogen fuel cell industry and hydrogen fuel cell market in China.

## SEASONALITY

During the Track Record Period, we received customer orders, manufactured products and arranged deliveries to customers throughout the year. The majority of our production activities generally take place during the second half of each year also because we are subject to the seasonality of the hydrogen fuel cell vehicle industry, which is the downstream industry our primary group of customers was in during the Track Record Period. As advised by Frost & Sullivan, the hydrogen fuel cell vehicle industry is subject to seasonality mainly because awards policies for hydrogen fuel cell vehicles were generally announced or updated during the first half of each year by the relevant local governments, therefore hydrogen fuel cell vehicle manufacturers generally place their orders accordingly after policy updates. For example, for the year ended 31 December 2020, as the detailed terms of the awards policy "awards in lieu of subsidy (以獎代補)" were not issued until September, our customers placed less orders during the first half of 2020 and resulted in a decrease of our revenue for the year. Our order confirmation and production arrangements were in accordance with this practice during the Track Record Period.

In particular, we generally begin production based on orders received and confirmed and our assessment and estimate of the remaining downstream demand for that year. We generally negotiate with our customers during the first half of the year regarding purchase orders, after which we commence production in the second half of the year. Therefore, the final production completion and delivery time will usually be in the second half of the year.

The following tables set forth the quarterly estimated production capacity, actual quarterly production volume and the utilization rate of our embossed flexible graphite bipolar plates, hydrogen fuel cell stacks and hydrogen fuel cell systems for the years indicated, respectively:

**(a) Embossed flexible graphite bipolar plates**

| | | First Quarter | Second Quarter | Third Quarter | Fourth Quarter |
|---|---|---|---|---|---|
| 2020 | Estimated production capacity (pieces)(1) | 300,000 | 300,000 | 300,000 | 300,000 |
| | Actual production volume (pieces) | 56,073 | 111,090 | 228,550 | 127,750 |
| | Utilization rate (%)(2) | 18.7 | 37.0 | 76.2 | 42.6 |
| 2021 | Estimated production capacity (pieces)(1) | 300,000 | 300,000 | 300,000 | 300,000 |
| | Actual production volume (pieces) | 92,581 | 134,184 | 315,825 | 257,752 |
| | Utilization rate (%)(2) | 30.9 | 44.7 | 105.3 | 85.9 |
| 2022 | Estimated production capacity (pieces)(1) | 300,000 | 300,000 | 300,000 | 300,000 |
| | Actual production volume (pieces) | 213,172 | 198,407 | 214,268 | 279,877 |
| | Utilization rate (%)(2) | 71.1 | 66.1 | 71.4 | 93.3 |
| 2023 | Estimated production capacity (pieces)(1) | 300,000 | N/A | N/A | N/A |
| | Actual production volume (pieces) | 112,914 | N/A | N/A | N/A |
| | Utilization rate (%)(2) | 37.6 | N/A | N/A | N/A |

**(b) Hydrogen fuel cell stacks**

| | | First Quarter | Second Quarter | Third Quarter | Fourth Quarter |
|---|---|---|---|---|---|
| 2020 | Estimated production capacity (kW)(1) | 75,000 | 75,000 | 75,000 | 75,000 |
| | Actual production volume (kW) | 3,323 | 14,538 | 32,425 | 31,225 |
| | Utilization rate (%)(2) | 4.4 | 19.4 | 43.2 | 41.6 |
| 2021 | Estimated production capacity (kW)(1) | 75,000 | 75,000 | 75,000 | 75,000 |
| | Actual production volume (kW) | 12,948 | 33,023 | 85,761 | 104,755 |
| | Utilization rate (%)(2) | 17.3 | 44.0 | 114.3 | 139.7 |
| 2022 | Estimated production capacity (kW)(1) | 75,000 | 75,000 | 75,000 | 75,000 |
| | Actual production volume (kW) | 39,539 | 33,324 | 75,703 | 66,545 |
| | Utilization rate (%)(2) | 52.7 | 44.4 | 100.9 | 88.7 |
| 2023 | Estimated production capacity (kW)(1) | 75,000 | N/A | N/A | N/A |
| | Actual production volume (kW) | 9,939 | N/A | N/A | N/A |
| | Utilization rate (%)(2) | 13.3 | N/A | N/A | N/A |

**(c) Hydrogen fuel cell systems**

| | | First Quarter | Second Quarter | Third Quarter | Fourth Quarter |
|---|---|---|---|---|---|
| 2020 | Estimated production capacity (units)(1) | 125 | 125 | 125 | 125 |
| | Actual production volume (units)(3) | N/A | N/A | 50 | 98 |
| | Utilization rate (%)(2)(3) | N/A | N/A | 40.0 | 78.4 |
| 2021 | Estimated production capacity (units)(1) | 500 | 500 | 500 | 500 |
| | Actual production volume (units) | 20 | 238 | 487 | 477 |
| | Utilization rate (%)(2) | 4.0 | 47.6 | 97.4 | 95.4 |
| 2022 | Estimated production capacity (units)(1) | 500 | 500 | 500 | 500 |
| | Actual production volume (units) | 90 | 115 | 368 | 648 |
| | Utilization rate (%)(2) | 18.0 | 23.0 | 73.6 | 129.6 |
| 2023 | Estimated production capacity (units)(1) | 500 | N/A | N/A | N/A |
| | Actual production volume (units) | 236 | N/A | N/A | N/A |
| | Utilization rate (%)(2) | 47.2 | N/A | N/A | N/A |

*Notes:*

(1) The estimated production capacity is calculated based on the assumption of one single shift with eight working hours per day and 250 working days per year (250 working days are based on five working days per week multiplied by 52 weeks minus the number of statutory holidays in the PRC for the year) on a pro-rata basis.

(2) Utilization rate is calculated based on the actual production volume divided by the estimated production capacity.

(3) The commercial productions of our hydrogen fuel cell system products began in the second half of 2020.

The utilization rates for the first quarter of 2023 and the five months ended 31 May 2023 were generally lower as we carried out improvement and renovation works on our production facilities that began in December 2022 and into the first half of 2023.

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. For the years ended 31 December 2020, 2021 and 2022, our revenue for the second half of the year, especially the fourth quarter, accounted for a majority of our total revenue in the same year. The following table sets forth our revenue and gross profit for the sales of goods and services by quarters during the Track Record Period:

| | Year ended 31 December | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2020 | | 2021 | | 2022 | | 2023 | |
| | Revenue | Gross profit | Revenue | Gross profit | Revenue | Gross profit | Revenue | Gross profit |
| | *RMB'000 (unaudited)* | | *RMB'000 (unaudited)* | | *RMB'000 (unaudited)* | | *RMB'000 (unaudited)* | |
| First Quarter | 16,550 | 6,784 | 32,030 | 9,128 | 5,257 | 1,000 | 47,997 | 12,878 |
| Second Quarter | 807 | 279 | 65,750 | 17,015 | 184,779 | 50,979 | N/A | N/A |
| Third Quarter | 25,088 | 8,900 | 59,840 | 18,473 | 126,377 | 35,894 | N/A | N/A |
| Fourth Quarter | 184,438 | 58,739 | 299,518 | 106,303 | 432,062 | 114,237 | N/A | N/A |
| **Total** | **226,883** | **74,702** | **457,138** | **150,919** | **748,475** | **202,110** | **47,997** | **12,878** |

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 production officer reviews the production orders, checks whether the materials required for the orders are sufficient, and analyzes the materials' delivery date and other factors required for production to ensure the orders can be produced on a normal schedule. In addition, we make flexible and appropriate arrangements when the production line encounters a high volume of orders, and when the production schedule exceeds the production capacity in the peak season, such as the third and fourth quarter. To alleviate such short-term capacity constraints, our production and testing department generally procures the raw materials in advance in accordance with the fourth quarter's procurement plan to ensure we have sufficient raw materials ready for production. In the meantime, we generally arrange more shifts for our production in the third and fourth quarter to ensure we have sufficient manpower. We have adopted the comprehensive work-hour system, including control of overtime hours and provision of overtime payment and/or compensatory leave to ensure the arrangement of the production shifts to comply with relevant labour laws and regulations. During the Track Record Period, we did not outsource any material production process of our products to third parties.

With the development and further commercialization of our industry, and the effects of seasonality to be alleviated as a result, the high level of production capabilities that we maintain throughout the year to cope with the relatively concentrated production demand during the second half of the year, including equipment, machinery, production line staff, and management personnel, will be more evenly and efficiently utilized and our average production cost are expected to be reduced.

## COMPETITION

According to Frost & Sullivan, the hydrogen fuel cell stacks and the hydrogen fuel cell systems markets have been experiencing high growth in recent years. From 2018 to 2022, shipments of hydrogen fuel cell stacks in China surged from 74.2MW to 716.6MW, with a CAGR of 76.3%, while the shipments of hydrogen fuel cell systems in China jumped from 58.7MW to 602.8MW, with a CAGR of 79.0%, both benefiting from the rapid growth of sales of hydrogen fuel cell vehicles in China. However, these markets are relatively concentrated with (i) the five largest hydrogen fuel cell stacks manufacturers commanding a total market share of 79.6% in 2022 in terms of the market size of hydrogen fuel cell stacks by shipment volume in 2022, of which our market share was 24.4%, ranking first and (ii) the five largest hydrogen fuel cell systems manufacturers in terms of sales volume of hydrogen fuel cell system commanding a total market share of 85.5% of the market size of hydrogen fuel cell systems by sales volume in 2022, of which our market share was 21.8%, ranking second.

Nevertheless, since 2020, the PRC government has pushed vigorously to establish hydrogen demonstrative 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 hydrogen fuel cell vehicles and related core technologies. For instance, Beijing has set its targets of having a total ownership of 10,370 hydrogen fuel cell vehicles and build 74 hydrogen refueling stations in Beijing by 2025. Therefore, we expect more players to enter this market and the competition to become more intense. We believe that the key competitive factors in this market are technological innovation, product quality and safety, stable customer and supplier relationships, and brand reputation. See "Industry Overview" for more details of the competitive landscape of the industry in which we operate. For risks relating to our competitiveness in the industry, see "Risk Factors – Risks Related to Our Industry and Business – We face intense market competition and the industry may undergo unforeseen changes under rapid development. If we fail to compete successfully, our business and results of operations may be materially and adversely affected".

During the Track Record Period and primarily for the year ended 31 December 2020, we have sold hydrogen fuel cell stacks to hydrogen fuel cell system manufacturers. Despite also being a hydrogen fuel cell system manufacturer, we consider ourselves differently positioned than our hydrogen fuel cell system manufacturer customers and that there was no significant competition during the Track Record Period mainly because: (i) our external sales of hydrogen fuel cell stacks have been continuously decreasing during the Track Record Period and accounted for only 5.8%, 1.6% and 1.1% of our total revenue for the year ended 31 December 2021, 2022 and five months ended 31 May 2023 respectively, and (ii) some of our major customers of hydrogen fuel cell stacks during the Track Record Period shifted focus to upstream components or were primarily located in geographic locations that we have not heavily focused on.

## INDUSTRY LANDSCAPE OF HYDROGEN ENERGY MARKET IN CHINA

The issues of climate change and environmental pollution have gradually become a common concern of the international community. As an important measure to tackle climate change and accelerate energy transformation, more and more economies attach great importance to the development of the hydrogen energy industry and regard it as a part of the energy development strategy. Hydrogen energy has become an important choice for accelerating energy transformation and upgrading as well as cultivating new economic growth drivers. In 2022, China released its first Medium and Long-term Development Plan for Hydrogen Industry (2021-2035) (氫能產業發展中長期規劃(2021-2035年)), which provided the clear development orientation and goals of the hydrogen energy industry, and for the first time made it clear that hydrogen energy is an important part of the future national energy system. It is expected that hydrogen energy will grow into one of the key parts of the global energy transformation and show a high growth potential.

The hydrogen energy industry comprises hydrogen production, storage, transportation, application and refueling. The types of hydrogen available in the market for fuel cell vehicles include grey hydrogen, blue hydrogen, and green hydrogen. Due to the advantages of low production cost and mature technology, grey hydrogen (hydrogen produced from fossil fuels or industrial by-products) is currently the most common hydrogen in China, accounting for approximately 97% of the total hydrogen production in China in 2022. However, grey hydrogen produces carbon emissions and pollutants because the production process of grey hydrogen includes the combustion of fossil fuels. Blue hydrogen (hydrogen produced from fossil fuels in combination with CCUS (Carbon Capture, Utilization and Storage) technology that can reduce carbon emission in the overall hydrogen production process) and green hydrogen (hydrogen produced from renewable energy sources through electrolysis of water, which has no carbon emission) has not yet been applied on a large scale, accounting for approximately 3% of the total hydrogen production in China in 2022, due to the immature technology and high cots.

Promoted by the implementation of favorable government policies, the demand for hydrogen energy will be further stimulated, and the application of hydrogen energy will be continuously broadened, in particular for hydrogen fuel cells. As a result, the sales volume of hydrogen fuel cell systems is expected to reach 25,027.0MW by the end of 2027, representing a CAGR of 99.2% from 2023. As hydrogen fuel cell vehicle industry primarily applies the usage of hydrogen fuel cells, the hydrogen fuel cell vehicle industry in China is also expected to enter a fast-developing stage in the coming years, driven by the establishment of the demonstrative city clusters, increasing awareness of hydrogen fuel cell vehicles as well as further upgrades of the relevant technologies. It is estimated that the number of hydrogen fuel cell vehicles in China will exceed one million in 2030. In arriving at the industry estimations and quantitative outlook, assumptions including (i) the social, economic and political environment in China is likely to remain stable in the forecast period; (ii) industry key drivers are likely to drive China hydrogen fuel cell industry in the forecast period; (iii) there are no extreme force majeure events or industry regulations by which the market situation may be affected either dramatically or fundamentally; and (iv) there is no extreme unforeseen circumstance or industry regulation which may dramatically or fundamentally affect the industry were adopted, as advised by Frost & Sullivan.

For more information on the industry landscape of the hydrogen energy market in China, please refer to "Industry Overview – Overview of Hydrogen Energy Industry – Industry Landscape of the Hydrogen Energy Market in China" in this prospectus.

## INVENTORIES

Our inventories mainly consist of raw materials, work-in-progress and finished goods. We use our warehouse management system to assist us in planning and managing our inventory control. Our inventory system software is able to produce real time information of inventories, which allows our team to timely monitor our inventories, including inventory levels, inventory age, composition and turnover rate. We also carry out physical stock-take on a regular basis. We generally maintain sufficient raw materials to meet the requirements for one to three months of production at our production facility. Special raw materials such as imported resins are usually ordered in quantities sufficient for the next six months of production.

### Inventory Management

For the years ended 31 December 2020, 2021, 2022 and the five months ended 31 May 2023, our inventory turnover days were 311 days, 371 days, 278 days and 574 days, respectively. We believe that maintaining appropriate levels of inventories can help us better plan our raw material procurement and ensure timely delivery without straining our liquidity. During the Track Record Period, our procurement of inventories was based on customer orders and our expectations of market demand to minimize inventory. Our inventories during the Track Record Period were RMB217.9 million, RMB388.5 million, RMB379.7 million and RMB370.5 million as of 31 December 2020, 2021, 2022 and 31 May 2023, respectively. The high level of inventories may subject us to (i) additional storage cost, as we need to rent the warehouses and hire management employees; and (ii) higher risk of inventory obsolescence resulting in a loss of value and impairment. However, given the supply chains associated with the hydrogen fuel cell vehicle industry in China are less developed and may experience supply disruption from time to time, we need to procure certain key components such as DC-to-DC converters and MEAs in advance to ensure timely delivery of our products to the customers. In addition, as many of our components are customized and the availability of components for older models of hydrogen fuel cell systems may decrease, we are required to maintain a sufficiently large number of components to cover repair and maintenance needs from our customers during our product warranty period, generally being the shorter of five-year or when the vehicle that carries our products travels for 200,000 kilometer after the control of goods transferred to the customers. As a result, our inventory turnover days were relatively long during the Track Record Period, which was in line with the industry norm as advised by Frost & Sullivan. Going forward, we would also analyze and take into account sales and components usages from previous years to obtain a more precise estimate of production targets for the current year and tailor our procurement accordingly. We also imposed inventory control policies to monitor our inventory levels and to prevent inventory obsolesces. For instance,

- we conduct on-site inspections in our warehouses every six months for inventories of more than one year;
- we regularly adjust our inventory levels based on the consumption of raw materials and parts in storage;
- we also ask our production, sales and after-sales staff to give regular feedback on the inventory requirements to evaluate whether our inventories are overstocked;
- if there are defects in the outer packaging or the appearance of a product, or if there is any issue with the quality of a product based on a preliminary examination, the quality control staff will be notified first to confirm whether such a product can leave the warehouse for delivery. When necessary, the quality management staff will issue relevant inspection reports for record-keeping, and the inspected products will be handed over to the production staff for repairs;
- if no defects are found in the finished products during our biannual inspections, the quality management staff will still be notified and will perform inspections when a product is ready for delivery. Any product that does not meet our quality standards will be returned to the production staff for repair before it can be delivered to our customers.

In addition to the above-mentioned measures on inventory control, we also took following measures to address the risks of channel stuffing: (i) during the Track Record Period, all of our sales were made directly to the customers without the use of agents or distributors; (ii) we establish clear policies and procedures for sales and revenue recognition; (iii) we generally do not accept products return and we only allow product replacement due to quality issues; (iv) we remain close contact and strong relationships with our major customers so that we can better understand their actual demand for our products in order for us to make more accurate projection of the production volumes of our products; (v) we conduct regular audits of our sales and inventory data to identify any unusual patterns or discrepancies that may indicate channel stuffing; and (vi) we provide training and education to our sales teams to ensure they understand the importance of ethical sales practices and are able to identify and report any instances of channel stuffing.

## PRODUCT RETURNS AND WARRANTY

We generally offer a warranty period being the shorter of five-year or when the vehicle that carries our product travels for 200,000 kilometer after the control of goods transferred to the customers. We only allow product replacement due to quality issue. Upon receipt of a customer service request, we provide after-sales services for products covered by the quality warranty terms of our contracts, 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-sale 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 supply agreements to make warranty claims against such suppliers accordingly. For the years ended 31 December 2020, 2021, 2022 and the five months ended 31 May 2023, our after-sales service fees amounted to RMB3.0 million, RMB6.6 million, RMB21.0 million and RMB2.1 million, respectively. Our Directors confirm that such after-sales service fees have not had a material adverse effect on our business operations during the Track Record Period.

We have a customer complaint management policy in place where upon receipt of a complaint filed by a customer, our technical service centre will take lead and set up a designated complaint team. Upon communication with the customer and further analysis of the complaint by the designated team, the complaint is further handled by our technicians or other departments, such as the marketing and finance department, 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.

In addition, we offered a one-time upgrade in 2022 to some of the hydrogen fuel cell systems which were already sold and were within the warranty period. We discovered that although certain of our hydrogen fuel cell systems sold were fully functional in colder environments in northern China, their performance could be improved through the installation of system parts, including heat changers. As we have always been on the lookout for opportunities to provide a better user experience for our customers, we discovered certain affordable and well-functioned system parts, including heat exchangers, that became available in 2022 as our industry developed and further commercialized. In 2022, we installed such system parts to our hydrogen fuel cell systems sold, leading to the increase in our after-sales service fees. In order to improve our product performance, we have and will continue to install such parts on our subsequently produced products of the same model.

## 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. We are also required by PRC social insurance laws and regulations to make contributions for social insurance funds for our employees.

We believe that our insurance coverage is in line with industry practice in the PRC, including with respect to the terms and coverage of the insurance policies. However, there is no assurance that the insurance policies we maintain are sufficient to cover all of our operational risks. For more information, please refer to "Risk Factors – Risks Relating to Our Industry and Business – We may not have adequate insurance coverage for losses and liabilities arising from various operational risks and hazards that we are subject to" in this prospectus.

## INTERNAL CONTROL AND RISK MANAGEMENT

We are dedicated to the establishment and maintenance of a robust risk management and internal control system. We have adopted and have been continually improving our internal control mechanisms to ensure the compliance of our business operations. Furthermore, we conduct periodic review of the implementation of our risk management policies and internal control measures to ensure their effectiveness and sufficiency. We have been committed to promoting a compliance culture and will adopt policies and procedures on various compliance matters, including the Stock Exchange's requirements on corporate governance and environmental, social and governance matters.

We are exposed to various risks during our operations. For more information, please refer to "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 Listing, 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 and anti-fraud risk management***: our internal control department is directly responsible for the anti-corruption and anti-fraud risk management with an anti-corruption committee established under it, comprising of designated personnel from our human resources, internal control and legal departments. 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 conduct routine internal trainings and 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 Property" in this section of the prospectus, 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 comprises three members, namely Ms. Wong Yan Ki, Angel, Mr. Liu Xin and Dr. Xing Wei. Ms. Wong Yan Ki, Angel is the chairlady of the Audit Committee and an independent non-executive Director. Please refer to "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) improving the existing Treasury Management Policy (《資金管理制度》) and supplementing the contents related to, among others, external investment, external guarantee, bank account management and bill management;

(iv) clearly regulating the revision and approval procedures of the contract template; and

(v) strengthening the security control of key information systems, developing a mechanism for regular review of sensitive system operation logs, and keeping written review records.

In response to the recommendations provided by the Internal Control Consultant, we enhanced the following internal control measures:

(i) we have supplemented and improved the policies and working procedures in respect of corporate governance, and has established each subordinate special committee under the Board of Directors (Strategy Committee, Nomination Committee, Audit Committee and Remuneration Committee), and has engaged a professional institution to provide company secretarial services;

(ii) we have formulated and issued the Risk Control Management Policy (《風險控制管理制度》), the Organizational Internal and External Environment Analysis Form (《組織內外部環境分析表》) and the Risk Assessment and Response Form (《風險評估與應對措施表》), 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 revised and issued the Treasury Management Policy (《資金管理制度》), which regulates the management of cash, bank accounts and bills; meanwhile, we have formulated and issued the External Investment Management Policy (《對外投資管理制度》) and External Guarantee Management Policy (《對外擔保管理制度》), which regulate the management procedures of external investment and guarantee;

(iv) we have revised the Contract Management Policy (《合同管理制度》) to regulate the revision and approval procedures of contract template, regulate the responsibilities of related departments, and control the contract template library through the office automation system; and

(v) we have formulated and issued the Information System Access Security Management Measure (《信息系統安全訪問管理辦法》), which regulates the opening of database logs and the setting of related personnel to regularly check the logs, analyze and report the reasons in a timely manner if any unauthorized or abnormal operations are identified.

During the Internal Control Review, certain internal control matters were identified and we have adopted corresponding internal control measures to improve on these matters. We have adopted the recommendations made by the Internal Control Consultant, and the Internal Control Consultant has completed a follow-up review on our internal control system with regard to those actions taken by us and did not have any further recommendation.

## PROPERTIES

We occupy certain properties in the PRC in connection with our business operations. These properties, except for one property which we lease out to an associated company of ours, are used for non-property activities as defined under Rule 5.01(2) of the Listing Rules. For more information on the property that we leased out during the Track Record Period, please refer to Note 39(b) of the Accountant's Report as Appendix I to this prospectus.

As of 31 May 2023, no single property interest that forms part of non-property activities has a carrying amount of 15%, and no single property interest that forms part of property activities has a carrying amount of 1%, of our total assets. Therefore, according to Chapter 5 of the Listing Rules and section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Cap. 32L of the Laws of Hong Kong), this prospectus is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance which requires a valuation report with respect to all our Group's interests in land or buildings.

### Owned Land Use Rights and Buildings

As of 31 May 2023, we owned the land use rights for the following land where production facilities and offices to support our business operations were located (i) in Yunfu, Guangdong Province, with an aggregate site area of approximately 25,437.1 sq.m., (ii) in Jiaxing, Zhejiang Province, with an aggregate site area of approximately 41,225.0 sq.m., and (iii) in Chongqing, with an aggregate site area of approximately 193,846.0 sq.m. As of 31 May 2023, our PRC Legal Advisers are of the view that we had obtained the relevant properties title certificates for the abovementioned properties in the PRC.

As of 31 May 2023, we occupied four buildings on lands of which we have obtained land use rights certificates, namely a production facility and its three auxiliary equipment buildings currently in use located in Yunfu with a total gross floor area of 21,202.9 sq.m. and a property in Beijing with a total gross floor area of 202.51 sq.m. We have obtained the relevant building ownership certificates for such buildings.

**Leased and Used Buildings**

***Buildings***

As of 31 May 2023, we have been permitted to use or lease 38 properties with a total gross floor area of over 50,000 sq.m. from third-party landlords in the PRC, of which 24 are leased and 14 are permitted to be used for free. These properties are used for production, office, dormitory and other purposes.

***Title Defects***

In respect of the 17 properties in use located in the PRC, the lessors or the providers of such properties did not provide us with the relevant title certificates or relevant authorization documents evidencing their rights to lease or permit us to use the properties as of 31 May 2023. We believe that the reasons behind such entities' failure to provide us with the relevant title certificates or relevant authorization documents are beyond our control. If the lessor is not entitled to lease or the property provider is not entitled to permit us to use such properties, there is a risk that we will not be able to continue to use the properties. Please also refer to "Risk Factors – Risks Relating to Our Industry and Business – Failure to protect our leasehold interests or comply with the relevant regulation regarding our lease may cause interruptions to our business operations" in this prospectus.

Among the above-mentioned 17 properties in use, one of our buildings permitted to be used is operated by our subsidiary, Guangdong Hongli for production with a gross floor area of approximately 2,500 sq.m. in Yunfu, Guangdong Province.

Since the remaining leased properties are used for purposes such as office space and employee dormitories, we believe we can easily find alternative properties if we are not able to use such properties or have to relocate our business in case of any dispute on the lease agreements.

Based on the above, our Directors confirmed that the above-mentioned title defects would not materially and adversely affect our business operations because (i) the relevant government authorities confirmed that we can continue to carry out business operations in the properties permitted to be used in Yunfu, Guangdong Province; (ii) for other leased properties with title defects, which are used for purposes such as office space and employee dormitories, we would be able to find comparable properties as alternatives at commercially acceptable terms to us, and such relocation will not have any material adverse effect on our financial condition or our results of operations; and (iii) during the Track Record Period, we had not received any material claim of rights by any third parties or notice from any governmental authorities in relation to the defects of such leased properties.

*Non-registration of Lease Agreements*

As of 31 May 2023, we failed to register the lease agreements for 23 of our leased properties in the PRC. As advised by our PRC Legal Advisers, failure to register such lease agreements would not affect their validity, and we may be ordered to rectify such non-compliance within a prescribed period and failing of which may lead to a fine of RMB1,000 to RMB10,000 for each unregistered lease agreement. As of 31 May 2023, we had not received any rectification orders or been subject to any fines in respect of non-registration of our lease agreements. Our Directors believe these unregistered lease agreements would not have a material operational or financial impact on us.

Please refer to "Risk Factors – Risks Relating to Our Industry and Business – Failure to protect our leasehold interests or comply with the relevant regulation regarding our lease may cause interruptions to our business operations" in this prospectus.

## EMPLOYEES

Our success depends on our ability to attract, retain and motivate qualified employees. As of 31 May 2023, our Group had 732 full-time employees in total and all of them were based in China. The following table sets forth a breakdown of our employees categorized by function:

| Functions | Number of Employees | Percentage to Total |
|---|---|---|
| | | *(%)* |
| Research and development and quality control | 190 | 26.0 |
| Management and operation | 84 | 11.5 |
| Sales and marketing | 96 | 13.1 |
| Procurement | 41 | 5.6 |
| Production and testing | 299 | 40.8 |
| Finance | 22 | 3.0 |
| **Total** | **732** | **100.0** |

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 enter into standard confidentiality and employment agreements with our employees.

We believe our success depends on our employees' provision of consistent, high-quality and reliable services, so we place a strong emphasis on training our employees to develop their skills. Pursuant to our employee training policy, our employees have opportunities to participate in training sessions and seminars such as trainings on safety production, fire safety and emergency care, as well as team-building activities to cultivate our corporate culture.

In terms of remuneration, our employees' remuneration varies according to the functions: (i) our sales personnel's remuneration includes base salary and bonuses based on their total sales amount; (ii) our administration personnel's remuneration includes basic salary, subsidies and performance-based bonuses; and (iii) our production personnel's remuneration includes base salary and bonuses.

We established a labor union for the employees of our Company. During the Track Record Period, we did not experience any major labor dispute or labor disturbances with our employees that have interfered with our operations and our relationship with employees.

During the Track Record Period, we did not make full contributions to social insurance and housing provident fund for certain of our employees. As of August 2023, we had completed all the necessary adjustments of the contribution base of social insurance and housing provident fund for our employees to fully comply with the relevant PRC laws and regulations. See "– Legal Proceedings and Compliance – Failure to make full contribution to social insurance and housing provident funds for certain of our employees" and "Risk Factors – Risks Relating to Doing Business in the PRC – Failure to make adequate statutory social insurance and housing provident fund contributions in full for certain employees may subject us to penalties" for more information.

## 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.

### Corporate Governance

#### *Our Board and Safety Management Department's commitment*

Our Board is responsible for evaluating and managing material ESG issues. Our Company's management is responsible for developing the Company's ESG strategy, policy and reporting, including assessing and managing environmental and climate-related risks, with oversight provided by the Board.

Our safety management department ("**Safety Management Department**") is responsible for managing environmental risks and climate-related risks arising from our business operations, including identifying key environment factors, implementation of ESG policies, monitor ESG-related performance and targets, adjust ESG strategies as appropriate and prepare the ESG report. The Safety Management Department also incorporates requirements of the Stock Exchange by assessing current ESG policies and improving measures taken and devises and updates employee protocols and regularly organizes internal discussions of issues identified across the Company based on the ESG policies. In addition, we have coordinated efforts across departments including our human resources, research and development, manufacturing and sales departments, led by our management, to report ESG issues to our Board.

***Identification, assessment and management***

Our Board and the Safety Management Department have identified the following ESG-related risks as our focus during the business operation:

- resource consumption, including greenhouse gas emissions, energy consumption, water consumption and electricity consumption;
- waste management;
- employee care;
- diversity and inclusion;
- corporate governance;
- supply chain related risks;
- financial reporting risks;
- human resources risks;
- environmental impact assessment; and
- climate-related risks.

We intend to adopt various strategies and measures to assess and manage the above-mentioned risks, including but not limited to:

- reviewing and assessing the ESG reports of similar companies in the industry to ensure that all relevant ESG-related risks are identified on a timely basis;
- discussing among management from time to time to ensure all the material ESG areas are recognized and reported;

- 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, including emission, pollution and other impact on the environment aiming at reducing emissions and natural resource consumption and evaluating the ESG results annually; and

- adopting incentive policies for the management in relation to ESG matters, including but not limited to achievement of the announced ESG targets.

Upon Listing, our Directors confirm that we will closely monitor and ensure strict compliance with the requirements of Appendix 17 to the Listing Rules and all relevant rules and regulations in relation to environmental, social and governance aspects.

**Compliance with Regulations**

We are subject to evolving and increasingly stringent environmental, occupational, health and safety laws and regulations. We believe that our operations are in substantial compliance with the terms of applicable health, safety and environmental laws and regulations as currently interpreted in all material respects. During the Track Record Period and up to the Latest Practicable Date, we have not been subject to any material fines or other penalties due to non-compliance in relation to environmental, health or occupational safety laws and regulations and have not been involved in any significant accident or claim for personal or property damage made by our employees which had materially and adversely affected our financial condition or business operations.

We may be subject to more stringent compliance requirements and may incur additional costs in the future if there is any change to the existing laws or regulations. Please refer to "Regulatory Overview" and "Risk Factors – Risks Relating to Doing Business in the PRC" in this prospectus for more details.

***Occupational, health and safety laws and regulations***

We are committed to social responsibilities and high standard of corporate governance. We are subject to various PRC laws and regulations in respect of occupational health and safety, such as the Work Safety Law of the PRC (《中華人民共和國安全生產法》). We are committed to complying with the PRC 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. As of the Latest Practicable Date, our operations have not experienced any material incidents, nor are we aware of any claims for material personal or property damage relating to health and occupational safety.

In order to minimize the risk of accidents and enhance our employees' awareness of health and safety issues, we have (i) established a dedicated safety management department, which is responsible for handling production safety accidents and record keeping; (ii) established guidelines and manuals relating to operational safety and handling of accidents; (iii) conducted various types of training, including onboarding and on-the-job training and encouraged our employees to be vigilant and responsible for their safety and health whilst performing their work obligations; (iv) installed fire safety equipment and combustible gas alarm in accordance with the relevant PRC laws and regulation; and (v) require each department of our manufacture facilities to keep records of regular safety inspection, safety protection equipment spot check, safety knowledge training sign-in, hydrogen piping point inspection and equipment maintenance records. For more information, please see the subsection headed "– Employee care" in this section of the prospectus.

***Environmental regulation***

We are subject to extensive air, water and other environmental laws and regulations in the PRC. For example, we are subject to environmental regulations such as the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》). Government agencies that are charged with enforcing these laws and regulations generally have the authority to inspect our facilities at any time.

We have implemented measures to ensure compliance with applicable laws and regulations related to environmental protection. These measures include installing sound insulation and muffler equipment, separating and stacking wastes in different areas and enhancing sewage treatment. During the Track Record Period, we produced certain wastewater and exhaust gas in the course of our production, and we have obtained the relevant pollutant discharge permit from the relevant government authority.

For the years ended 31 December 2020, 2021, 2022 and the five months ended 31 May 2023, our costs of compliance with the applicable environmental protection laws and regulations was approximately RMB0.1 million, RMB0.2 million, RMB0.6 million and RMB0.2 million, respectively. These costs were mainly attributable to raw materials storage and waste disposal.

***Supply chain management***

When choosing a supplier among competitors for any goods or service, we will weigh the facts impartially and objectively and choose the supplier who can offer the best-valued products or service in accordance with our needs. Our employees will not influence our purchase decision with irrelevant or improper considerations.

We ensure that we procure products and services through suppliers that share our values. All of our business partners including suppliers are required to comply with our ESG policies including safety requirements when engaging in business activities onsite. For instance, we assess, examine and verify new suppliers. Potential suppliers shall be assessed in terms of quality, technology, social responsibilities and other dimensions, covering environment, safety, compliance with laws and regulations, hazardous substances, trade safety and other aspects. Only suppliers passing the various tests can be included in our list of qualified suppliers. We regularly evaluate and examine selected suppliers and remove suppliers that do not meet our standards from the list of qualified suppliers.

***Financial reporting risk management***

We have established a set of accounting policies for financial reporting risks, such as financial reporting risk management policies, budget management policies, financial statement preparation policies and finance department and staff management policies. To implement the accounting policies, we have established different procedures under which the finance department reviews the management accounts. We also provide regular trainings to the staff of our finance department to ensure that they are aware of our accounting policies.

***Human resource risk management***

We regularly provide specialized training pursuant to the needs of employees in different functions. Pursuant to our employee training policy, our employees have opportunities to participate in training sessions and seminars such as trainings on safety production, fire safety and emergency care, as well as team-building activities to cultivate our corporate culture. We regularly provide training and resources to employees to ensure compliance with our internal rules and guidelines on best business practices. We also regularly arrange training for our management teams on topics such as anti-bribery and anti-corruption policies to ensure compliance at the management level.

During the Track Record Period, we provided training related to anti-corruption to our employees that required the attendance of employees higher than the vice president level across various departments. During the Track Record Period, we did not have any legal cases regarding embezzlements and engaging in corrupt practices.

**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. Hydrogen 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. For instance, carbon emission of hydrogen fuel cell heavy-duty trucks are over 80 kilograms less than those from fossil fuel heavy-duty trucks, as advised by Frost & Sullivan. We aim 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. We have set up a regular inspection system and stringent environmental management measures which involve controlling of emission, waste treatment, third party testing and monitoring, spare energy utilization, reducing the energy consumption and increasing staff awareness to mitigate environmental impact from our operation in the near, medium and long term. Set out below are some of the key procedures which have been adopted by our Group during the Track Record Period:

- **Regular inspections.** We have set up a regular inspection system and stringent environmental management measures which involve the control of emission, waste treatment, third party testing and monitoring. We have also held activities to increase our staff awareness in such fields.

- **Resource consumption.** We have improved the layout of workshop equipment and reduced the number of heat-generating equipment to reduce the air conditioning load and in turn reduce energy consumption. In addition, we have placed the production equipment with special requirements for temperature and humidity separately to cancel the original heating and dehumidification requirements of the entire workshop, which in turn reduce the energy consumption of air conditioners. We also reconfigure the cooling system of the air-conditioning screw machine to use its spare heat for the glue injection and cleaning process to further reduce energy consumption and energy cost. Furthermore, we aim to minimize the waste of energy and improve the energy efficiency during the power transmission and use of our hydrogen fuel cell products, thereby reducing carbon emissions. Going forward, we plan to continuously explore frontier technologies for energy storage and energy efficiency. We have set up internal measurable metrics and targets to closely monitor our resources consumption volume. For details, please refer to "– Metrics and targets for ESG-related risks" below.

- **Handling of hydrogen and chemicals.** Our Safety Management Department is responsible for the comprehensive management and to ensure safety precautions and supervision are in place in the storage and handling of hydrogen and other chemicals. Personnel engaged in work related to the storage and use of hydrogen and chemicals must receive training in safety knowledge, professional skills, occupational safety and health protection and emergency rescue knowledge. For the handling of hydrogen and chemicals, our internal policy puts in place strict management protocols including providing appropriate safety equipment, implementing isolation measures, conducting regular inspections of storage facilities, and requiring safety precautions when handling and disposing waste in designated containers.

- **Waste management.** We have been granted Pollutant Discharges Permit (排污許可證) to discharge wastewater and exhaust gas. We have set up an air emission process system and wastewater treatment facilities in our plants and implement relevant internal protocols to ensure proper operations. While wastewater is processed by our own wastewater treatment station to reach national safety standards for disposal, other wastes are collected and disposed by qualified industrial waste processing and environmental protection entities. For example, we engage an independent qualified third party that holds the "Permit for Operation of Dangerous Wastes" (危險廢物經營許可證) for the disposal of cleaning wastes, waste packaging, resin-containing wastes and active charcoal, etc. We also contract with qualified environmental impact assessment agency to conduct regular inspection regarding our compliance with the emission of wastewater, waste gas and noise standard according to various environmental protection laws and regulations, including but not limited to chemical oxygen demand (COD) value of wastewater, volatile organic compound (VOC) value of exhaust gas and the equivalent continuous sound level (LAEQ) of noise. In addition, we plan to recover and recycle the exhausted hydrogen exhaust gas through an upgrade of the hydrogen fuel cell stack test exhaust gas emission device to reduce the loss of hydrogen and in turn improve the utilization rate of hydrogen gas and reduce the cost at the same time. During the Track Record Period, we monitored and maintained proper management of hazardous waste water, industrial solid waste and carbon emission.

- **Climate-related matters.** Our operations, financial condition and prospects may be exposed to risks arising from environmental and climate-related risks, which include: (i) physical risks that potentially cause physical impact to us due to extreme weather conditions; and (ii) transition risks arising from compliance with the applicable environmental laws and regulations and the stringent environmental protection standards. To mitigate these risks, (i) we have established comprehensive emergency plans for fire, flooding, extreme weather and other environmental-related risks. Our production facilities also regularly organize emergency drills to familiarize our staff in the event of the occurrence of such events; (ii) we will actively monitor changes in the relevant policies and legislations to prepare for stricter environmental laws and regulations; and (iii) we will continue to enhance our research and development capabilities to promote clean production and comprehensive utilization of resources.

- **Environmental impact assessment.** We established procedures to ensure that environmental impact assessment will be carried out before commencing the manufacturing activities as required by the Environmental Impact Assessment Law of the PRC (中華人民共和國環境影響評價法). We also performed assessment of environment-related risks associated with our production process and retained third parties to provide technical services regarding environmental impact assessment that targets to manage the environmental impact of our business operation. For instance, for our facility construction and expansion projects, we have implemented measures to ensure compliance with laws and regulations in relation to environment protection. Before the commencement of the projects, we will obtain third-party reports to assess the feasibility of the precautionary measures for environment protection. Upon completion of the projects, we will obtain reports from third-party assessment agencies to ensure the relevant requirements for environment are satisfied.

***Metrics and targets for ESG-related risks***

We strive to utilize energy efficiently, as the major means to monitor our greenhouse gas emission. 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 for our production facility in Yunfu during the Track Record Period:

| | **Year ended 31 December** | | | **Five months ended 31 May** |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| **Resource consumption** | | | | |
| Electricity consumption *(kW/per kW of our products produced)* | 93.6 | 32.1 | 27.9 | 47.5 |
| Water consumption *($m^3$/per kW of our products produced)* | 0.4 | 0.1 | 0.1 | 0.2 |
| **Pollutant management** | | | | |
| Dangerous waste *(tonne)* | 4.2 | 10.9 | 8.8 | 2.6 |
| Industrial waste solid *(tonne)* | 18.7 | 41.5 | 21.8 | 4.3 |

The table below sets forth data on our greenhouse gas emissions and resource consumption of our Company and two of our subsidiaries that engage in production activities for the periods indicated.

| Emissions | Year ended 31 December 2020 | 2021 | 2022 | Five months ended 31 May 2023 |
|---|---|---|---|---|
| Total greenhouse gas emissions (tonnes $CO_2$ equivalent) | 4,825.7 | 6,534.3 | 5,970.3 | 1,803.4 |
| Scope 1 (direct emissions) (tonnes $CO_2$ equivalent) | 54.0 | 56.6 | 53.8 | 119.0 |
| Scope 2 (indirect emissions) (tonnes $CO_2$ equivalent) | 4,735.1 | 6,402.8 | 5,809.6 | 1,621.0 |
| Scope 3 greenhouse gas emission (flight travel) (tonnes $CO_2$ equivalent) | 36.6 | 74.8 | 106.9 | 63.4 |
| Total greenhouse gas emissions per employee (tonnes $CO_2$ equivalent/ person) | 16.9 | 14.6 | 12.5 | 4.0 |

To further embrace environmental responsibility, our dedication is focused on attaining an energy consumption growth rate below the production growth rate by approximately 5% - 10% before 2025.

We have been committed to reducing our resource consumption and pollutant discharge. We were awarded as "Demonstrative Enterprise for Green Design of Industrial Products (the Third Batch) (工業產品綠色設計示範企業(第三批))" by Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部) in 2021. We also contracted with qualified environmental impact assessment agencies to conduct regular inspections regarding our compliance with emission-related regulations. For example, in 2022, we engaged a qualified environmental impact assessment agency to conduct inspections and prepare testing reports for the emission of wastewater and waste gas for our production in our Yunfu production facility in January and September, respectively (collectively, the "**Testing Reports**"). The Testing Reports were prepared following Guangdong Provincial standards such as the emission standard of volatile organic compounds for surface coating of automobile manufacturing industry (《表面塗裝(汽車製造業)揮發性有機化合物排放標準》) (DB44/816-2010) and discharge limits of water pollutants (《水污染排放限值》) (DB44/26-2001). According to the Testing Reports, our wastewater and waste gas emissions were compliant with local standards. In addition, as confirmed by Frost & Sullivan, the primary and secondary research conducted by Frost & Sullivan including its expert interviews and analysis of publicly available sources yielded limited public disclosure on the resource consumption and pollutant emissions in the hydrogen fuel cell industry and as such, there is no benchmark or industry average level of resource consumption and pollutant emissions for comparison of our Group's environmental performance with the industry peers.

In order to better assume the environmental protection responsibility, we are committed to continuously reducing our resource consumption per kW of products produced as well as our pollutant discharges.

We intend to operate with a sustainable perspective, based on our projections for business expansion and taking into account relevant power and resources saving measures, manufacturing techniques and equipment that will be implemented in the future. We intend to decrease the consumption of energy and resources per product unit in our daily business operations while meeting the requirement of relevant regulations and laws. At the same time, we will continue to establish a more comprehensive ESG-related indicators and targets.

Owing to our efforts in connection with fulfilling our environmental protection responsibilities, we were awarded as "Demonstrative Enterprise for Green Design of Industrial Products (the Third Batch) (工業產品綠色設計示範企業(第三批))" by Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部) in 2021.

*Grey hydrogen*

During the Track Record Period, hydrogen fuel cell vehicle manufacturers are 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 grey hydrogen, blue hydrogen, and green hydrogen. Due to the advantages of low production cost and mature technology, grey hydrogen (hydrogen produced from fossil fuels or industrial by-products) is currently the most common hydrogen in China, accounting for approximately 97% of the total hydrogen production in China in 2022. While grey hydrogen is a readily available and established method for hydrogen production, it has several environmental impact and regulatory compliance risks associated with it. For more information, please see "Risk Factors – Risks Relating to Our Industry and Business – Grey hydrogen is commonly used in China to operate hydrogen fuel cell vehicles, which causes certain environmental impact and involves regulatory compliance risks" in this prospectus.

To the best knowledge of our Directors, vehicles manufactured by our hydrogen fuel cell vehicle customers also use grey hydrogen, among other types of hydrogen, for their operations. While we do not have control over the type of hydrogen used in the operation of the downstream hydrogen fuel cell vehicles, with a focus on environmental consciousness, we strive to maintain a neutral carbon footprint by taking actions within our purview. For instance, we will continue to focus on the design and development of electrolysis of water hydrogen production equipment. Specifically, we plan to engage in the research and development of PEM electrolyzer and alkaline electrolyzer in order to achieve, among others, the production of "green" hydrogen. For more information, please see "Future Plans and Use of Proceeds" in this prospectus.

**Social Responsibility**

Since our establishment, we have strived to be a responsible corporate citizen of our society and the world. We have been actively involved in social causes, including various donations to non-profit organizations. In 2020, we donated RMB0.5 million to Red Cross Society of Yunfu city to fight the COVID-19 pandemic.

***Carbon neutrality***

As a company focusing on developing responsible technologies that advance the use of clean energy, we have been actively exploring ways to preserve environment and realize "carbon neutrality (碳中和)". We note that in recent years, the PRC government has been strengthening the carbon emission policies such as the implementation of the "carbon neutrality (碳中和)" policy. Our Board will continue to closely monitor the relevant carbon emission policies as well as other environmental protection policies such as energy saving and emission reduction policies, and respond with appropriate measures in line with such initiatives.

Hydrogen is a more environmentally friendly and low-carbon option compared to the use of diesel and coal as a source of energy. Due to hydrogen's abundance in nature and renewable features, the combination of hydrogen fuel cells and energy generation system addresses the challenge and promotes global energy structure transformation. More significantly, hydrogen is a clean and flexible energy source to support zero-carbon energy strategies, with less environmental and climate-related risks than traditional cells during operation as the byproducts are simply heat and water. Therefore, our products are currently an important way to reduce carbon emissions in the decarbonizing transportation sector, featuring environmentally friendly, high energy conversion efficiency and zero emissions. We bring positive impact on the global climate by contributing to the development of hydrogen applications.

***Employee care***

Given that our production processes involve some dangerous production equipment, the maintenance of work safety and the protection of employees from occupational diseases are particularly important. We are subject to the PRC laws and regulations in respect of occupational health and safety. For details, please refer to "– Compliance with Regulations – Occupational, health and safety laws and regulations" above. 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. In order to minimize the risk of accidents and enhance our employees' awareness of health and safety issues, we have established a dedicated safety management department, which is responsible for handling production safety accidents and record keeping. We have also established guidelines and manuals relating to operational safety and handling of accidents, including major hazard management protocol, hidden danger investigation and management protocol, accident emergency evacuation protocol, as well as fire safety management system.

We also conducted various types of training, including onboarding and on-the-job training and encouraged our employees to be vigilant and responsible for their safety and health whilst performing their work obligations. At the same time, we installed fire safety equipment and combustible gas alarm in accordance with the relevant PRC laws and regulations. We require each department of our manufacture facilities to keep records of regular safety inspection, safety protection equipment spot check, safety knowledge training sign-in, hydrogen piping point inspection and equipment maintenance records. In addition, we adopt personal safety practices such as the provision of goggles, hearing protection, gloves, safety harnesses and safety shoes where necessary and in conformance to the relevant regulations and/or codes of practice.

We have formulated an occupational health management system, and implemented appropriate protective measures for positions with occupational health hazards. Specifically, we conduct pre-job, on-the-job and off-the-job occupational health screenings for positions with potential exposure to dust, noise and other hazards in workshops. Meanwhile, we provide annual physical examination for all regular employees. We endeavor to provide a safe work environment in light of the COVID-19 pandemic, including procurement of epidemic prevention materials and regular check of our employees' health condition. During the Track Record Period, no work-related fatalities were recorded.

We have adopted recruitment standards and procedures to ensure equal work opportunities for our employees and potential recruitment candidates without bias as to gender, age, race, nationality or other factors. In addition, we are fully aware of the value of a diverse and skilled work team and we aim to continuously improve diversity and inclusion. The following table sets forth the total number of employees by genders as of 31 December 2020, 2021, 2022 and 31 May 2023, respectively:

| | **As of 31 December** | | | | | | **As of 31 May** | |
|---|---|---|---|---|---|---|---|---|
| | **2020** | | **2021** | | **2022** | | **2023** | |
| | *person* | *%* | *person* | *%* | *person* | *%* | *person* | *%* |
| Male | 242 | 84.9 | 428 | 83.1 | 628 | 82.4 | 605 | 82.7 |
| Female | 43 | 15.1 | 87 | 16.9 | 134 | 17.6 | 127 | 17.3 |
| **Total** | **285** | **100.0** | **515** | **100.0** | **762** | **100.0** | **732** | **100.0** |

For the years ended 31 December 2020, 2021, 2022 and the five months ended 31 May 2023, our total employee turnover rate was 10.2%, 17.2%, 17.6% and 11.3%, respectively. The following table sets forth the total employee turnover rates by genders during the Track Record Period:

| | Year ended 31 December | | | Five months ended 31 May |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| | | % | | |
| Male | 10.5 | 17.7 | 17.9 | 11.5 |
| Female | 8.7 | 14.9 | 16.2 | 9.9 |
| **Total** | **10.2** | **17.2** | **17.6** | **11.3** |

We are committed to providing a friendly workplace without discrimination, harassment of all kinds and violence. In particular,

- we prohibit child labor, and we prohibit using any products or services provided by any suppliers that employ child labor.
- we strictly prohibit any form of sexual harassment or abuse in the workplace.
- we improve our employees' welfare by providing competitive salaries, insurance and other employee benefits.
- we enhance the appraisal mechanism and employee incentive schemes as long-term incentives for our employees.
- we provide our employees with diversified training sessions through our online platforms and offline sessions, according to our business strategies and specific needs in future. During the Track Record Period, the total hours of training provided to our employees was over 26,000 hours, and the average attendance rate was over 80.0% for each of the years and period during the Track Record Period.

### Board and Management Diversity

We have adopted a board diversity policy which sets out the approach to achieve diversity of the Board. Our Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at our Board level, including gender diversity, as an essential element in maintaining our Company's competitive advantage and enhancing our ability to attract, retain and motivate employees from the widest possible pool of available talent. With respect to gender diversity, our independent non-executive Director Ms. Wong Yan Ki, Angel, our chairlady of the Supervisory Committee Ms. Lin Minting, and secretary to our Board and our deputy general manager Ms. Li Jing, having extensive experience in their respective field, contribute to gender diversity of our Board, our Board of Supervisors and our senior management.

While we recognize that gender diversity of our Company can be improved given that one out of nine of our Directors, one out of three our Supervisors and one out of six of our senior management member are female upon the Listing, we will continue to take steps to promote gender diversity at the Board and Supervisory Committee of our Company. After the Listing, we will strive to achieve gender balance of the Board through certain measures to be implemented by our nomination committee in accordance with our board diversity policy. In particular, we will actively identify female individuals suitably qualified to become our Board members. To further ensure gender diversity in a long run, our Nomination Committee will periodically review our board diversity policy and its implementation to ensure its implementation and monitor its continued effectiveness, and the same will be disclosed in our corporate governance report, including any measurable objectives set for implementing the board diversity policy and the progress on achieving these objectives on an annual basis. When we hire additional personnels in line with our production expansions, we will also take into consideration factors such as gender diversity and gender balance among our workforce.

## CERTIFICATES, LICENSES AND PERMITS

As advised by our PRC Legal Advisers, as of the Latest Practicable Date, we had obtained requisite licenses, permits, approvals and certificates that are material to conduct our operations from the relevant government authorities in China, and such licenses, permits, approvals and certificates remain in effect as of the Latest Practicable Date. We are required to renew such licenses, permits, approvals and certificates from time to time. As advised by our PRC Legal Advisers, we do not expect any material legal obstacles in such renewal once relevant documents are submitted as required by the relevant government authorities.

## LEGAL PROCEEDINGS AND COMPLIANCE

### Legal Proceedings

We have occasionally been subject to legal claims and proceedings arising in the ordinary course of our business, primarily including contract disputes with respect to our initial production line installation contract and intellectual property right disputes in relation to the relevant production line and equipment. During the Track Record Period, we were involved in several legal proceedings with Hangzhou Ousen Technology Co. Ltd. ("**Hangzhou Ousen**") and one of its related parties (together, the "**Ousen Group**"). The proceedings primarily centered around a production equipment procurement contract we entered into with Hangzhou Ousen in 2017 (the "**Production Equipment Procurement Contract**") through which we commissioned Hangzhou Ousen to build a transportation line as part of our hydrogen fuel cell stacks production line. It was stipulated that the intellectual property rights related to the production line are owned by us solely, and that the intellectual property rights related to certain automation equipment on the transportation line, such as sweepers and basket loaders, can be jointly patented by Hangzhou Ousen and us upon our prior consent. During the course of Hangzhou Ousen's construction of the transportation line, they acquired certain information related to our production line on a need-to-know basis for the transportation line to connect with the rest of the production line.

However, it was subsequently discovered by us during the stage of inspection after Hangzhou Ousen's delivery, that the automation equipment of the transportation line had quality issues and could not be fully utilized as intended. Further, we discovered that Hangzhou Ousen had unilaterally filed, without our consent, patent applications related to the production lines and equipment. We therefore suspended our cooperation with Hangzhou Ousen and filed lawsuits against the Ousen Group mainly to protect our intellectual property rights while the Ousen Group also filed certain counterclaims against us.

The following nine legal proceedings were initiated by us or the Ousen Group during the Track Record Period, all of which were tried in the PRC:

| **Proceedings** | **Nature and subject matter** | **Results and status** |
|---|---|---|
| *Four disputes over the ownership of patent applications* | | |
| 1-3 | In August 2019, we lodged legal proceedings against Ousen Group to Hangzhou Intermediate People's Court (杭州市中級人民法院) for the ownership of patent applications to (i) a graphite bipolar plates impregnation system; (ii) a hydrogen fuel cell flexible graphite bipolar plates mass production system and its production method; and (iii) a fully automatic cleaning and basket loading machine for hydrogen fuel cell flexible graphite bipolar plates, all of which were initially filed by Ousen Group. We are of the view that Ousen Group did not have the right to file such patent applications as these techniques, know-hows, and other related information were obtained by Ousen Group during the course of Ousen Group's fulfilling the Production Equipment Procurement Contract. As stipulated in the contract, (i) production related intellectual property rights are owned by us and Ousen Group are prohibited, without our written consent, to disclose or use such information; and (ii) certain automatic equipment related intellectual property rights can only be applied for patents by Hangzhou Ousen and us jointly. As such, for the intellectual property rights involved in these lawsuits:<br><br>• with respect to production systems and equipment related patent applications (excluding the ones related to automatic equipment), we are of the view that we own the intellectual property rights to them and Ousen Group only obtained such information from us on a need-to-know basis in order for them to carry out the Production Equipment Procurement Contract. Ousen Group did not have the right to file patent applications; and | For all three proceedings, we asked that the applicants to such three patent applications be changed to us.<br><br>• For the litigation regarding patent application to a graphite bipolar plates impregnation system, on 6 June 2023, the Supreme People's Court, as the appellate court, held that the patent application right was indivisible, and rendered a ruling for the retrial of the case. As of the Latest Practicable Date, we were in the process of retrial.<br><br>• For the litigation regarding patent application to a hydrogen fuel cell embossed flexible graphite bipolar plates mass production system and its production method, on 19 June 2023, the Supreme People's Court, as the appellate court, held that the patent application right was indivisible, and rendered a ruling for the retrial of the case. As of the Latest Practicable Date, we were in the process of retrial.<br><br>For the litigation regarding patent application to a fully automatic cleaning and basket loading machine for fuel cell flexible graphite bipolar plates, on 7 June 2023, the Supreme People's Court, as the appellate court, dismissed the Ousen Group's appeal and upheld the original judgment which favored us and confirmed our ownership of the right to apply for patent of the disputed technologies. |

| Proceedings | Nature and subject matter | Results and status |
|---|---|---|
| | • with respect to the patent applications for certain automatic equipment, we are of the view that although such patents can be applied for jointly by Hangzhou Ousen and us, we have the right to determine whether to file the joint applications. And even if the relevant patents are filed and obtained jointly, Hangzhou Ousen does not have the right to freely use or manufacture such automatic equipment. | |
| 4 | In January 2021, Hangzhou Ousen lodged a legal proceeding against us to Guangzhou Intellectual Property Court asking for the change of the applicant of a graphite bipolar plates automatic basket loading device patent application from us to them. | On 21 June 2023, the Supreme People's Court, as the appellate court, dismissed the Ousen Group's appeal and upheld the original judgment. |
| *Three disputes over the contract claims arising from the Production Equipment Procurement Contract* | | |
| 5 | In January 2020, Hangzhou Ousen lodged a legal proceeding against us to Yunfu Municipal Yuncheng District People's Court (雲浮市雲城區人民法院). Hangzhou Ousen primarily sought (i) the termination of the Production Equipment Procurement Contract; (ii) our payment of the remaining balance of the Production Equipment Procurement Contract of RMB2,456,000; (iii) our ceasing to use Hangzhou Ousen's intellectual property and trade secrets; and (iv) that we bear the litigation cost of the case. We stipulated that, during the stage of inspection upon we took delivery, we have discovered product defects that render the products delivered by Hangzhou Ousen unable to meet the operational requirement of our production line, leading to our withholding of the remaining balance. | The court supported parts of Hangzhou Ousen's claims in March 2022 by terminating the Production Equipment Procurement Contract and ordered us to pay the remaining balance. The trial court did not hear or rule on the intellectual property and trade secrets claim by stating that such claims have been filed in the intellectual property court. We appealed in March 2022 and the appeals court upheld the trial court's decision, which we received in November 2022. As such, we subsequently settled the payment of RMB2,456,000 to Hangzhou Ousen in November 2022. |

| Proceedings | Nature and subject matter | Results and status |
|---|---|---|
| 6 | In relation to Hangzhou Ousen's contractual claims, we lodged a legal proceeding against Ousen Group to Guangzhou Intellectual Property Court (廣州知識產權法院) in April 2021 primarily seeking (i) waiver from paying the warranty portion of the remaining balance from the Production Equipment Procurement Contract amounting to RMB864,000 as a result of product defects, which was amended in 2023 to the return of the RMB864,000 paid; (ii) damage for breach of contract and our loss including repair and maintenance of RMB1,448,000 in total; and (iii) the cost of litigation amounting to approximately RMB380,000. | The ruling court ruled in favor of us on 10 August 2023 and ordered (i) the return of the RMB864,000 warranty payment; and (ii) damage for our loss as a result of product quality in the amount of RMB500,000. As of the Latest Practicable Date, both parties had filed their appeal applications. |
| 7 | In April 2023, Hangzhou Ousen initiated a legal proceeding against us at the Yuncheng District People's Court in Yunfu City. Hangzhou Ousen primarily sought (i) a total amount of RMB548,665.7, comprising RMB449,985.7 for overdue interests, RMB83,680 for legal fees, and RMB15,000 for travel expenses in relation to the RMB2,456,000 balance of Production Equipment Procurement Contract that we settled in proceedings 5 as discussed above; and (ii) the litigation costs to be borne by us. | The case was being litigated as of the Latest Practicable Date, and we did not have an expected date of final judgment. |
| *Two disputes over the alleged misappropriation of trade secrets* | | |
| 8 | In August 2019, we lodged a legal proceeding against Ousen Group to the Guangzhou Intellectual Property Court for misappropriation of trade secrets, and the case was then moved to the Hangzhou Intermediate People's Court. We stipulated that, through filing various patent applications, Ousen Group made public confidential information they obtained from us during the course of performing the Production Equipment Procurement Contract. We sought damage of RMB1.0 million, Ousen Group's ceasing of all misappropriation activities, and that Ousen Group bear the cost of litigation. | The Hangzhou Intermediate People's Court dismissed all of our claims in March 2023. We appealed to the Supreme People's Court in April 2023, and the appellate court accepted the case on 26 June 2023. The case was pending hearing as of the Latest Practicable Date. |

| Proceedings | Nature and subject matter | Results and status |
|---|---|---|
| 9 | Similarly, in February 2021, Ousen Group lodged a legal proceeding against us to Guangzhou Intellectual Property Court for the alleged misappropriation of trade secrets that we obtained from Ousen Group during the course of their performance of the Production Equipment Procurement Contract, claiming that we made public such confidential information through filing various patent applications. | The court ruled in favor of us on 11 July 2022, and Ousen Group appealed on 29 July 2022 seeking, among others, monetary damage of RMB1.0 million in and our ceasing of all alleged misappropriation activities. In June 2023, the appellate court upheld the original judgment. |

We engaged the PRC Litigation Counsel, Scihead Law Firm, which is an independent law firm registered and established in Guangzhou, Guangdong Province and approved by the competent judicial department of the PRC. As advised by the PRC Litigation Counsel, the abovementioned legal proceedings 1 to 9 did not and would not cause any material adverse impact on our Group based on the following:

- our use of the relevant underlying production equipment and systems of the disputed patent applications in proceedings 1 to 2 would not be affected, even if the ownerships of the disputed patent applications remain with Ousen Group because we enjoy the prior use rights to such production equipment and systems given that the manufacture date of such equipment and systems predated the application date of such patent applications;

- for proceedings 5, our PRC Litigation Counsel is of the view that the termination of the contract does not affect the relevant stipulations regarding the intellectual property rights in the Production Equipment Procurement Contract, which was also supported by the courts of proceedings 2, 3 and 4 based on the court rulings in such proceedings; and

- for proceeding 7, the maximum amount that could be borne by Synergy Power was approximately RMB0.5 million, and considering Synergy Power's current operation and financial condition, the maximum penalty in this case would not have a material adverse impact on its operation or financial performance. In addition, since the case only involved potential monetary damages and would not affect our products or operations regardless of the outcome, the case would not have any material adverse effects on the our products or business operations.

Based on the (i) views of our PRC Litigation Counsel and (ii) the results and current status of the legal proceedings as set out above, our Directors are of the view, and the Sole Sponsor concurs, that these legal proceedings that were initiated against our Group and/or those that were initiated by us did not and are unlikely to cause any material adverse impact on our business, financial conditions, and results of operations.

To mitigate future similar risks and to further enhance the protection of our intellectual property rights, we have adopted certain internal control measures such as policies to ensure that our research and development achievements will be registered as patents or inventions in a timely fashion to avoid future disputes such as the ones with the Ousen Group, in addition to the establishment of an intellectual property office that is responsible for, among others, managing the registration of trademarks, copyrights, patented technologies and responding to potential intellectual property disputes or litigations. Other measures we have adopted include (i) regularly monitoring the status of intellectual property rights of our products under development to avoid infringement; (ii) inclusion of confidentiality clauses as well as ownership and protection of intellectual property rights clauses in commercial and research and development agreements with business partners; and (iii) the protection of sensitive information stored on employee computers through protective software. For more information, please refer to "– Intellectual Property" in this section of the prospectus.

As of 31 December 2020 and 2021, we made a provision of RMB2,456,000 for the potential payment from proceeding 5, as stated above, involving disputes over the Production Equipment Procurement Contract. As the appeals courts upheld the original decision which ruled against us in proceeding 5, we subsequently settled the payment in November 2022. As of 31 May 2023, no provisions were made in relation to legal proceedings. For more information on the provision for legal claims, please refer to Note 35(d) of the Accountant's Report as Appendix I to this prospectus.

Notwithstanding the abovementioned legal proceedings, as of the Latest Practicable Date, we were not a party to any material legal, arbitral, or administrative proceedings, and we were not aware of any pending or threatened legal, arbitral or administrative proceedings against us or our Directors that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations. In addition, we were not aware of any dispute or litigation against us in relation to our use of know-how or technologies belonging to external parties. For potential impact of legal proceedings on us, please refer to ''Risk Factors – Risks Relating to Our Industry and Business – Our business depends on our ability to protect our intellectual property rights, and we may be exposed to intellectual property infringement and other claims by third parties".

**Failure to make full contribution to social insurance and housing provident funds for certain of our employees**

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. For the years ended 31 December 2020, 2021, 2022 and the five months ended 31 May 2023, the shortfall amounts were approximately RMB0.4 million, RMB3.2 million, RMB6.1 million and RMB1.3 million, respectively.

Our failure to make full contributions to social insurance and housing provident fund was primarily due to some of our employees requesting us to make contributions to social insurance and housing provident funds for them based on a lower standard instead of their actual salaries, as they did not want to bear the full amount of their portion of the relevant contribution. Such employees have worked at or plan to work at our different locations in various parts of the country, and therefore did not want to participate in the social welfare schemes of cities where they may reside only temporarily, and we respected such 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. The maximum potential penalties that we may be subject to for the shortfall of social insurance and housing provident fund contributions during the Track Record Period would be approximately RMB33.8 million, if we fail to make such payments within the prescribed period. 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 of August 2023, we had completed all the necessary adjustments of the contribution base of social insurance and housing provident fund for our employees to fully comply with the relevant PRC laws and regulations.

To ensure our continued compliance with the relevant laws and regulations in respect of social insurance and housing provident funds payment, we intend to adopt or have adopted and implemented the following measures:

(i) we have appointed a specific member of our human resources department in charge of our overall social insurance and housing provident funds payment, who shall, among others, (a) regularly communicate with local government agencies to ensure that our calculation and payment methods are in compliance with the relevant laws and regulations; (b) supervise the social insurance and housing provident funds payment of our subsidiaries and branches; (c) prepare and maintain properly the written records with respect to the payment status for the social insurance and housing provident funds payment; (d) prepare reports regarding our contribution amounts and status for review by the Board; and (e) consult external counsel, if necessary, to understand whether we are at risk of non-compliance with the relevant laws and regulations and report to the Board in due time; and

(ii) we have conducted, and will regularly conduct in the future, internal training for our Directors and members of senior management on the relevant laws and regulation to ensure due compliance.

In respect of the social insurance and housing provident fund, considering (i) 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 promulgated on 21 September 2018, it is prohibited for administrative enforcement authorities to organize a centralized collection of enterprises' historical social insurance arrears; (ii) during the Track Record Period and up to the Latest Practicable Date, our Company had not been subject to any material administrative penalties. In addition, as of the Latest Practicable Date, our Company 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 our Company was neither aware of any material pending employee complaints nor was involved in any material pending labor disputes with our employees with respect to social insurance and housing provident funds; (iii) if our Company was ordered to make a payment for our failure to make full contributions to social insurance and housing provident fund, our Company would do so within the prescribed time period to avoid penalties; and (iv) with respect to the full contribution to the social insurance and housing provident fund, as of August 2023, our Company had completed all the necessary adjustments of the contribution base of social insurance and housing provident fund for our employees to fully comply with the relevant PRC laws and regulations, as advised by our PRC Legal Advisers, based on the relevant regulatory policies, the confirmation and the facts as stated above, and the confirmations from and interviews with relevant competent authorities including Yunfu and Foshan local competent authorities which confirmed that they would not actively require the Company and relevant subsidiaries to pay the shortfall for social insurance and housing provident fund contributions collectively, the likelihood that we would be required by relevant authorities actively to pay the shortfall for social insurance and housing provident fund contributions collectively or being subject to material administrative penalties is remote. As such, we have not made provisions for the shortfalls of contributions to the social insurance and housing provident funds.

Based on the confirmations and facts described above, the advice from our PRC Legal Advisers and the enhanced internal control measures we have implemented, 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 up to the Latest Practicable Date and save as disclosed above in this subsection, as advised by our PRC Legal Advisers and the Data Security Counsel, 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 the Directors believe would, individually, or in aggregate, have a material adverse effect on our business as a whole.

## AWARDS AND RECOGNITIONS

Throughout the years, we have received numerous rewards and recognitions in respect of our market size, production capabilities, technological innovation, and others. During the Track Record Period and as of the Latest Practicable Date, we had received the following awards:

| Year of grant | Award of recognition | Accrediting/Issuing institution/authority |
|---|---|---|
| 2023 | Zhejiang High-tech and Technologically Advanced Enterprises (浙江省"專精特新"企業) | Economy and Information Technology Department of Jiaxing (嘉興市經濟和信息化局) |
| 2023 | First Prize of China Industry-University-Research Collaboration Innovation Achievement Award (中國產學研合作創新成果獎一等獎) | China Industry-University-Research Institute Collaboration Association (中國產學研合作促進會) |
| 2022 | Productivity Promotion Award – Development Achievement Award (生產力促進獎–發展成就獎) | China Association of Productivity Promotion Centers (中國生產力促進中心協會) |
| 2022 | Global Hydrogen Sky Award (氫天獎) | Hydrogen 20 International Hydrogen Energy Industry (Shenzhen) Leaders Summit (氫20國際氫能產業(深圳)領袖峰會) |
| 2022 | First Prize of Sichuan Science and Technology Progress Award (四川省科學技術進步獎一等獎) | Sichuan Provincial Government (四川省人民政府) |

| Year of grant | Award of recognition | Accrediting/Issuing institution/authority |
|---|---|---|
| 2021 | Demonstration Enterprise Award for Green Design of Industrial Products (工業產品綠色設計示範企業) | Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部) |
| 2021 | First Prize of China Machinery Industry Science and Technology Award (中國機械工業科學技術獎一等獎) | China Machinery Industry Federation (中國機械工業聯合會), and China Mechanical Engineering Society (中國機械工程學會) |
| 2020 | Yunfu Municipal Government Quality Award (雲浮市政府質量獎) | People's Government of Yunfu (雲浮市人民政府) |
| 2020 | High-tech Enterprise at State level (國家級高新技術企業) | Guangdong Provincial Department of Science and Technology (廣東省科學技術廳), Guangdong Provincial Department of Finance (廣東省財政廳), State Taxation Administration (國家稅務總局) and Guangdong Provincial Tax Service (廣東省稅務局) |

## OVERVIEW

As at the Latest Practicable Date, Hongyun Hydrogen Energy held approximately 18.24% of our issued share capital, and Hongyun Hydrogen Energy was held as to 99.99% and 0.01% equity interest by Huahui Technology (of which Mr. Chen is its general partner) and Mr. Chen respectively. Immediately upon completion of the Global Offering (without taking into account any Shares to be issued under the Pre-IPO Share Incentive Scheme), Hongyun Hydrogen Energy will own approximately 15.44% of our issued share capital and will continue to be our single largest Shareholder upon Listing.

## OUR SINGLE LARGEST SHAREHOLDER

Throughout the Track Record Period, Hongyun Hydrogen Energy is an investment holding company which has been under Mr. Chen's control and it is expected that such control will continue after the Listing.

From 1 January 2019 up to 23 December 2020, Hongyun Hydrogen Energy was held as to 50% and 50% by Hongyun High-Tech and Mr. Ma Dongsheng ("**Mr. Ma**"), a former Director of the Company who was not involved in the daily management of the Company since January 2018 and a passive financial investor.

### *Hongyun High-Tech and Foshan Automobile Transportation*

Hongyun High-Tech was wholly owned since its incorporation in January 2018 by Foshan Automobile Transportation, a company which was mainly engaged in the operations of bus, taxi, logistics transportation and driving schools. As of 31 December 2022, Foshan Automobile Transportation had more than 5,000 employees and total assets of RMB1,660 million (according to its unaudited financial information) with 25 subsidiaries. As at the Latest Practicable Date, the equity interest of Foshan Automobile Transportation was owned as to approximately 50.70% by Foshan Chanyun Chengba Co., Ltd. (佛山市禪運城巴有限公司) ("**Foshan Chanyun**"), 10.13% by Chen Hanzhong (陳漢忠) ("**Mr. Chen HZ**"), father of Mr. Chen, 7.32% by Bu Mingchao (布明超), 6.75% by Lin Sheyuan (林社源), 6.02% by Cai Xinjie (蔡新傑), 5.79% by Xu Huiming (許慧明), 5.52% by Li Xiangjian (李向堅), 4.43% by Liang Jingpang (梁景雱) and 3.34% by Yi Jiannan (易建誧). Save that Mr. Chen HZ is the father of Mr. Chen, all of these shareholders are Independent Third Parties. As at the Latest Practicable Date, apart from Foshan Chanyun, the corporate shareholder of Foshan Automobile Transportation, the remaining eight individual shareholders of Foshan Automobile Transportation were the same all eight individual shareholders of Foshan Chanyun.

Foshan Chanyun was established in July 2004 as a limited company in the PRC principally engaged in public transportation for cross-district bus routes in Foshan district. As at the Latest Practicable Date, the equity interest of Foshan Chanyun was owned as to 41.20% by Mr. Chen HZ, 12.60% by Bu Mingchao (布明超), 8.40% by Lin Sheyuan (林社源), 8.40% by Cai Xinjie (蔡新傑), 8.40% by Xu Huiming (許慧明), 8.40% by Li Xiangjian (李向堅), 8.40% by Yi Jiannan (易建誧) and 4.20% by Liang Jingpang (梁景雱).

***Relationship among Mr. Chen HZ, Mr. Chen and Foshan Automobile Transportation***

*(a) Background of Mr. Chen HZ and Mr. Chen's roles in Foshan Automobile Transportation*

Mr. Chen HZ, aged 75, father of Mr. Chen, has been serving as a director of Foshan Chanyun since its incorporation in July 2004 until the present. Mr. Chen HZ held several consecutive positions in Foshan Automobile Transportation. From September 1993 to March 1994, Mr. Chen HZ was a vice general manager and deputy party secretary of Foshan Automobile Transportation. From March 1994 to May 2000, Mr. Chen HZ was the general manager and party secretary of Foshan Automobile Transportation, overseeing the daily operations of Foshan Automobile Transportation. From May 2000 to December 2020, Mr. Chen HZ was the chairman of the directors of Foshan Automobile Transportation, mainly responsible for participating in the decision-making of its major matters and formulating its development policies and plans. Mr. Chen HZ was the chairman of the board of Foshan Chanyun, mainly responsible for participating in the decision-making of its major matters and formulating its development policies and plans until January 2021, where he was redesignated as a director. Mr. Chen HZ has been gradually stepping towards his retirement due to his age, as shown by the fact that Mr. Chen HZ has retired from his position as the chairman of the board of directors of Foshan Automobile Transportation in December 2020 and his re-designation from the chairman of the board of Foshan Chanyun to a director in January 2021.

As at the Latest Practicable Date, Mr. Chen HZ held as to 41.20% and 10.13% equity interest in Foshan Chanyun and Foshan Automobile Transportation respectively. According to public information, Mr. Chen HZ was a director of San Fok Lei Foshan Limited (新福利佛山有限公司), a company incorporated in Hong Kong in June 1992, which was wholly owned by Foshan Automobile Transportation. As at the Latest Practicable Date, Mr. Chen HZ was (1) a 30% shareholder and a director of Foshan Xinhongyun Computer City Management Co., Ltd. (佛山市新鴻運電腦城管理有限公司) ("**Foshan Xinhongyun**"), which was a company established in June 2005 in the PRC engaged in the rental and management of shopping malls, the shareholders of which were also the shareholders of Foshan Chanyun as at the Latest Practicable Date; and (2) a 70% shareholder and a supervisor of Foshan Juliyuan Investment Co., Ltd. (佛山市聚利源投資有限公司), a company established in August 2012 in the PRC which was engaged in property, commerce and entertainment.

Mr. Chen HZ graduated from Foshan University (佛山大學) with a college degree in political theory in July 1987.

Save as the father-son relationship with Mr. Chen as disclosed above, Mr. Chen HZ confirms, to the best of his knowledge, information and belief, that he (a) had no other relationship with any Directors, Supervisors, senior management or substantial Shareholders as at the Latest Practicable Date; (b) did not hold any other directorships in the three years prior to the Latest Practicable Date in any public companies of which the securities are listed on any securities market in Hong Kong, PRC and/or overseas; and (c) while Mr. Chen HZ is not a Director of the Company, had he been appointed, there would be no other matters that need to be brought to the attention of the Stock Exchange and the SFC, nor any information that would require to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules as of the date of this prospectus.

Mr. Chen HZ was aged 67 at the time of the establishment of the Company in 2015. Given his age, his working experience in the traditional industry in which Foshan Automobile Transportation's principal businesses operated had less exposure to the new energy industry, potential heavy workload and long hours as a director of a start-up enterprise such as the Company, and that Mr. Chen, having the requisite knowledge and experience in business operation, management, as well as in the new energy industry, was entrusted by Foshan Automobile Transportation to set up Hongyun Hydrogen Energy and subsequently handled Hongyun Hydrogen Energy management matters (details of which are elaborated in the section "The background leading to the establishment of Hongyun Hydrogen Energy and Mr. Chen's control over Hongyun Hydrogen Energy" below), Mr. Chen HZ did not consider holding a directorship at the Company.

*(b) Mr. Chen HZ and Mr. Chen's relationship with Foshan Automobile Transportation*

Mr. Chen HZ and/or Mr. Chen has certain influence over Foshan Automobile Transportation, but such influence does not render Mr. Chen HZ and/or Mr. Chen obtaining control over Foshan Automobile Transportation, details of which are analyzed below:

***Shareholding**:* Pursuant to the articles of association of Foshan Automobile Transportation ("**Foshan Auto Articles**") and Foshan Chanyun ("**Chanyun Articles**"), all ordinary and special resolutions proposed in a shareholders' meeting were to be passed by way of a majority and two-thirds of the voting rights respectively. Pursuant to the Foshan Auto Articles and Chanyun Articles, there are no specific provisions on shareholders' right on nominating director candidates, but both Foshan Auto Articles and Chanyun Articles provide its shareholders the right to elect/replace its directors by way of ordinary resolution passed by a majority vote, which are in line with PRC Company Law as advised by PRC Legal Advisers.

Further, as at the Latest Practicable Date, Mr. Chen HZ directly held approximately 10.13% equity interest in Foshan Automobile Transportation. Mr. Chen HZ as a shareholder of Foshan Automobile Transportation can exercise his voting rights in the shareholders' meeting according to the Foshan Auto Articles. Firstly, apart from Foshan Chanyun, no single individual shareholder (including Mr. Chen HZ) has sufficient voting rights to pass a resolution (which includes director election at Foshan Automobile Transportation's level) by a majority in shareholders' meeting of Foshan Automobile Transportation. Further, although Foshan Chanyun held as to 50.70% equity interest in Foshan Automobile Transportation, no single individual shareholder of Foshan Chanyun (including Mr. Chen HZ) can control the board of directors and the decision of the shareholders of Foshan Chanyun and thus no single individual shareholder of Foshan Chanyun (including Mr. Chen HZ) can control the voting rights owned by Foshan Chanyun. In addition, to the best knowledge of the Directors, there has not been any voting arrangement or acting in concert arrangement among the shareholders of Foshan Automobile Transportation. Accordingly, no single shareholder (including Mr. Chen HZ) can control the decisions of the shareholders of Foshan Automobile Transportation.

***Directorship:*** The incumbent board of directors consisted of seven persons, of whom Mr. Chen has been the chairman of its board together with six remaining directors. Pursuant to the Foshan Auto Articles, the chairman of the board has an additional vote. However, as Mr. Chen merely holds one out of seven board seats in Foshan Automobile Transportation with an additional vote as a chairman of its board, Mr. Chen on his own is not able to pass or veto any board resolution (which include director election) through his voting rights in the incumbent board of directors of Foshan Automobile Transportation. To the best knowledge of the Directors, there has not been any voting arrangement among the incumbent directors (including Mr. Chen and Mr. Chen Guohong (陳國宏), a director of Foshan Automobile Transportation since December 2020 and a cousin of Mr. Chen) and neither Mr. Chen HZ nor Mr. Chen was able to control its board. Save as disclosed in this prospectus, to the best knowledge of our Directors, there were no past or present relationships (family, business, employment, trust, financing or otherwise) between (A) the incumbent and its preceding directors of Foshan Automobile Transportation and Foshan Chanyun and (B) Mr. Chen and Mr. Chen HZ.

***Management*:** Pursuant to the Foshan Auto Articles, the board of Foshan Automobile Transportation has the right to employ or dismiss the general manager who in turn has the right to nominate vice general manager, financial controller and other senior officers for its board's approval.

As set out above, Mr. Chen on his own is not able to pass or veto any board resolution through his voting rights in the incumbent board of directors of Foshan Automobile Transportation. Further, Mr. Chen held the executive deputy general manager position in Foshan Automobile Transportation until August 2017, after which point neither Mr. Chen HZ nor Mr. Chen has held any managerial position (consisting of general manager, vice general manager or financial controller) in Foshan Automobile Transportation and participated in the daily operations of Foshan Automobile Transportation since August 2017 and up to the Latest Practicable Date.

***Operations*:** Foshan Automobile Transportation was a company with substantial assets and employees, which its board relies on its appointed senior management (consisting of vice general managers and the general manager) to implement its overall development strategies and plans and ensure that measurable objectives for implementing the goals, strategies and plans were established through appropriate processes at various levels in the organization. Further, the senior management also have to ensure that the implementation of the plans are regularly reviewed and actions are taken to address deviations from the goals, strategies and plans. Further, Mr. Chen held the executive deputy general manager position in Foshan Automobile Transportation until August 2017, after which point neither Mr. Chen HZ nor Mr. Chen has held any managerial position (consisting of general manager, vice general manager or financial controller) in Foshan Automobile Transportation or participated in the daily operations of Foshan Automobile Transportation and up to the Latest Practicable Date.

As far as the formulation of development policies and plans and decision-making of major decisions are concerned, each director and/or the senior management of Foshan Automobile Transportation will defer to its board (or its shareholders' meeting, as the case maybe) to consider and approve any major decisions. As set out above, Mr. Chen has held one out of seven board seats in Foshan Automobile Transportation with an additional vote as the chairman of its board. Therefore, Mr. Chen can exercise his voting rights and influence its operations at the board level. As further set out in paragraph headed "Shareholding" above, no single individual shareholder of Foshan Chanyun (including Mr. Chen HZ) can control the voting rights owned by Foshan Chanyun. Neither Mr. Chen nor Mr. Chen HZ can exert control over the operations of Foshan Automobile Transportation.

Further, the directors in its incumbent board have exercised independent judgement and have been free to express dissenting views during its board meeting. For instance, during its past board meeting when its directors deliberated on the management over certain driving schools, the proposal suggested by Mr. Chen was not approved by the board due to other directors' dissenting views.

Likewise, the shareholders of Foshan Automobile Transportation have also exercised independent judgement and have been free to express dissenting view during the general meeting. For instance, the board of Foshan Automobile Transportation (consisting Mr. Chen as the chairman of its board who also approved the board's proposal) had in the past proposed to the shareholders the recommended annual dividend payout for the year. While Mr. Chen HZ was one of the shareholders, other shareholders dissented and approved a different annual dividend payout proposal at its general meeting.

To the best knowledge of the Directors, (1) there has not been any voting arrangement among the directors and neither Mr. Chen HZ nor Mr. Chen was able to control its board and (2) there has not been any voting arrangement or acting in concert arrangements among the shareholders of Foshan Automobile Transportation or Foshan Chanyun that enables Mr. Chen HZ to control the operation of Foshan Automobile Transportation or Foshan Chanyun.

### *Mr. Ma*

Mr. Ma is a seasoned and experienced investor in various industries in the PRC. As at the Latest Practicable Date, Mr. Ma held directorship and supervisorship in various companies and had investments in industries such as automotive parts manufacturing, battery manufacturing, metallurgical engineering, energy products and related services. According to public information available to the Directors as at the Latest Practicable Date, Mr. Ma was a shareholder of (holding approximately 15.63% equity interest) and the chairman of the board of directors of Guangdong Taiji Power Technology Co., Ltd (廣東泰極動力科技有限公司), a company established in the PRC with principal businesses in the research, development and production of hydrogen fuel cell membrane electrode and catalyst, which is a player in the upstream industry of the hydrogen fuel cell industry.

In addition, to the best knowledge of the Directors and according to public information, Mr. Ma was a 2.17% shareholder of Shanghai Refire with its principal businesses in, among others, product development in the fields of fuel cell system and control system, fuel cell stack and MEA and power electronics. As at the Latest Practicable Date, Mr. Ma also held as to 84.44%, 60%, 60% and 20% equity interests in Foshan Laiken Industrial Investment Partnership (Limited Partnership) (佛山市萊肯產業投資合夥企業(有限合夥)), Foshan Dongchen Industrial Investment Partnership (Limited Partnership) (佛山東辰產業投資合夥企業(有限合夥)) and Shanghai Hydrogen Engine Management Consulting Partnership (Limited Partnership) (上海氫擎亦管理諮詢合夥企業(有限合夥)) and Guangzhou Guozhen Derun Venture Capital Partnership (Limited Partnership) (廣州國楨德潤創業投資合夥企業 (有限合夥)), all of which were principally engaged in investment or consulting activities.

Mr. Ma graduated from Central South Institute of Mining and Metallurgy (中南礦冶學院), now known as Central South University (中南大學) with a degree in metal materials in July 1982. In July 1994, Mr. Ma received a certificate of senior engineer qualification issued by the Ministry of Metallurgical Industry (冶金工業部) of the PRC. To the best knowledge of the Directors and based on public information, Mr. Ma has the following shareholding and/or working experience: from 1995 to 2019, Mr. Ma served as a chairman of the board of Hainan Dongyuan Metallurgical Engineering Technology Co., Ltd. (海南東遠冶金工程技術有限公司); from 2005 up to present, he has been a 60% shareholder and the executive director of Tianjin Dongchen Electromechanical Engineering Co., Ltd. (天津東辰機電工程有限公司) with principal businesses in import and export of goods and technology, wholesale and retail of hardware, chemical products; and Mr. Ma has served as a director of Nantong Baiying Energy Co., Ltd. (南通百應能源有限公司) with principal businesses in the production of hydrogen fuel cells and the development of fuel cell membrane electrodes and fuel cell stacks and systems since March 2011. Mr. Ma was the vice chairman of the board of Hongyun Hydrogen Energy from May 2015 up to December 2021. Mr. Ma was the chairman of the Board from the establishment of the Company until he was relieved from the said position by the Board in December 2021 and completed his filing procedures with the local company registration authority in January 2022. Mr. Ma was (1) the chairman of Synergy Power from September 2016 and tendered his resignation in December 2021; (2) a director of Yunfu Puhui Hydrogen Energy Technology Co., Ltd. (雲浮市普匯氫能科技有限公司) ("**Yunfu Puhui**"), a subsidiary of the Company, from December 2016 and tendered his resignation in December 2021; and (3) a director of Hong Kong Nation Synergy Hydrogen Power Technology Co., Ltd. (香港國鴻氫能科技有限公司), a subsidiary of the Company, from August 2016 to May 2022; and (4) a director of Guohong Refire from its incorporation in October 2016 and tendered his resignation as a director of Guohong Refire in December 2021. The filing procedures of Mr. Ma's resignation of directorships in Yunfu Puhui and Synergy Power with the local company registration authorities were completed in May 2023 and June 2023 respectively.

Save as disclosed in the prospectus, to the best knowledge of the Directors, there were no other past or present relationships (family, business, employment, trust, financing or otherwise) between Mr. Ma's past and present companies (in which he invested or was a director thereof) and the Company, its subsidiaries, Shareholders, Directors or current senior management, or any of their respective associates.

***The December 2020 Transfer***

Mr. Ma, who was the chairman of the Board at the time of our incorporation, had at the time decided as a form of incentive to reserve a certain amount of indirect equity interest in our Company (through his interests in Hongyun Hydrogen Energy) which would later be transferred to the key contributing management team after our Company has grown and developed. At the establishment of Hongyun Hydrogen Energy, the then articles of association stipulated that the subscribed capital shall be paid up by 30 December 2015. Although there are no legal requirements on the timeline for shareholders of Hongyun Hydrogen Energy to pay up their capital contribution, it is a requirement under the PRC Company Law for shareholders of Hongyun Hydrogen Energy to stipulate a deadline for their capital contribution in the articles of association. Therefore, following the common practice, both Foshan Automobile Transportation and Mr. Ma agreed to stipulate a deadline for their capital contribution, meanwhile agreed that either party can extend the full payment deadline of its capital contribution subject to the consent of the other party. Mr. Ma did not pay up his subscribed capital (i.e. 50% equity interest in Hongyun Hydrogen Energy) in Hongyun Hydrogen Energy by 30 December 2015 as there had been consensus between Mr. Ma and Foshan Automobile Transportation (and subsequently through its wholly-owned subsidiary Hongyun High-Tech) that his contribution to the registered capital could be withheld due to (i) Mr. Ma's contributions set out below and that (ii) he had other capital commitments in his investments at the time. Mr. Ma, as our then chairman of the Board, negotiated with Ballard Power on technology cooperation and subsequently leading to the setting up of a joint venture company, namely Guangdong Synergy Ballard Hydrogen Power Co., Ltd. (now known as Synergy Power), which we benefited from the knowledge and insights gained from the mass production of 9SSL fuel cell stacks. In light of the consensus reached as mentioned above, the then shareholders of Hongyun Hydrogen Energy did not consider revising the articles on the payment of registered capital of Hongyun Hydrogen Energy. Further, despite Mr. Ma had intended at the time of our incorporation to reserve a certain amount of indirect equity interest in our Company as a form of incentive, Mr. Ma had not determined the targets to be incentivized at the time of our incorporation until December 2020. Given that the Company has reached a substantial development and breakthrough in its technologies and products in 2020 and that Mr. Ma has recognized the key management team through the Company's development history, to materialize his original idea to incentivize the key management team, on 23 December 2020, Mr. Ma transferred his 20% unpaid equity interest in Hongyun Hydrogen Energy to Huahui Technology, a shareholding platform of our key management team, namely Mr. Chen, Mr. Yang Zeyun, Dr. Liu Zhixiang and Dr. Yan Xiqiang along with the payment obligation of the unpaid 20% equity interest, being RMB2 million, for nil consideration. Upon completion, Hongyun Hydrogen Energy was owned as to 50%, 30% and 20% by Hongyun High-Tech, Mr. Ma, and Huahui Technology, respectively. The payment obligation for the unpaid 20% equity interest in Hongyun Hydrogen Energy of RMB2 million has been fully settled by Huahui Technology in December 2020.

Subsequent to the December 2020 transfer, all the then shareholders of Hongyun Hydrogen Energy agreed to amend the articles of association to the effect that Mr. Ma shall pay up his remaining subscribed capital (i.e. 30% equity interest in Hongyun Hydrogen Energy), and Huahui Technology as the new shareholder of Hongyun Hydrogen Energy shall pay up the 20% equity interest in Hongyun Hydrogen Energy transferred by Mr. Ma by 31 January 2021. However, in light of (i) the consensus reached with the then shareholders of Hongyun Hydrogen Energy which was also acknowledged and agreed by Huahui Technology as its new shareholder on the non-payment of its registered capital due to Mr. Ma's contributions set out in "Our Single Largest Shareholder - Mr. Ma - The December 2020 Transfer" in this section and (ii) the purpose of the aforesaid amendment of the articles of association was mainly for Huahui Technology to pay for the subscribed capital, Mr. Ma did not pay up his subscribed capital (i.e. 30% equity interest in Hongyun Hydrogen Energy) by 31 January 2021 and the same 30% unpaid equity interest in Hongyun Hydrogen Energy was subsequently transferred to Huahui Technology in December 2021. As Mr. Ma had intended to exit the investment in the Group due to his age, deteriorating health condition and his shift in business focus, it had been agreed among Mr. Ma, Hongyun High-Tech and Huahui Technology that his obligation to pay up registered capital contribution to the registered capital would be taken up by Huahui Technology, whose partners consisted of the key management team. In light of the foregoing, the then shareholders did not consider making a further revision on the articles on the payment of registered capital of Hongyun Hydrogen Energy. Based on the confirmations obtained from Hongyun Hydrogen Energy and its shareholders, Hongyun Hydrogen Energy and its shareholders had not been penalized due to the non-payment of the registered capital of Hongyun Hydrogen Energy. In addition, all the registered capital subscribed by the current shareholders of Hongyun Hydrogen Energy had been paid up.

As advised by our PRC Legal Advisers, based on the Notice of the State Council on Issuing the Reform Plan for the Registered Capital Registration System and the revision of the PRC Company Law in 2014, (i) the registered capital of a limited company was changed from a paid in system to a subscribed system (except for some types of companies such as banking and financial institutions, securities companies etc.), and the total amount of capital contributions subscribed by shareholders of the limited company should be registered with the company registration authority, and (ii) the shareholders of a limited company may decide on the amount, method, and duration of their subscribed capital contributions at their discretion and stipulate such information in the limited company's articles of association. Therefore, for most limited companies (including Hongyun Hydrogen Energy), it is not required that its subscribed capital should be paid up at the establishment, but rather be subject to what is agreed by the shareholders as stipulated in the articles of association.

In addition, as advised by our PRC Legal Advisers, (i) according to Article 25 of the PRC Company Law, a PRC limited company's articles of association shall stipulate the shareholders and the amount and date of capital contributions made by shareholders, (ii) according to Article 28 of the PRC Company Law, shareholders shall pay their respective subscribed capital in full and on time as stipulated in the company's articles of association, and shareholders who fail to contribute their subscribed capital as stipulated in the articles of association shall not only be required to pay the full amount to the company but also bear the liability for breach of contract towards the shareholders who have fulfilled their obligation of capital contribution timely and fully, (iii) according to Article 199 of the PRC Company Law, any shareholders of a company who makes false capital contribution or fails to deliver or fails to timely deliver the money or non monetary properties used as capital contribution may be ordered by the company registration authority to rectify and may be fined not less than 5% but no more than 15% of the sum of false capital contribution, (iv) based on Hongyun Hydrogen Energy's articles of association at the establishment, it did not require the then shareholders of Hongyun Hydrogen Energy to pay up the share capital at its establishment (i.e. 21 May 2015) and therefore non-payment of the share capital at the time of establishment of Hongyun Hydrogen Energy would not be regarded as violation of PRC Company Law, (v) even though Mr. Ma did not pay up his then subscribed capital in full and on time as stipulated in the articles of association of Hongyun Hydrogen Energy and required by Article 28 of the PRC Company Law, which is a breach of law, according to the confirmation letters provided by Foshan Automobile Transportation, Huahui Technology and Hongyun High-Tech, which were the then shareholders of Hongyun Hydrogen Energy before Mr. Ma completely disposed of his unpaid equity interest in Hongyun Hydrogen Energy, they will not make any claims against Mr. Ma and there is no dispute or outstanding debt between them and Mr. Ma in respect of Mr. Ma's previous unpaid registered capital in Hongyun Hydrogen Energy, (vi) based on the confirmations of and/or compliance letters (issued by the competent authority) obtained by Mr. Ma, Hongyun Hydrogen Energy and its shareholders, Mr. Ma, Hongyun Hydrogen Energy and its shareholders had not been penalized due to the non-payment of the registered capital in Hongyun Hydrogen Energy, and (vii) no administrative penalty record of Mr. Ma, Hongyun Hydrogen Energy and its shareholders was found in respect of the non-payment of the registered capital in Hongyun Hydrogen Energy based on public searches as at the Latest Practicable Date. Moreover, as of the Latest Practicable Date, all the registered capital subscribed by all the shareholders of Hongyun Hydrogen Energy has been paid up. Thus, based on the foregoing, as advised by our PRC Legal Advisers, the non-payment of the subscribed capital of Hongyun Hydrogen Energy in time would not have a material adverse effect on Hongyun Hydrogen Energy and the chance of being penalized is remote.

***The December 2021 Transfer***

In December 2021, Hongyun High-Tech withdrew from holding shares in Hongyun Hydrogen Energy, and Mr. Ma also withdrew from holding shares in Hongyun Hydrogen Energy due to personal reasons. Since 29 December 2021 and up to the Latest Practicable Date, Hongyun Hydrogen Energy had been owned as to 99.99% and 0.01% equity interest by Huahui Technology and Mr. Chen, respectively.

In December 2021, Foshan Automobile Transportation transferred its remaining 50% equity interest in Hongyun Hydrogen Energy (held through Hongyun High-Tech) to Huahui Technology for a consideration of RMB106,232,700 and exited the investment in our Group. Foshan Automobile Transportation had an initial investment cost of RMB5 million in Hongyun Hydrogen Energy contributed through Hongyun High-Tech. Therefore, the disposal represented a gross return of approximately RMB101 million.

Mr. Ma has not been involved in the daily operation of our Company since January 2018 due to his shift in business focus as well as his age and health condition. In December 2021, Mr. Ma transferred his remaining 30% unpaid equity interest in Hongyun Hydrogen Energy to Huahui Technology for a consideration of RMB63,739,606 and exited the investment in our Group. The disposal of his unpaid equity interest in Hongyun Hydrogen Energy represented a gross return of approximately RMB63.7 million. Given that (1) Mr. Ma has reached a consensus with the then shareholders of Hongyun Hydrogen Energy on the non-payment of Hongyun Hydrogen Energy's registered capital due to Mr. Ma's contributions set out in "Our Single Largest Shareholder – Mr. Ma – The December 2020 Transfer" in this section; and that (2) the purchaser of his shares, namely Huahui Technology has taken into account its obligation to pay up the registered capital when the consideration was decided and that it had agreed to comply with the payment obligations of the relevant registered capital, Mr. Ma's non-payment of Hongyun Hydrogen Energy's registered capital had not caused any prejudice to Hongyun Hydrogen Energy's past and current shareholders to exclude Mr. Ma from obtaining his benefits as an indirect Shareholder of the Company.

The source of funds of Huahui Technology for the payment of the consideration to Foshan Automobile Transportation and Mr. Ma was from its partners' own funds, which were primarily generated from the partners' personal wealth through investments and their remunerations.

Each of Foshan Automobile Transportation and Mr. Ma was of the view that the disposal of equity interests in Hongyun Hydrogen Energy represented a good opportunity to realise the value of their respective indirect interests in our Group at a reasonable price, which allowed them to reallocate their respective resources to other investments and businesses. In particular, Foshan Automobile Transportation had at the time extended its business ventures into the property development industry. Given the capital-intensive nature of the property development industry, Foshan Automobile Transportation was exploring its options in meeting its capital needs, including the disposal of its interests in Hongyun Hydrogen Energy. The hydrogen energy industry as a whole, which was relatively new with emerging technologies and required continuous capital investment, diverged from the relatively traditional industry in which Foshan Automobile Transportation's principal businesses operated in at the time. Accordingly, it was their then strategic approach to maintain its focus on their principal businesses and withdraw its investment from hydrogen energy related company.

Further, they took into consideration that should they retain their respective interests in Hongyun Hydrogen Energy until the Listing, they might be subject to lock-up and other restrictions on disposal of their respective interests in Hongyun Hydrogen Energy under applicable PRC laws. Therefore, the basis of the consideration for both Foshan Automobile Transportation (held through Hongyun High-Tech) and Mr. Ma for the disposal was determined upon taking into account all the aforementioned factors through arm's length negotiation whilst considering (1) the historical contributions by the key contributing management team to the Company and the important role by the said management team in the Company's future development; (2) Foshan Automobile Transportation and Mr. Ma have all recovered their respective investment costs and obtained considerable returns from the value of their respective indirect interests in our Group at a reasonable price, details of the gross return from their respective disposals are set out above and (3) a valuation report prepared by an Independent Third Party for the purpose of the aforesaid disposals.

***The background leading to the establishment of Hongyun Hydrogen Energy and Mr. Chen's control over Hongyun Hydrogen Energy***

Prior to 2015, Mr. Chen had gained extensive experience under Foshan Automobile Transportation in business operation, management, as well as in the new energy industry, which include being responsible for the procurement and commissioning of new energy buses, new energy hybrid buses and new energy taxis. Mr. Chen had gained an understanding of new energy technology and its operations through the experiences and has increased his confidence on the future development of new energy industry. In around 2010, the PRC government included hydrogen energy as a new energy development direction. Upon extensive research and analysis into the hydrogen fuel cell vehicle industry in China, which was still at an early stage of development and there were relatively few domestic companies at the time, Mr. Chen became optimistic about the prospects of the development of the hydrogen energy industry in China. Mr. Chen shared his optimism and his analysis on the hydrogen energy industry with the board of Foshan Automobile Transportation and the directors of its board were persuaded by Mr. Chen and agreed to resolve to invest in the hydrogen energy industry. In light of Mr. Chen's extensive experience in business operation and management and knowledge of the new energy industry, as well as the relatively small initial investment amount required of Foshan Automobile Transportation, Mr. Chen was therefore entrusted by Foshan Automobile Transportation with setting up Hongyun Hydrogen Energy.

Hongyun Hydrogen Energy has been under the control of Mr. Chen throughout the Track Record Period and up to the Latest Practicable Date for the reasons set out below:

a. Against the backdrop of the foregoing, in 2015, Foshan Automobile Transportation duly authorised Mr. Chen to establish Hongyun Hydrogen Energy on its behalf and provided an authorization arrangement (particulars of which are set out below) to Mr. Chen to handle matters related to Hongyun Hydrogen Energy. In the process of setting up Hongyun Hydrogen Energy in 2015, based on its optimism about the hydrogen fuel cell industry and the need to transform and upgrade its business, Foshan Automobile Transportation through Mr. Chen actively cooperated, among others, with local governments, investors in the industry and technical experts in order to launch the hydrogen fuel cell business. During the aforesaid process, Mr. Chen, in the capacity of executive deputy general manager and party committee member of Foshan Automobile Transportation, formulated the development plan of the hydrogen fuel cell business, selected business partners for Foshan Automobile Transportation, and negotiated the cooperation plans with the relevant business partners on behalf of Foshan Automobile Transportation. In addition, considering Mr. Chen's extensive experience in business operation and management, the foundation laid by his early communication with the relevant business partners that could lead to potential cooperation, as well as Mr. Chen's overall business acumen, Mr. Chen was authorised to manage the affairs of Hongyun Hydrogen Energy after its establishment under an authorization arrangement.

b. Due to its corporate reorganization, Foshan Automobile Transportation transferred all of its equity interest in Hongyun Hydrogen Energy to its wholly-owned subsidiary, Hongyun High-Tech in December 2018. The authorization arrangement given by Foshan Automobile Transportation to Mr. Chen remained in effect, which allowed him to handle Hongyun Hydrogen Energy related matters when Hongyun High-Tech was a shareholder of Hongyun Hydrogen Energy from December 2018 to December 2021. Under the authorization arrangement, Mr. Chen was the *de facto* controller and had absolute control in relation to the handling of Hongyun Hydrogen Energy related matters at Hongyun High-Tech's level, which included, representing Hongyun High-Tech in nominating directors of Hongyun Hydrogen Energy; organization the management team of Hongyun Hydrogen Energy; handling Hongyun Hydrogen Energy's all material issues and its daily operation; and that Hongyun High-Tech's nominated directors in Hongyun Hydrogen Energy shall vote in accordance with Mr. Chen's instructions. Further, Mr. Chen was a *de facto* controller of Huahui Technology (through his ultimate decision making power in Huahui Technology) since becoming a shareholder of Hongyun Hydrogen Energy in December 2020.

c. In addition, under the authorization arrangement, Mr. Chen controlled the majority of the board of Hongyun Hydrogen Energy and could vote according to his own judgment on matters of Hongyun Hydrogen Energy without seeking further instruction from Foshan Automobile Transportation. Mr. Chen did not need to report to Foshan Automobile Transportation the management decisions made in relation to Hongyun Hydrogen Energy, but he had in the past taken the initiative to provide updates on the affairs of Hongyun Hydrogen Energy in the annual work report of Foshan Automobile Transportation from time to time.

d. In light of the fact that (i) hydrogen energy industry was at an early stage of development and the insignificant financial contribution from Hongyun Hydrogen Energy to the overall business of Foshan Automobile Transportation and (ii) Foshan Automobile Transportation had in the past adopted similar arrangements whereby a member of senior management was authorized to make relatively independent management decisions on its business line, the board of Foshan Automobile Transportation has adopted similar approach in the management of Hongyun Hydrogen Energy through Mr. Chen. The board of Foshan Automobile Transportation managed Hongyun Hydrogen Energy through the annual work reports provided by Mr. Chen from time to time in which Mr. Chen gave updates on the affairs and development of Hongyun Hydrogen Energy. Further, the board of Foshan Automobile Transportation has arranged its employees to manage the accounting records of Hongyun Hydrogen Energy.

e. For the avoidance of doubt, despite Mr. Chen was the *de facto* controller and had absolute control in relation to the handling of Hongyun Hydrogen Energy related matters at Hongyun High-Tech's level as confirmed by Foshan Automobile Transportation and Hongyun High-Tech, Mr. Chen has no control over the board of Hongyun High-Tech, which makes the decisions on all investments other than Hongyun Hydrogen Energy related matters. As at the Latest Practicable Date, Hongyun High-Tech's investments included, holding 100% equity interest in each of Guangdong Hongyun Commercial Investment Development Co., Ltd. (廣東鴻運商業投資發展有限公司), Foshan Chancheng North Automobile Hydrogen Refueling Station Co., Ltd. (佛山市禪城區城北汽車加氫站有限公司), Foshan Foqi Motor Vehicle Driver Training Co., Ltd. (佛山市佛汽機動車駕駛員培訓有限公司) and Foshan Jinhong New Energy Co., Ltd. (佛山市錦鴻新能源有限公司), holding 55% equity interest in Guangzhou Hongjin Investment Co., Ltd. (廣州鴻錦投資有限公司), holding 15% equity interest in Guangzhou Baohui Medical Technology Co., Ltd. (廣州市保匯醫療科技有限公司), holding 14% equity interest in Foshan Feichi New Energy Commercial Vehicle Co., Ltd. (佛山市飛馳新能源商用車有限公司) and holding 32.33% equity interest in Foshan Feichi. Mr. Chen currently does not hold any directorship in the aforementioned companies.

f. As at 1 January 2021, the board of directors of Hongyun Hydrogen Energy consisted of four directors; three out of the four board seats were nominated by Mr. Chen and these directors have voted according to the instruction of Mr. Chen. Mr. Ma has assigned to Mr. Chen all of his actual management rights from his equity interest in Hongyun Hydrogen Energy, including all management and corporate decision making power in Hongyun Hydrogen Energy (except for his financial rights of the ownership of his shares) since January 2018. Meanwhile, Huahui Technology has been exercising its voting rights in the shareholders meetings of Hongyun Hydrogen Energy under the control and instruction of Mr. Chen since December 2020. In addition, since the establishment of Hongyun Hydrogen Energy in May 2015 until December 2021 (when Hongyun High-Tech ceased to be a shareholder of Hongyun Hydrogen Energy), Mr. Chen had been granted an authorization by Foshan Automobile Transportation (which held 50% equity interest in Hongyun Hydrogen Energy indirectly at the time) to, among others, nominate the directors of Hongyun Hydrogen Energy (on behalf of Hongyun High-Tech) and decide on Hongyun Hydrogen Energy's major corporation matters; and

g. Subsequent to the transfer of shareholding by the then shareholders of Hongyun Hydrogen Energy on 29 December 2021 and up to the Latest Practicable Date, Mr. Chen has been the sole director of Hongyun Hydrogen Energy.

For the biography of Mr. Chen, please see "Directors, Supervisors and Senior Management – Board of Directors – Executive Directors."

## COMPETITION

As of the Latest Practicable Date, none of Hongyun Hydrogen Energy, our Directors (including the Independent non-executive Directors) and their respective close associates had any interest in any business which competes or is likely to compete, either directly or indirectly with our Group's business which would require disclosure under Rule 8.10 of the Listing Rules.

## INDEPENDENCE OF OUR BUSINESS

Having considered the following factors, our Directors are satisfied that we can function, operate and carry on our business independently from Hongyun Hydrogen Energy, Mr. Chen and their respective close associates upon Listing.

### Operational Independence

We have full rights to make business decisions and to carry out our business independently. We are the holder of all relevant licenses material to the operation of our business and has sufficient capital, equipment and employees to operate our business independently and we do not rely on Hongyun Hydrogen Energy or Mr. Chen for any intellectual property rights necessary to carry on and operate our business. We make our own procurement purchases and conduct our own sales and marketing and we have independent access to suppliers and customers. All the properties and facilities necessary to our business operations are independent from Hongyun Hydrogen Energy, Mr. Chen or their respective close associates. We have our own corporate governance infrastructure responsible for our own administrative, human resources and financial functions.

Based on the above, our Directors believe that we are able to operate independently of Hongyun Hydrogen Energy, Mr. Chen and their respective close associates.

### Management Independence

Our management and operational decisions are made by the Board in a collective manner. The Board comprises three executive Directors, three non-executive Directors and three independent non-executive Directors. For details of the directors' biographies, please see "Directors, Supervisors and Senior Management – Board of Directors". Save for Mr. Chen (the director of Hongyun Hydrogen Energy), none of our Directors, Supervisors or senior management members serves as directors, supervisors or senior management members in any close associates of Hongyun Hydrogen Energy.

Our Directors are of the view that they have relevant experience to ensure the proper functioning of the Board. We further believe that our Directors (other than Mr. Chen) and members of the senior management are able to perform their roles in our Company in managing our business independently from Hongyun Hydrogen Energy, Mr. Chen and their close associates for the following reasons:

(i) as a part of our preparation for the Global Offering, we have amended the Articles of Association to comply with the Listing Rules. In particular, our Articles of Association provide that none of the Directors, Supervisors and senior management members should place himself or herself in a position where his or her duty and his or her own interests may conflict. In the event of a conflict of interest arising out of any transactions to be entered into by our Group, all Directors with conflicting interest shall abstain from voting in respect of such transactions and shall not be counted in forming a quorum at the relevant Board meetings;

(ii) although Mr. Chen, who controls Hongyun Hydrogen Energy, acts as the chairman of the Board and executive Director of our Company, the decision-making power of our Company is in accordance with the laws, regulations and the Articles of Association and the Board are responsible for the daily operations in various aspects of our Company. The Board and the senior management of our Company have substantial working experience in the industry in which we are engaged. They will together make business decisions that are in the best interests for our Group;

(iii) our independent non-executive Directors will exercise their independent judgment and provide impartial opinions in the decision-making process of our Board to protect the interests of our Shareholders;

(iv) each of our Directors is aware of his or her fiduciary duties as a director, which require, among other things, that he or she acts for our Company's best interests and he or she must not allow any conflict between his or her duties as a Director and his or her personal interests;

(v) where a Shareholders' meeting is held to consider a proposed transaction in which Hongyun Hydrogen Energy has a material interest, Hongyun Hydrogen Energy shall abstain from voting on the resolutions and shall not be counted towards the quorum for the voting; and

(vi) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and Hongyun Hydrogen Energy which would support our independent management. Please see "– Corporate Governance Measures" below for further information.

**Financial Independence**

We have our own financial management and internal control system. We also have an independent financial department responsible for performing accounting and financial functions, and we make financial decisions according to our own business needs. Our Directors confirm that all financial guarantees from Hongyun Hydrogen Energy, Mr. Chen and their respective close associates have been released as of the date of submission of listing application. As our Group is able to obtain the same amount of loan facility without the guarantee or other financial support from Hongyun Hydrogen Energy, Mr. Chen or their respective close associates, our Directors are satisfied that our Group will be financially independent of Hongyun Hydrogen Energy, Mr. Chen and any of their respective close associates upon Listing.

Our Directors confirm that there will be no balances due to or from Hongyun Hydrogen Energy, Mr. Chen or their respective close associates which had not been fully settled nor were there any financial assistance, security or guarantee provided by Hongyun Hydrogen Energy, Mr. Chen or their respective close associates in favor of our Group or vice versa upon Listing.

Based on the above, our Directors believe that we are able to maintain financial independence from Hongyun Hydrogen Energy, Mr. Chen or their close associates after Listing.

**Corporate Governance Measures**

We will comply with the provisions of the Corporate Governance Code in Appendix 14 to the Listing Rules, which sets out principles of good corporate governance practice. Our Directors believe that there are adequate corporate governance measures in place to manage the potential conflict of interests among Hongyun Hydrogen Energy, Mr. Chen, their respective close associates and our Group and to safeguard the interests of our Shareholders taken as a whole for the following reasons:

(i) our Articles of Association provide that, unless otherwise provided, Mr. Chen shall abstain from voting on any resolution approving any contract, transaction or arrangement in which Mr. Chen or any of his close associates has a material interest nor shall Mr. Chen be counted in the quorum present at the Board meeting;

(ii) where a Shareholders' meeting is to be held for considering proposed transactions in which Hongyun Hydrogen Energy, Mr. Chen or any of their respective close associates has a material interest, they will not vote on the resolutions and its attendance will not be counted towards the quorum;

(iii) any transaction that is proposed between our Group and our Directors, including Mr. Chen, and/or his/her respective close associates will be required to comply with the requirements of the Articles of Association and the Listing Rules, including, where appropriate, the reporting, annual review, announcement and independent Shareholders' approval requirements;

(iv) our Company has formulated administrative measures governing related-party/connected transactions. Upon Listing, if our Group and Hongyun Hydrogen Energy, Mr. Chen or any of their respective close associates intend to engage in a connected transaction, our Company will comply with the relevant requirements relating to connected transactions under the Listing Rules;

(v) we have also established the Remuneration Committee, the Nomination Committee, Audit Committee and Strategy Committee under the Board with written terms of reference as required by the Listing Rules; and

(vi) we have appointed Innovax Capital Limited as our compliance adviser, who will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to directors' duties and corporate governance.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest that may arise among our Company, Hongyun Hydrogen Energy, Mr. Chen and their respective close associates, and to protect our minority Shareholders' interests after the Listing.

## BOARD OF DIRECTORS

Our Board currently consists of nine Directors, comprising three executive Directors, three non-executive Directors, and three independent non-executive Directors. The Board is responsible and has the general authority for the management and operation of our Company. The following table sets forth general information regarding our current Directors:

| Name | Position | Age | Date of appointment as Director | Date of joining our Group | Roles and responsibilities | Relationship with other Directors, Supervisors and Senior Management |
|---|---|---|---|---|---|---|
| Mr. Chen Xiaomin (陳曉敏) | Executive Director and chairman of the Board | 46 | June 2015 | June 2015 | Presiding over our overall strategic planning and production and operation management | None |
| Mr. Yang Zeyun (楊澤雲) | Executive Director and general manager | 35 | January 2022 | May 2020 | Presiding over our daily operations and capital market business including investment, financing and the listing | None |
| Mr. Ye Jiajie (葉嘉傑) | Executive Director | 42 | April 2020 | March 2020 | Responsible for managing administrative affairs | None |
| Mr. Zhan Zhanlin (詹湛林) | Non-executive Director | 46 | August 2020 | August 2020 | Participate in the formulation of business plans and strategies of our Company | None |
| Mr. Huang Jiao (黃蛟) | Non-executive Director | 38 | January 2022 | January 2022 | Participate in decision-making in respect of significant matters such as business plans and strategies of our Company | None |
| Dr. Wan Yu (萬宇) | Non-executive Director | 33 | October 2022 | August 2022 | Participate in decision-making in respect of significant matters such as business plans and strategies of our Company | None |
| Mr. Liu Xin (劉新) | Independent non-executive Director | 53 | March 2023 | March 2023 | Providing independent opinion and judgment to the Board and acting as chairman of Remuneration Committee, member of the Audit Committee, member of the Nomination Committee and member of the Strategy Committee | None |

| Name | Position | Age | Date of appointment as Director | Date of joining our Group | Roles and responsibilities | Relationship with other Directors, Supervisors and Senior Management |
|---|---|---|---|---|---|---|
| Dr. Xing Wei (邢巍) | Independent non-executive Director | 60 | October 2022 | October 2022 | Providing independent opinion and judgment to the Board and acting as member of the Audit Committee and member of the Nomination Committee | None |
| Ms. Wong Yan Ki, Angel (黃欣琪) | Independent non-executive Director | 51 | October 2022 | October 2022 | Providing independent opinion and judgment to the Board and acting as chairlady of the Audit Committee and member of the Remuneration Committee | None |

The following sets forth the biographies of our Directors:

**Executive Directors**

**Mr. Chen Xiaomin (陳曉敏)**, aged 46, was appointed as the chairman of the Board and the legal representative of the Company in December 2021. Mr. Chen has been appointed as a Director since June 2015 and was subsequently redesignated as an executive Director in October 2022. Mr. Chen is responsible for presiding over our overall strategic planning and production and operation management.

Mr. Chen has more than 15 years of experience in corporate management. From July 2000 to March 2007, Mr. Chen worked as an officer in Foshan Local Taxation Bureau. From March 2007 to August 2008, he served successively as deputy manager and Party Branch Committee member of Foshan Chanyun Chengba Co., Ltd. (佛山市禪運城巴有限公司) ("**Foshan Chanyun**"), mainly responsible for the company's vehicles technology, fleet overall management and driving safety management. From September 2008 to June 2009, he served successively as manager of Foshan Chanyun, deputy secretary of Party Committee and manager of bus branch of Foshan Automobile Transportation, mainly responsible for the overall work of the company's administration. From July 2009 to August 2010, he served as the manager of Foshan Xinli Public Transport Co., Ltd. (佛山市新力公共交通有限公司), mainly responsible for the overall work of the company's administration. From September 2010 to August 2011, he served as deputy manager of Foshan Automobile Transportation and member of the Party Committee, mainly responsible for the operation and management of public transport, urban bus and taxi. From September 2011 to August 2017, he served as executive deputy general manager of Foshan Automobile Transportation and Party Committee member, mainly responsible for assisting the general manager in the management of comprehensive production and operation. From May 2015 to present, Mr Chen has been serving as the chairman of the board of directors of Hongyun Hydrogen Energy and is currently the sole director of Hongyun Hydrogen Energy, mainly responsible for overall strategic planning and management. From January 2018 to present, Mr. Chen has been serving as the chairman of the board of directors of Hongyun High-Tech, mainly responsible for participating in the decision-making of its major matters and formulate its development policies and plans. From December 2020 to present, Mr. Chen has been serving as the legal representative and chairman of the board of directors of Foshan Automobile Transportation, mainly responsible for participating in the decision-making of its major matters and formulate its development policies and plans. From December 2021 to present, Mr. Chen has been serving as the general partner of Huahui Technology. From January 2021 to present, Mr. Chen has been serving as the legal representative and chairman of the board of directors of Foshan Chanyun.

Mr. Chen graduated from Foshan University (佛山科學技術學院) with a bachelor's degree in trade and economics in June 2000.

Mr. Chen was a director or supervisor of the following companies within 12 months prior to its dissolution/revocation:

| Name of company | Place of incorporation | Position in the entity | Nature of business before revocation/ dissolution | Reason for revocation/ deregistration | Date of revocation/ deregistration | Current position |
|---|---|---|---|---|---|---|
| Foshan Hongyun Advertising Co., Ltd. (佛山市鴻運廣告有限公司) | The PRC | Director | Design, production and publishing of advertisement | No business operation prior to dissolution | September 2014 | Deregistered |
| Huangshan Hengyi Trading Co., Ltd. (黃山市恆益商貿有限公司) | The PRC | Director | Automobile trade; sales of goods | No business operation prior to dissolution | February 2018 | Deregistered |
| Shenzhen Hongyun Zhenhua Technology Co., Ltd. (深圳市鴻運振華技術有限公司) | The PRC | Director | Production of electronic products, communication equipment, and electromechanical products | No business operation prior to dissolution | May 2018 | Deregistered |

| Name of company | Place of incorporation | Position in the entity | Nature of business before revocation/ dissolution | Reason for revocation/ deregistration | Date of revocation/ deregistration | Current position |
|---|---|---|---|---|---|---|
| Huangshan Yixi Ecological Garden Co., Ltd. (黃山黟熙生態園林有限公司) | The PRC | Supervisor | Seedlings and flowers cultivation sales service | No business operation(1) | Revoked in March 2022 and deregistered in January 2023 | Deregistered |

(1) The said company was revoked in March 2022 as it was no longer in operation and was not contactable by the relevant authorities at its registered address or place of business. The said company has completed its deregistration process and was duly deregistered in January 2023.

As confirmed by Mr. Chen, the deregistered companies above were solvent at the time when they were deregistered/revoked and so far as he was aware, the deregistration/revocation of the companies above has not resulted in any liability or obligation being imposed against him and that no misconduct or misfeasance had been involved in the deregistration or revocation of the said companies.

**Mr. Yang Zeyun (楊澤雲)**, aged 35, joined our Company in May 2020 and was appointed as the general manager of our Company in June 2022, mainly responsible for presiding over our daily operations and affairs related to capital market including investment, financing and the Listing. Mr. Yang was appointed as a Director in January 2022 and was subsequently redesignated as an executive Director in October 2022.

Mr. Yang has eight years of experience in the investment management industry. Prior to joining our Company, Mr. Yang worked in the investment banking department of Southwest Securities (西南證券股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600369) from July 2012 to September 2016, being responsible for or participating in listing, financing and merger and acquisition of companies. Mr.Yang worked in China Everwin Asset Management Co., Ltd. (華夏久盈資產管理有限責任公司) from November 2016 to June 2017, and he worked as a senior investment manager of the equity investment department of Union Asset Management Corporation (合眾資產管理股份有限公司) from June 2017 to September 2018, and he also worked as the head of investment department in Qingdao Accurate Power Asset Management Co., Ltd. (青島精確力升資產管理有限公司) from August 2018 to May 2019. From June 2019 to March 2020, he worked as the investment director in Beijing Qingkong Daokou Investment Management Co., Ltd. (北京清控道口投資管理有限公司). From May 2020 to August 2022, Mr. Yang was the secretary to the Board of our Company.

Mr. Yang graduated from Zhongnan University of Economics and Law (中南財經政法大學) with a bachelor's degree in international economics and trade in June 2009 and graduated from Renmin University of China (中國人民大學) with a master's degree in economics in June 2012.

**Mr. Ye Jiajie (葉嘉傑)**, aged 42, joined the Group in March 2020 and was appointed as a Director in April 2020 and was redesignated as an executive Director in October 2022. Mr. Ye is responsible for our administrative affairs.

Mr. Ye has over 18 years of experience in corporate management. Mr. Ye successively served as a clerk of the human resources and administration department and the office of Foshan Automatic Transportation Group Co., Ltd. (佛山市汽車運輸集團有限公司) from July 2003 to March 2005. He successively served as the deputy director of the office and the director of the office of the Foshan Traffic Technical School (佛山市鴻運交通技工學校) from March 2005 to December 2011. He served as the assistant to the general manager and the director of the office of Foshan Sanshui Guohong Public Transport Co., Ltd. (佛山市三水區國鴻公共交通有限公司) from December 2011 to August 2013. He served as the deputy chief officer of Foshan Automobile Transportation and the director of the office of Foshan Shunde Hongyun Public Transportation Co., Ltd. (佛山市順德區鴻運公共交通有限公司) from August 2013 to April 2014. He served as the deputy manager of the asset management and investment development department of Foshan Automatic Transportation Group Co., Ltd. (佛山市汽車運輸集團有限公司) from April 2014 to June 2017. Mr. Ye also currently holds the following positions in companies set out below:

– manager of the personnel and political work department, manager of the asset management and investment development department and member of the discipline inspection committee of Foshan Automatic Transportation Group Co., Ltd. (佛山市汽車運輸集團有限公司) (since June 2017);

– manager of Hongyun High-Tech (since January 2018);

– manager of Foshan Jinhong New Energy Co., Ltd. (佛山市錦鴻新能源有限公司) (since April 2018);

– manager of Foshan Nanhai Hongyun Business Development Co., Ltd. (佛山市南海區鴻運商業發展有限公司) (since June 2021); and

– manager of Foshan Chancheng Chengbei Automobile Hydrogenation Station Co., Ltd. (佛山市禪城區城北汽車加氫站有限公司) (since July 2021).

Mr. Ye graduated from Zhongnan University of Economics and Law (中南財經政法大學) with a bachelor's degree in business administration in June 2003, obtained the certificate of assistant economist issued by Foshan Municipal Bureau of Personnel (佛山市人事局) in November 2004 and received the Certificate of Outstanding Party Affairs Worker of 2020 (2020年度優秀黨務工作者證書) issued by the CPC Foshan Non-Public Sectors Economic Organization Committee (中共佛山市非公有制經濟組織委員會) in July 2021.

**Non-executive Directors**

**Mr. Zhan Zhanlin (詹湛林)**, aged 46, was appointed as a Director in August 2020, and was redesignated as a non-executive Director in October 2022. Mr. Zhan is mainly responsible for participating in formulating business plans and strategies of our Company.

Mr. Zhan has over 16 years of experience in management and operation. Prior to joining our Company, Mr. Zhan has held various positions in Yunfu Street Lamp Management Company (雲浮市路燈管理公司) from September 2006 to August 2014, with his last position as the deputy manager. From August 2014, he served as the deputy director of the Yunfu Harbour Bureau (雲浮市港務局), during which he concurrently served as the branch secretary of the Yunfu Harbour Bureau Committee from June 2015 and a director of Yunfu Hongda Port Construction Investment Co. Ltd. (雲浮市宏達港口建設投資有限公司) from May 2015. Mr. Zhan has been serving as the principal head of Yunfu Energy and Transportation Development Company (雲浮市能源交通發展總公司) since July 2016 and the chairman of the board of directors of Yunfu Yunsheng Investment and Development Co., Ltd. (雲浮市雲昇投資發展有限公司) since May 2017 and the vice president of Yunfu Industrial Park since September 2017 and deputy general manager of Yunfu Industrial Park since October 2017. He is also currently serving as the secretary of the Party Committee and chairman of the board of directors of Yunfu Yunda Investment Holdings Co., Ltd. (雲浮市運達投資控股有限公司) and the chairman of the board of directors of Yunfu Anda Investment Holdings Co., Ltd. (雲浮市安達投資控股有限公司) since March 2020, and the chairman of the board of directors of Yunfu Power Plant (B) Co., Ltd. (雲浮發電廠(B廠)有限公司) since June 2020.

Mr. Zhan was a director of the following company within 12 months prior to its dissolution:

| Name of company | Place of incorporation | Position in dissolved entity | Nature of business before dissolution | Reason for deregistration | Date of deregistration | Current position |
|---|---|---|---|---|---|---|
| Yunfu Hongda Port Construction Investment Co., Ltd. (雲浮市宏達港口建設投資有限公司) | The PRC | Director | Port construction investment and port management | No business operation prior to dissolution | December 2021 | Deregistered |

As confirmed by Mr. Zhan, the deregistered company above was solvent at the time when it was deregistered and so far as he was aware, the deregistration of the company above has not resulted in any liability or obligation being imposed against him and that no misconduct or misfeasance had been involved in the deregistration of the said company.

**Mr. Huang Jiao (黃蛟)**, aged 38, was appointed as a Director in January 2022, and was redesignated as a non-executive Director in October 2022, primarily responsible for participating in decision-making in respect of significant matters such as business plans and strategies of our Company.

Mr. Huang has several years of experience in project management and operation of listed energy companies. Mr. Huang worked as a commissioner in Chant Heat Energy Science & Technology (Zhongshan) Co., Ltd. (創爾特熱能科技(中山)有限公司) from July 2008 to June 2011. From February 2011 to February 2014, Mr. Huang worked as a project manager in Sinovel Wind Group Co., Ltd. (華鋭風電科技(集團)股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 601558), and delisted in July 2020. In April 2015, he worked in Guangdong Hanergy Investment Development Co., Ltd. (廣東漢能薄膜發電投資發展有限公司), and served as the executive vice president of Guangxi branch company. He served as a member of the Public Relation Policy Committee of Hanergy Thin Film Power Asia Pacific Limited (漢能薄膜發電亞太有限公司) (formerly known as Hanergy Global Solar Asia Pacific Limited (漢能全球光伏應用集團)) since August 2014, accumulating rich experience in project management. From July 2015 to July 2018, he served as the business development manager of SunEdison New Energy Technology (Shanghai) Co., Ltd. (迪盛新能源科技(上海)有限公司). Mr. Huang is currently working in Qingdao Industrial Investment (Group) Co., Ltd. (青島城投實業投資(集團)有限公司) since September 2020, responsible for presiding over the company's strategic and equity investment and daily management.

Mr. Huang graduated from South-Central Minzu University (中南民族大學) with a bachelor's degree in international economics and trade in June 2008, and obtained the Chartered Financial Analyst ("**CFA**") certificate from the CFA Institute in September 2019 and the Fund Qualification Certificate from the Asset Management Association of China in November 2019, and obtained the Securities Qualification Certificate from the Securities Association of China (中國證券業協會) in November 2019.

Mr. Huang was a general manager of the following company within 12 months prior to its dissolution:

| Name of company | Place of incorporation | Position in dissolved entity | Nature of business before dissolution | Reason for deregistration | Date of deregistration | Current position |
|---|---|---|---|---|---|---|
| Fengyang Xuyang New Energy Co., Ltd. (鳳陽旭陽新能源有限公司) ("**Fengyang Energy**") | The PRC | General Manager | Development, construction and operation of solar photovoltaic power stations | Cessation of its business operation | 8 April 2018 | Deregistered |

| Name of company | Place of incorporation | Position in dissolved entity | Nature of business before dissolution | Reason for deregistration | Date of deregistration | Current position |
|---|---|---|---|---|---|---|
| Ezhou Xuyang New Energy Co., Ltd. (鄂州旭陽新能源有限公司) | The PRC | Manager | Development, construction and operation of solar photovoltaic power station project | Cessation of its business operation | 29 March 2023 | Deregistered |

As confirmed by Mr. Huang, the deregistered companies above were solvent at the time when they were deregistered and so far as he was aware, the deregistration of the companies above have not resulted in any liability or obligation being imposed against him and that no misconduct or misfeasance had been involved in the deregistration of the said companies.

**Dr. Wan Yu (萬宇)**, aged 33, was appointed as a non-executive Director in October 2022, primarily responsible for participating in decision-making in respect of significant matters such as business plans and strategies of our Company.

Dr. Wan has over 5 years of experience in investment management. Prior to joining our Company, Dr. Wan worked in Xi'an CAS Star Science And Technology Incubator Co., Ltd. (西安中科創星科技孵化器有限公司) from July 2017 to May 2021, with his last position serving as a senior investment manager, responsible for screening, conducting due diligence, evaluation and management and implementation of investment projects. Dr. Wan worked in Xi'an Shanmei Fund Management Co., Ltd. (西安善美基金管理有限公司) since June 2021 and is currently serving as a deputy manager of the investment business department in Xi'an Shanmei presiding over the work of the company, mainly responsible for daily management and the development of external investment business since May 2022.

Dr. Wan graduated from Tsinghua University (清華大學) with a bachelor's degree in mechanics in July 2012 and graduated from Tsinghua University (清華大學) with a doctoral degree in mechanics in June 2017. Dr. Wan was granted the qualification as economist by Ministry of Human Resources and Social Security of the PRC (中華人民共和國人力資源和社會保障部) in October 2021.

**Independent Non-executive Directors**

**Mr. Liu Xin (劉新)**, aged 53, has been appointed as an independent non-executive Director from March 2023 with effect from the Listing Date. He is responsible for providing independent advice and judgment to the Board.

Mr. Liu has over 29 years of legal experience. From July 1993 to April 2006, Mr. Liu held various positions at the Supreme People's Procuratorate of the PRC (中華人民共和國最高人民檢察院), including clerk, assistant procurator and procurator. Since May 2006, Mr. Liu has been a PRC practicing lawyer at Beijing Zhanda Law Firm (北京展達律師事務所), practicing in the areas of financial investment, M&As, insolvency and other legal affairs. Currently, he is a senior partner and the director of the Administrative Committee.

Mr. Liu graduated from Beijing Normal University (北京師範大學) with a bachelor's degree in education in July 1993, graduated from Peking University (北京大學) with a master's degree in law in June 2005. He is now a registered student of Business School Netherlands, currently taking the International Action Learning Doctor of Business Administration Programme. Mr. Liu was granted the legal professional qualification by the Ministry of Justice of the PRC (中華人民共和國司法部) in September 2002. Mr. Liu has served as a council member of the Beijing Lawyers Association (北京市律師協會) since May 2019 and as the president of the Beijing Dongcheng Lawyers Association (北京市東城區律師協會) since February 2023.

**Dr. Xing Wei (邢巍)**, aged 60, was appointed as an independent non-executive Director since October 2022, with his appointment taking effect from the date of Listing. He is responsible for providing independent opinion and judgment to the Board.

Dr. Xing has more than 34 years of experience in the research of applied chemistry. From July 1988 to June 1995, Dr. Xing worked as an intern research fellow in The Changchun Institute of Applied Chemistry of Chinese Academy of Sciences ("**CIACCAS**") (中國科學院長春應用化學研究所). From July 1995 to March 1999, he worked as an assistant research fellow in CIACCAS. From April 1999 to December 2000, he worked as an associate research fellow in CIACCAS. From January 2001 to present, he has worked as a research fellow in CIACCAS. Dr. Xing is also currently working in the School of Applied Chemistry and Engineering of University of Science and Technology of China (中國科學技術大學應用化學與工程學院) and he has been serving as a professor from September 2017 to present.

Dr. Xing graduated from Zhejiang University (浙江大學) with a bachelor's degree in chemical engineering in July 1987 and graduated from CIACCAS with a doctoral degree in physical chemistry in July 1995. Dr. Xing has been serving as the chairman of Electrochemistry Commission of the Chinese Chemical Society (中國化學會電化學專業委員會) since October 2022. Dr. Xing obtained the government allowance by the State Council of the PRC in 2020 and won the first prize of Science and Technology Award of Jilin Province (吉林省科學技術獎一等獎) in 2017. Dr. Xing won the Zhu Li Yuehua Excellent Teacher Award (朱李月華優秀教師獎) of the Chinese Academy of Sciences in 2015.

**Ms. Wong Yan Ki, Angel (黃欣琪)**, aged 51, has been appointed as an independent non-executive Director since October 2022, with her appointment taking effect from the date of Listing. She is responsible for providing independent opinion and judgment to the Board.

Ms. Wong has more than 25 years of experience in accounting, auditing, corporate finance and capital market. Ms. Wong joined Kwan Wong Tan & Fong in October 1995, which later merged with Deloitte Touche Tohmatsu in August 1997, and resigned from Deloitte Touche Tohmatsu in November 1999. She later served a number of roles at Great East Packaging Holdings Limited (偉東包裝製品集團有限公司) from October 1999 to March 2003, including group financial controller and assistant finance manager. Between April 2003 and December 2007, she held various positions at Benefit Capital Limited (百富達融資有限公司) including vice president and executive director. From April 2005 to November 2005, she also acted as chief financial officer of Shengda (Group) Holdings Ltd (勝達國際控股有限公司). Since November 2007, Ms. Wong has been an executive director of Advanced Capital Limited (匯財資本有限公司), where she was responsible for operation management and major decisions.

Ms. Wong has served as a director of various public companies listed in different regions. From August 2009 to January 2011, she acted as a non-executive director of Esmart Holdings Limited (currently known as Duty Free International Limited), a company listed on Stock Exchange of Singapore Dealing and Automated Quotation System of the Singapore Exchange Limited (stock code: DutyFree), during which she acted as the chairman of the board from February 2010 to January 2011. Ms. Wong served as an independent non-executive director of (i) China Best Group Holding Limited, a company listed on the Stock Exchange (stock code: 0370), from June 2011 to September 2014; (ii) Oriental Unicorn Agricultural Group Limited (currently known as China Demeter Financial Investments Limited), a company listed on the GEM of the Stock Exchange (stock code: 8120), from October 2011 to May 2013; (iii) China Public Procurement Limited, a company listed on the Stock Exchange (stock code: 1094), from December 2015 to July 2018; (iv) Miko International Holdings Limited, a company listed on the Stock Exchange (stock code: 1247), July 2017 to July 2018; (v) Yuhua Energy Holdings Limited (currently known as Jintai Energy Holdings Limited ), a company listed on the Stock Exchange (stock code: 2728), from November 2016 to December 2018 and (vi) Hengxing Gold Holding Company Limited, a company listed on the Stock Exchange (stock code: 2303), and delisted in February 2021, from March 2013 to February 2021, respectively. From August 2014 to September 2015, she served as an independent non-executive director of China Shengda Packaging Group Inc., a company listed on the Nasdaq Stock Exchange (stock code: CPGI). Ms. Wong has been an independent director of BIT Mining Limited (formerly known as 500.com Limited), a company listed on the New York Stock Exchange (stock code: BTCM) from November 2015 to April 2023. Ms. Wong has been an independent non-executive director of Betta Pharmaceuticals Co., Ltd., a company listed on the Shenzhen Stock Exchange (stock code: 300558), and Many Idea Cloud Holdings Limited (多想雲科技有限公司), a company listed on the Stock Exchange (stock code: 6696), since January 2021 and October 2022, respectively.

Ms. Wong obtained a bachelor's degree in arts, majoring in international accounting, from Xiamen University (廈門大學) in July 1994, a post-graduate certificate in professional accounting from the City University of Hong Kong in November 2000 and a master degree of business administration from Cheung Kong Graduate School of Business (長江商學院) in the PRC in October 2009. Ms. Wong obtained the certificate of follow-up training courses for independent directors of listed companies from the Shenzhen Stock Exchange in the PRC in May 2022.

Ms. Wong was a director of the following company within 12 months prior to its dissolution:

| Name of company | Place of incorporation | Position in dissolved entity | Nature of business before dissolution | Reason for dissolution | Date of dissolution | Current position |
|---|---|---|---|---|---|---|
| Shenzhen Caicixuan Catering Management Co., Ltd.* (深圳彩瓷軒餐飲管理有限公司) | The PRC | Director (up to March 2013) | Catering | No business operation prior to dissolution | January 2014 | Deregistration |

As confirmed by Ms. Wong, the deregistration company above was solvent at the time when it was deregistration and so far as she was aware, the deregistration of the company above has not resulted in any liability or obligation being imposed against her and that no misconduct or misfeasance had been involved in the deregistration of the said company.

Ms. Wong has been admitted as a member or fellow member of several associations. Ms. Wong has been successively admitted as fellow member of the Institute of Financial Accountants in the United Kingdom since October 2003, fellow member of the Society of Registered Financial Planners in Hong Kong since November 2003, fellow member of the Singapore Institute of Directors since October 2009, member of the Hong Kong Institute of Directors since November 2014, fellow member of the Institute of Public Accountants (FIPA)(澳洲公共會計師協會資深會員) since April 2015, founding member of the Hong Kong Independent Non-executive Director Association (香港獨立非執行董事協會) since January 2016, fellow member of CPA Australia (澳洲會計師公會) since May 2017, member of the Guangdong Association of Management Accountants since December 2017, and member of the Association of Chinese Internal Auditors in Hong Kong (香港華人內部審計師公會) since April 2022, respectively.

## SUPERVISORY COMMITTEE

The Supervisory Committee consists of three members, and is responsible for the supervision of our Board, senior management and the business operations of our Company. The following table sets forth general information regarding our Supervisors:

| Name | Position | Age | Date of appointment | Date of joining our Group | Roles and responsibilities | Relationship with other Directors, Supervisors and senior management |
|---|---|---|---|---|---|---|
| Ms. Lin Minting (林敏婷) | Chairlady of the Supervisory Committee | 37 | August 2020 | August 2020 | Responsible for the overall operation of the Supervisory Committee and the supervision of our Board, senior management and the business operations of our Company | None |
| Mr. Hu Muzhou (胡沐周) | Employee representative Supervisor | 41 | March 2020 | July 2015 | Responsible for the administration and logistics of the Company, the supervision of our Board, senior management and the business operations of our Company | None |
| Mr. Liao Han (廖含) | Supervisor | 33 | March 2022 | March 2022 | Responsible for the supervision of our Board, senior management and the business operations of our Company, as well as overall operation of the Supervisory Committee | None |

The following sets forth the biographies of our Supervisors:

**Ms. Lin Minting (林敏婷)**, aged 37, has been the chairlady of the Supervisory Committee since August 2020, primarily responsible for the overall operation of the Supervisory Committee and the supervision of our Board, senior management and the business operations of our Company.

From January 2014 to January 2019, she worked in Bank of China, Yunfu Branch. Ms. Lin is currently serving as the head of the finance department of Yunfu Industrial Park, mainly responsible for financial accounting since October 2019.

Ms. Lin obtained her bachelor's degree in administrative management from Shenzhen University (深圳大學) in June 2010.

**Mr. Hu Muzhou (胡沐周)**, aged 41, has been the manager of the general administration department of our Company since February 2019 and the employee representative Supervisor since March 2020, primarily responsible for the administration and logistics of our Company, the supervision of our Board, senior management and the business operations of our Company.

Mr. Hu worked as a clerk in the logistics branch of Foshan Automobile Transportation from July 2006 to October 2010, the deputy director of the office of Foshan Shunde Hongyun Public Transportation Co., Ltd. (佛山市順德區鴻運公共交通有限公司) from October 2010 to June 2015, the manager of the general administration department of our Company from July 2015 to December 2016, and the director of the office of Foshan Feichi Automobile Technology Co., Ltd. (佛山市飛馳汽車科技有限公司) from January 2017 to January 2019.

Mr. Hu graduated from Guangzhou University (廣州大學) with a bachelor's degree in administrative management in June 2006.

**Mr. Liao Han (廖含)**, aged 33, has served as a Supervisor since March 2022, mainly responsible for the supervision of our Board, senior management and the business operations of our Company, as well as overall operation of the Supervisory Committee.

From 2014 to 2021, Mr. Liao successively served as the assistant to the chairman of Qujing Mingzhu Group Investment Development Co., Ltd. (曲靖明珠集團投資開發有限公司) and deputy general manager of Qujing Huating Real Estate Development Co., Ltd. (曲靖華庭房地產開發有限公司). From September 2021 to present, he has been serving as the investment manager of Shanghai Greenway Equity Investment Fund Management Co., Ltd. (上海綠脈股權投資基金管理有限公司).

Mr. Liao graduated from the University of Kentucky of United States with a bachelor's degree in business administration in December 2013. Mr. Liao obtained the qualification of Real Estate Agent Professionals (房地產經紀專業人員職業資格) issued by China Institute of Real Estate Appraisers and Agents (中國房地產估價師與房地產經紀人學會) in October 2020.

Mr. Liao was a director, a supervisor or a general manager of the companies below which were deregistered. The relevant details are as follows:

| Name of company | Place of incorporation | Shareholdings in the company | Position in dissolved entity | Nature of business before deregistration | Reason of deregistration | Date of deregistration | Current position |
|---|---|---|---|---|---|---|---|
| Fuyuan Shuizhongfang Liquor Co., Ltd. (富源縣水中坊酒業有限公司) | PRC | 49% | Supervisor | Planting and sales of corn, vegetables, Chinese herbal medicines and fruits | No business operation | 17 August 2015 | Deregistered and dissolved |
| Qujing Mingzhu Group Tourism Real Estate Development Co., Ltd. (曲靖明珠集團旅遊地產開發有限公司) ("**Qujing Mingzhu**") | PRC | 24.30% directly or indirectly held by Mr. Liao | Director | Real estate development and operation, sales of metal materials, building materials and decorative materials | No business operation | 1 July 2013 | Deregistered and dissolved |
| Shenzhen Mingzhu Hengjiang Holding Investment Co., Ltd. (深圳明珠恒江控股投資有限公司) | PRC | 100% held by Qujing Mingzhu Group Investment Development Co., Ltd. (曲靖明珠集團投資開發有限公司) ("Qujing Group") which Mr. Liao had interest in | General manager | Investment management; entrusted asset management | No business operation | 24 July 2019 | Deregistered and dissolved |

| Name of company | Place of incorporation | Shareholdings in the company | Position in dissolved entity | Nature of business before deregistration | Reason of deregistration | Date of deregistration | Current position |
|---|---|---|---|---|---|---|---|
| Yunnan Yunwei Jianghui Trading Co., Ltd. (雲南雲維江匯商貿有限公司) | PRC | 30% held by Qujing Group, which Mr. Liao had interest in | Director | Sales of coal, coke, steel, mechanical and electrical products | No business operation | 26 December 2017 | Deregistered and dissolved |

As confirmed by Mr. Liao, the deregistered companies above were solvent at the time when they were deregistered and so far as he was aware, the deregistration of the companies above have not resulted in any liability or obligation being imposed against him.

Save as disclosed above, each of our Directors and Supervisors confirms with respect to himself or herself, to the best of his or her knowledge, information and belief, that he or she (1) had no other relationship with any Directors, Supervisors, senior management or substantial shareholders of our Company as at the Latest Practicable Date; (2) did not hold any other directorships in the three years prior to the Latest Practicable Date in any public companies of which the securities are listed on any securities market in Hong Kong, PRC and/or overseas; and (3) there are no other matters concerning our Director's appointment that need to be brought to the attention of our Shareholders and the Stock Exchange or shall be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules as of the Latest Practicable Date.

Save as disclosed above, each of our Directors confirms that, as of the Latest Practicable Date, he or she did not have any interest in a business, apart from the business of our Company, which competes or is likely to compete, directly or indirectly, with our business, and requires disclosure under Rule 8.10 of the Listing Rules.

## SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management of our business. The table below sets out certain information in respect of the senior management of our Company:

| Name | Position | Age | Date of appointment | Date of joining our Group | Role and responsibilities | Relationship with other Directors and senior management |
|---|---|---|---|---|---|---|
| Mr. Yang Zeyun (楊澤雲) | General manager | 35 | June 2022 | May 2020 | Presiding over the day-to-day management and capital market business of our Company, and member of the Strategy Committee | None |
| Mr. Zhang Zhejun (張哲軍) | Deputy general manager | 49 | October 2017 | December 2016 | Responsible for market development, business management, after-sales customer service management of our Company | None |
| Dr. Liu Zhixiang (劉志祥) | Deputy general manager and director of the hydrogen fuel cell system R&D center | 47 | May 2016 | May 2016 | Directing and overseeing research and development | None |
| Dr. Yan Xiqiang (燕希強) | Deputy general manager, director of the hydrogen fuel cell stack R&D center | 49 | May 2016 | May 2016 | Directing and overseeing research and development | None |
| Mr. Wang Jun (王駿) | Deputy general manager, joint company secretary and financial director | 53 | February 2017 | February 2017 | Overall financial management | None |

| Name | Position | Age | Date of appointment | Date of joining our Group | Role and responsibilities | Relationship with other Directors and senior management |
|---|---|---|---|---|---|---|
| Ms. Li Jing (李晶) | Deputy general manager and secretary to our Board | 31 | August 2022 | August 2022 | Manage daily affairs of our Board, responsible for our Company's operation, information disclosure and investor relations management | None |

**Mr. Yang Zeyun (楊澤雲)**, for the biography of Mr. Yang Zeyun, see "– Board of Directors – Executive Directors".

**Mr. Zhang Zhejun (張哲軍)**, aged 49, joined our Company in December 2016. He has successively served as the deputy general manager of our Company since October 2017 and the director of the marketing centre since August 2019 and is primarily responsible for market development, business management, after-sales customer service management of our Company.

Mr. Zhang has many years of experience in business management. Mr. Zhang was appointed as a technical expert level III of Guangdong Power Grid Corporation (廣東電網公司) ("**Guangdong Power**") on January 2013, a deputy supervisor of the branch of information application division of information department of Foshan Power Supply Bureau of Guangdong Power from November 2009 to January 2011, and served as supervisor of the branch of information application division of information department of Foshan Power Supply Bureau of Guangdong Power since January 2011. He served as a director of information management department of Kingfa Sci. & Tech. Co., Ltd. (金發科技股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600143) and from 2013 to 2016.

Mr. Zhang obtained his bachelor's degree in computer software from Huazhong University of Science and Technology (華中理工大學) in July 1996 and his master's degree in business administration from Sun Yat-sen University (中山大學) in June 2005.

**Dr. Liu Zhixiang (劉志祥)**, aged 47, has served as the deputy general manager, the director of the hydrogen fuel cell system research and development center of our Company since May 2016. Dr. Liu is primarily responsible for R&D of hydrogen fuel cell systems.

Dr. Liu has accumulated over 20 years of academic knowledge and working experience in hydrogen fuel cell projects to date. He worked as an assistant researcher of Institute of Nuclear and New Energy Technology of Tsinghua University (清華大學核能與新能源技術研究院) since 2006 and deputy researcher in chemical engineering at Tsinghua University (清華大學) since December 2011. From March 2012 to December 2014, he worked in Southwest Jiaotong University (西南交通大學) qualifying as level 4 professional and technical position in School of Electrical Engineering and served as a researcher since August 2013. From April 2016 to December 2020, he worked as a professor at School of materials science and energy engineering of Foshan University (佛山科學技術學院材料科學與能源工程學院). Dr. Liu has served as an external tutor for master of engineering of Beijing Institute of Technology (北京理工大學) since June 2018, an executive director of Yunfu Branch Center of Advanced Energy Science and Technology Guangdong Laboratory (先進能源科學與技術廣東省實驗室雲浮分中心) since December 2019, and a part-time master tutor of Chongqing University (重慶大學) since December 2020.

Dr. Liu obtained a bachelor's degree in electrochemical engineering in July 1999 and then a master's degree in applied chemistry in July 2002 from the Department of Engineering of Harbin Engineering University (哈爾濱工程大學). Dr. Liu subsequently obtained a doctoral degree in chemical engineering and technology in July 2006 from the Institute of Nuclear and New Energy Technology of Tsinghua University (清華大學核能與新能源技術研究院).

Dr. Liu has received numerous awards and recognition. Dr. Liu was awarded the Gold Prize of the 19th and 20th National Invention Exhibition (全國發明展覽會) in September 2010 and August 2011, respectively. In February 2020, he was awarded the second prize of Guangdong Province Science and Technology Progress Award (廣東省科技進步二等獎). In December 2020, he was awarded the first prize of the China Association of Inventions for Entrepreneurial Achievement (中國發明協會發明創業獎成果獎一等獎). In November 2021, he was awarded the first prize of China Machinery Industry Science and Technology Award (中國機械工業科學技術獎). In March 2022, he was awarded the first prize of Sichuan Province Science and Technology Progress Award (四川省科學技術進步獎).

**Dr. Yan Xiqiang (燕希強)**, aged 49, has served as our deputy general manager and director of hydrogen fuel cell stack research and development center since May 2016 and is primarily responsible for directing and supervising the development of our Company's hydrogen fuel stack.

Dr. Yan has over 20 years of experience in technology research and development. Dr. Yan served as an assistant researcher of the Dalian Institute of Chemical Physics, Chinese Academy of Sciences from June 2003 and a senior engineer of Sunrise Power Co., Ltd. (新源動力股份有限公司) from December 2006 to April 2016.

Dr. Yan obtained a bachelor's degree in chemical education from Qufu Normal University (曲阜師範大學) in July 1998, a master's degree in environmental science from Dalian Jiaotong University (大連交通大學), formerly known as Dalian Tiedao University (大連鐵道學院), in July 2001, and a doctoral degree in chemical engineering from Dalian Institute of Chemical Physics (大連化學物理研究所) in January 2012. Dr. Yan obtained a qualification certificate of senior engineer issued by Liaoning Provincial Department of Human Resources and Social Security (遼寧省人力資源和社會保障廳) in November 2007.

Dr. Yan has been serving as the deputy director of the National Fuel Cell and Flow Battery Standards Committee (全國燃料電池及液流電池標準化技術委員會) since December 2019. He also obtained the award of Special Allowance Expert (特殊津貼專家) by the State Council of the PRC in January 2019. Dr. Yan was awarded the China Craftsmanship Spirit Award (中國產學研工匠精神獎) by the China Industry-University-Research Institute Collaboration Association in November 2017, and was selected by the Human Resources and Social Security Department of Guangdong Province (廣東省人力資源和社會保障廳) as the Guangdong Province Yang Fan Program – Scarce Top-notch Talent (廣東省揚帆計劃–稀缺拔尖人才) in April 2017 and obtained the National May 1st Labor Medal (全國五一勞動獎章) by the All-China Federation of Trade Unions (中華全國總工會) in April 2016.

**Mr. Wang Jun (王駿)**, aged 53, has served as the deputy general manager and the financial director of our Company since February 2017, and is primarily responsible for formulating and supervising our Company's financial budget and forecast, participating in decision-making and analysis of major events, providing financial analysis and decision-making basis for the production, operation, business development, external investment of our Company. Mr. Wang was appointed as one of the joint company secretaries of our Company in October 2022 with his appointment taking effect from 13 November 2023.

Prior to joining our Group, Mr. Wang has approximately ten years of extensive experience in project management and financial management. Mr. Wang served in Sinopacific Shipbuilding Group Co., Ltd. (江蘇太平洋造船集團股份有限公司) from December 2012 to August 2014, and served as finance vice general manager of China Sunergy (Nanjing) Co., Ltd. (中電電氣(南京)光伏有限公司) and CSUN Eurasia Energy Systems Industry and Trade Inc. from November 2015 to January 2017, mainly responsible for its accounting and financial reporting and providing timely and effective financial data analysis and reports to the management.

Mr. Wang graduated from La Trobe University in Australia with a graduate diploma in accounting in October 2004. He obtained a master's degree in business administration in August 2015 from Bangor University in the United Kingdom and an executive master's degree in professional accountancy in November 2019 from the Chinese University of Hong Kong. He has been a certified public accountant of Guam Board of Accountancy, United States since April 2012 and has been a certified public accountant of American Institute of Certified Public Accountants (AICPA) and a fellow member of AICPA since May 2012. Further, he has become chartered global management accountant certified by AICPA since August 2012. He has been a certified public accountant of Washington State Board of Accountancy, United States since November 2013 and a fellow membership of CPA Membership in Australia since December 2017. He has been a member of Chartered Professional Accountants of Canada since September 2018.

**Ms. Li Jing (李晶)**, aged 31, has been serving as the deputy general manager and the secretary to our Board since August 2022, and is primarily responsible for managing the daily affairs of our Board, and responsible for our Company's standard operation, information disclosure, investor relations management, etc.

Ms. Li has approximately seven years of experience in capital markets. Prior to joining our Company, Ms. Li worked as an investment manager of Shenzhen Qianhai Echo Fund Management Co., Ltd. (深圳前海君創基金管理有限公司) from October 2015 to November 2016. From February 2017 to November 2020, she worked as a vice president of the merger and acquisition department of the investment banking commission of Zhongtai Securities Co., Ltd. (中泰證券股份有限公司) , a company listed on the Shanghai Stock Exchange (stock code: 600918), mainly responsible for handling listing, refinancing and merger and acquisition projects. From November 2020 to August 2022, she worked for Huatai United Securities Co., Ltd. (華泰聯合證券有限責任公司) with the last title as a vice president of international business function, mainly responsible for managing relationship with clients and leading her team in project development, commitment and sales.

Ms. Li graduated from the University of International Relations (國際關係學院) in the PRC with a bachelor's degree in international economics and trade in July 2014 and graduated from the Hong Kong University of Science and Technology with a master's degree in economics in November 2015. Ms. Li passed the final professional qualification exams of the Association of Chartered Certified Accountants in August 2014 and is currently an associate member of the said association.

Save as disclosed above, none of our senior management has been a director of any public company, the securities of which are listed on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this prospectus.

## JOINT COMPANY SECRETARIES

**Mr. Wang Jun (王駿)** is one of the joint company secretaries of our Company and was appointed in October 2022 with his appointment taking effect from 13 November 2023. For biographical details of Mr. Wang, please see the section "– Senior Management" above.

**Ms. Leung Ho Yee (梁可怡)** is one of the joint company secretaries of our Company and was appointed in October 2022 with her appointment taking effect from 13 November 2023. Ms. Leung is a senior manager of the Corporate Secretarial Department of Boardroom Corporate Services (HK) Limited and a fellow of The Hong Kong Chartered Governance Institute. She is currently the company secretary and authorized representative of each of (i)

Li Bao Ge Group Limited, a company listed on the Stock Exchange (stock code: 1869), (ii) AM Group Holdings Limited, a company listed on the Stock Exchange (stock code: 1849), and (iii) S&P International Holding Limited, a company listed on the Stock Exchange (stock code: 1695).

## BOARD COMMITTEES

Our Board delegates certain responsibilities to various Board committees. In accordance with the relevant PRC laws and regulations, the Articles and the Listing Rules, we have established our Audit Committee, Remuneration Committee, Nomination Committee and Strategy Committee.

### Audit Committee

We have established an audit committee with terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code on 28 October 2022. The Audit Committee consists of Ms. Wong Yan Ki, Angel, Mr. Liu Xin and Dr. Xing Wei, with Ms. Wong Yan Ki, Angel being the chairlady of the committee.

The primary function of the Audit Committee is to assist our Board in providing an independent view of our financial reporting process, internal control and risk management system, overseeing the audit process and performing other duties and responsibilities as assigned by our Board which includes, amongst other things:

- proposing to the 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 the Board of Directors.

### Remuneration Committee

We have established a remuneration committee with terms of reference in compliance with Rule 3.25 of Listing Rules and the Corporate Governance Code on 28 October 2022. The Remuneration Committee consists of Mr. Liu Xin, Mr. Chen and Ms. Wong Yan Ki, Angel, with Mr. Liu Xin being the chairman of the committee.

The primary function of the remuneration committee is to develop remuneration 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 benefit arrangements which includes, among other things:

- establishing, reviewing and making recommendations to our Directors on our policy and structure concerning remuneration of our Directors and senior management;
- 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; and
- other duties conferred by the Board.

**Nomination Committee**

We have established a nomination committee with terms of reference in compliance with Rule 3.27A of the Listing Rules and the Corporate Governance Code on 28 October 2022. The Nomination Committee consists of Mr. Chen, Mr. Liu Xin and Dr. Xing Wei, with Mr. Chen being the chairman of the committee.

The primary function of the Nomination Committee is to make recommendations to our Board in relation to the appointment and removal of Directors which includes, among other things:

- reviewing the structure, size and composition of our Board on a regular basis and making recommendations to the 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 our independent non-executive Directors;
- making recommendations to the Board on relevant matters relating to the appointment, re-appointment and removal of our Directors; and
- other duties conferred by the Board of Directors.

**Strategy Committee**

We have established a strategy committee with terms of reference in compliance with the Corporate Governance Code on 28 October 2022. The Strategy Committee consists of Mr. Chen, Mr. Liu Xin and Mr. Yang Zeyun, with Mr. Chen being the chairman of the Strategy Committee.

The primary function of the Strategy Committee is to devise and advise on the long-term strategy and material investment decisions of our Company. The Strategy Committee will assist our Board in discharging its duties with respect to the development and implementation of our Company's strategic plan and the risks associated with such plan which includes, among other things:

- researching and making recommendations on our Company's long-term development strategic plan;
- researching and making recommendations on material investment and financing plans that requires the approval of our Board as stipulated in the Articles of Association or authorised by our Shareholders; and
- researching and making recommendations on material capital operations and asset management projects that require the approval of our Board as stipulated in the Articles of Association or authorised by our Shareholders.

## CORPORATE GOVERNANCE

We aim to achieve high standards of corporate governance which are crucial to our development and safeguard the interests of our Shareholders. Our Company expects to comply with all code provisions under the Corporate Governance Code after the Listing.

### Board Diversity

Our Board has adopted a board diversity policy (the "**Board Diversity Policy**") prior to the Listing in order to enhance the effectiveness of our Board and to maintain a high standard of corporate governance. Our Company recognizes and embraces the benefits of having a diverse Board. Pursuant to the Board Diversity Policy, in reviewing and assessing suitable candidates to serve as a Director of our Company, 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 and regional experience and/or length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on our Board.

As at the date of this prospectus, our Board consists of eight male members and one female member with ages ranging from 32 years old to 59 years old. Our Directors have a balanced portfolio of knowledge and skills, including management, strategic development, business development, research and development, investment management, legal etc. They obtained degrees in various fields such as business administration, international economics and trade, computer science and technology and mechanics. We have three independent non-executive Directors who have different industry backgrounds, representing one-third of our

Board members. Our Company has reviewed the membership, structure and composition of our Board, and is of the opinion that the structure of our Board is reasonable, and the experience and skills of our Directors in various aspects and fields can enable our Company to maintain high standard of operation.

Upon the Listing, the Nomination Committee will from time to time review the Board Diversity Policy, develop and review measurable objectives for implementing the policy, and monitor the progress on achieving these measurable objectives in order to ensure that the policy remains effective. 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.

## EMOLUMENT OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

We offer our Directors, Supervisors and senior management members, who are also employees of our Company, emolument in the form of salaries, allowances, bonuses and benefits in kind. Our independent non-executive Directors receive emolument based on their responsibilities (including being members or chairman of Board committees).

The aggregate amount of remuneration which was paid to our Directors and Supervisors (including fees and bonuses, employer's contribution to pension scheme, share-based payment and welfare, medical and other expenses) for the years ended 31 December 2020, 2021 and 2022 and for the five months ended 31 May 2023 were RMB47.7 million, RMB402.5 million, RMB5.7 million and RMB2.2 million, respectively.

It is estimated that the aggregate amount of remuneration (including fees and bonuses, employer's contribution to pension scheme, share-based payment and welfare, medical and other expenses) payable to Directors and Supervisors for the year ending 31 December 2023 will be approximately RMB4.8 million under arrangements in force at the date of this prospectus.

The aggregate amount of remuneration which were paid by the Group to our five highest paid individuals (excluding Directors and Supervisors) for the years ended 31 December 2020, 2021 and 2022 and for the five months ended 31 May 2023 were RMB73.5 million, RMB124.9 million, RMB17.8 million and RMB11.0 million, respectively.

None of our Directors or any past directors of any member of our Group has been paid any sum of money for the years ended 31 December 2020, 2021 and 2022 and for the five months ended 31 May 2023 as (a) an inducement to join or upon joining our Company; or (b) for loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group. The resignations of past directors and supervisors during the Track Record Period were due to personal reasons.

There has been no arrangement under which a Director has waived or agreed to waive any emoluments for the years ended 31 December 2020, 2021 and 2022 and for the five months ended 31 May 2023. Mr. Chen has voluntarily elected not to receive any remuneration during his tenure as a Director from the Company since its establishment in 2015 and up to the Latest Practicable Date as Mr. Chen had taken into consideration of the financial performance of the Company in particular to the cash flow of the Group and that the Group could utilize its financial resources on prioritizing our research and development efforts on the core technologies of hydrogen fuel cell stacks and hydrogen fuel cell systems in our products. The payments in the amount of RMB46.2 million and RMB399.4 million for the years ended 31 December 2020 and 2021 respectively represented the share-based payments resulted from the transfer of equity interests in Hongyun Hydrogen Energy in December 2020 and December 2021 to Mr. Chen.

Except as disclosed above, no other payments have been paid, or are payable, by our Company or any of our subsidiaries 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 highest paid individuals, please refer to Notes 10(b) and 40(a) of the Accountant's Report as Appendix I to this prospectus. For details on the service agreements entered into by and between our Company and our Directors and Supervisors, please see section headed "Appendix VI – Statutory and General Information – C. Further Information about Our Directors, Supervisors and Substantial Shareholders – 2. Particulars of the Directors and Supervisors' Service Contracts".

## COMPLIANCE ADVISER

We have appointed Innovax Capital Limited as our compliance adviser (the "**Compliance Adviser**") pursuant to Rules 3A.19 and 19A.05 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance adviser will advise us on the following circumstances:

(a) before the publication of any announcements, circulars or financial reports required by regulatory authorities or applicable laws;

(b) where a transaction, which might constitute a notifiable or connected transaction under the Listing Rules, is contemplated, including share issues and securities repurchases;

(c) 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

(d) 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 19A.06 of the Listing Rules, the Compliance Adviser will, in a timely manner, inform us of any amendment or supplement to the Listing Rules that are announced by the Stock Exchange. The Compliance Adviser will also inform us of any amendment or supplement to applicable laws and guidelines.

The term of the appointment will commence on the Listing Date and end on the date on which we distribute the annual report of the first full financial year commencing after the Listing pursuant to the Rule 13.46 of the Listing Rules.

To the best of the knowledge of our Directors, the following persons will, immediately after the completion of the Global Offering (without taking into account any Shares to be issued under the Pre-IPO Share Incentive Scheme), have an interest or short position in our Shares or underlying Shares which are required to be disclosed to our Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at the general meetings of our Company:

| | | | Shares held in the total share capital of our Company as at the Latest Practicable Date | | Shares held in the total share capital at our Company immediately following the completion of the Global Offering[1] | |
|---|---|---|---|---|---|---|
| **Shareholder** | **Nature of Interest** | **Class of Shares** | **Number of Shares[2]** | **Approximate percentage of interest** | **Number of Shares[2]** | **Approximate percentage of interest** |
| Hongyun Hydrogen Energy | Beneficial owner | Domestic Shares | 80,000,000 (L) | 18.24% | 80,000,000 (L) | 15.44% |
| Huahui Technology | Interest held by controlled corporations[3] | Domestic Shares | 80,000,000 (L) | 18.24% | 80,000,000 (L) | 15.44% |
| Mr. Chen | Interest held by controlled corporations[3] | Domestic Shares | 80,000,000 (L) | 18.24% | 80,000,000 (L) | 15.44% |
| | Beneficial Owner[3] | Domestic Shares | 5,000,000(L) | 1.14% | 5,000,000 (L) | 0.97% |
| Yunfu Industrial Park | Beneficial owner[4] | Domestic Shares | 68,000,000 (L) | 15.51% | 68,000,000 (L) | 13.13% |
| Foshan Dongping Asset Management Co., Ltd. (佛山市東平資產經營有限公司) ("**Foshan Dongping**") | Interest held by controlled corporations[4] | Domestic Shares | 68,000,000 (L) | 15.51% | 68,000,000 (L) | 13.13% |
| Jiaxing Hydrogen Port | Beneficial owner | Domestic Shares | 31,250,000 (L) | 7.13% | 31,250,000 (L) | 6.03% |
| Jiaxing Nanhu Equity Investment Fund Co., Ltd. (嘉興市南湖股權投資基金有限公司) ("**Jiaxing Nanhu**") | Interest held by controlled corporations[5] | Domestic Shares | 31,250,000 (L) | 7.13% | 31,250,000 (L) | 6.03% |

| Shareholder | Nature of Interest | Class of Shares | Shares held in the total share capital of our Company as at the Latest Practicable Date — Number of Shares(2) | Shares held in the total share capital of our Company as at the Latest Practicable Date — Approximate percentage of interest | Shares held in the total share capital at our Company immediately following the completion of the Global Offering(1) — Number of Shares(2) | Shares held in the total share capital at our Company immediately following the completion of the Global Offering(1) — Approximate percentage of interest |
|---|---|---|---|---|---|---|
| Jiaxing Nanhu Financial Service Co., Ltd. (嘉興市南湖金融服務有限公司) ("**Jiaxing Nanhu Financial**") | Interest held by controlled corporations(5) | Domestic Shares | 31,250,000 (L) | 7.13% | 31,250,000 (L) | 6.03% |
| Chiyue Investment Limited (池月投資有限公司) ("**Chiyue Investment**") | Interest held by controlled corporations(5) | Domestic Shares | 31,250,000 (L) | 7.13% | 31,250,000 (L) | 6.03% |
| Qingdao Chengtou | Beneficial owner(6) | Domestic Shares | 26,400,000 (L) | 6.02% | 26,400,000 (L) | 5.10% |
| Qingdao Chengshi Investment Management Co., Ltd. (青島城實投資管理有限公司) ("**Qingdao Chengshi**") | Interest held by controlled corporations(6) | Domestic Shares | 26,400,000 (L) | 6.02% | 26,400,000 (L) | 5.10% |
| Qingdao Chengtou New Energy Group Co., Ltd. (青島城投新能源集團有限公司) ("**Qingdao New Energy**") | Interest held by controlled corporations(6) | Domestic Shares | 30,000,000 (L) | 6.84% | 30,000,000 (L) | 5.79% |
| Qingdao City Construction Investment (Group) Co., Ltd. (青島城市建設投資(集團)有限責任公司) ("**Qingdao City Construction**") | Interest held by controlled corporations(6) | Domestic Shares | 30,000,000 (L) | 6.84% | 30,000,000 (L) | 5.79% |

*Notes:*

(1) Without taking into account any Shares to be issued under the Pre-IPO Share Incentive Scheme.

(2) "L" denotes long position.

(3) As at the Latest Practicable Date, Hongyun Hydrogen Energy was held as to 0.01% equity interest by Mr. Chen and 99.99% equity interest by Huahui Technology, which was in turn held as to 80% equity interest by Mr. Chen as its general partner respectively. By virtue of the SFO, each of Mr. Chen and Huahui Technology are deemed to be interested in the same number of Shares held by Hongyun Hydrogen Energy. Mr. Chen is interested in 5,000,000 Pre-IPO Share Options granted by the Company under the Pre-IPO Share Incentive Scheme.

(4) As at the Latest Practicable Date, Yunfu Industrial Park was held as to 49% equity interest by Foshan Dongping and was therefore deemed to be interested in the Shares held by Yunfu Industrial Park. Yunfu Industrial Park was ultimately wholly controlled by State-owned Assets Supervision and Administration Commission of Foshan Municipal People's Government (佛山市人民政府國有資產監督管理委員會) and Yunfu Municipal People's Government (雲浮市人民政府國有資產監督管理委員會) and the Department of Finance of Guangdong Province (廣東省財政廳).

(5) Each of Jiaxing Nanhu (the general partner of Jiaxing Hydrogen Port), Zhejiang Hydrogen Energy (the limited partner of Jiaxing Hydrogen Port holding 99.99% equity interest as at the Latest Practicable Date), Jiaxing Nanhu Financial (the sole shareholder of Jiaxing Nanhu) and Chiyue Investment (holding 62.20% equity interest of Jiaxing Nanhu Financial) is deemed to be interested in the Shares held by Jiaxing Hydrogen Port for the purpose of SFO.

(6) Each of Qingdao Chengshi (the general partner of Qingdao Chengtou), Qingdao New Energy (a limited partner holding 41.53% equity interest of Qingdao Chengtou and the sole shareholder of Qingdao Chengshi) and Qingdao City Construction (the sole shareholder of Qingdao New Energy) is deemed to be interested in the Shares held by Qingdao Chengtou for the purpose of SFO. Qingdao New Energy is the sole shareholder of Qingdao Chengsheng Investment Management Co., Ltd. (青島城盛投資管理有限公司) ("**Qingdao Chengsheng**"), a Shareholder of our Company holding 3,600,000 Domestic Shares, representing approximately 0.69% of our total Shares immediately following the completion of the Global Offering and therefore Qingdao New Energy and Qingdao City Construction are also deemed to be interested in the Shares held by Qingdao Chengsheng for the purpose of SFO. Qingdao City Construction was ultimately controlled by State-owned Assets Supervision and Administration Commission of Qingdao Municipal People's Government (青島市人民政府國有資產監督管理委員會).

Save as disclosed above, our Directors are not aware of any person who will, immediately following the Global Offering, have an interest or short position in our Shares or underlying Shares which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company.

## SHARE CAPITAL

### Immediately before the Global Offering

As of the Latest Practicable Date, the registered share capital of the Company was RMB438,521,669, comprising 438,521,669 Domestic Shares with a nominal value of RMB1.00.

### Upon the Completion of the Global Offering

Immediately after the Global Offering (without taking into account any Shares to be issued under the Pre-IPO Share Incentive Scheme), the share capital of the Company will be as follows:

| Description of Shares | Number of Shares | Approximate % of the enlarged issued share capital after the Global Offering |
|---|---|---|
| Domestic Shares in issue | 438,521,669 | 84.65% |
| H Shares to be issued pursuant to the Global Offering | 79,520,000 | 15.35% |
| **Total** | 518,041,669 | 100% |

## CLASS OF SHARES

The H Shares in issue following the completion of the Global Offering and the Domestic Shares are ordinary Shares in the share capital of our Company, and are considered as one class of Shares. However, H Shares may only be subscribed for and traded in Hong Kong dollars (except for H Shares under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect, if applicable, and can be traded in Renminbi) between qualified domestics institutional investors of the PRC, legal and natural persons of Hong Kong, Macau, Taiwan or any country or jurisdiction other than the PRC. Apart from certain qualified domestic institutional investors in the PRC, as well as certain PRC qualified investors under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect, if applicable, H Shares generally cannot be subscribed by or traded among legal and natural persons of the PRC. Domestic Shares, on the other hand, may be purchased or transferred between legal and natural persons of the PRC, qualified foreign institutional investors or qualified foreign strategic investors.

## RANKING

Domestic Shares and H Shares are regarded as one class of Shares under the Articles of Association and will rank equally for all dividends or distributions declared, paid or made after the date of this prospectus. However, the transfer of the Domestic Shares is subject to such restrictions as PRC laws may impose from time to time.

## CONVERSION OF OUR DOMESTIC SHARES INTO H SHARES

After the completion of the Global Offering, our Shares will consist of Domestic Shares and H Shares which are all ordinary Shares in the share capital of our company. Our Domestic Shares are Shares which are currently not listed or traded on any stock exchange. According to the stipulations by the State Council's securities regulatory authority and the Articles of Association, the holders of our Domestic Shares may, at their own option, authorize our Company to apply to the CSRC for conversion of their respective Shares to H Shares. After the conversion of Domestic Shares, such converted Shares may be listed or traded on an overseas stock exchange, provided that prior to the conversion and trading of such converted shares any requisite internal approval processes shall have been duly completed and the approval from and the completion of filing with the relevant PRC regulatory authorities, including the CSRC, shall have been obtained. In addition, such conversion, trading and listing shall in all respects comply with the regulations prescribed by the State Council's securities regulatory authorities and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange.

Approval of the Stock Exchange is required for the listing of such converted shares on the Stock Exchange. Based on the methodology and procedures for the conversion of our Domestic Shares into H Shares as described in this section, we can apply for the listing of all or any portion of our Domestic Shares on the Stock Exchange as H Shares in advance of any proposed conversion to ensure that the conversion process can be completed promptly upon notice to the Stock Exchange and delivery of shares for entry on the H Share register. As any listing of additional Shares after our Listing on the Stock Exchange is ordinarily considered by the Stock Exchange to be a purely administrative matter, it does not require such prior application for listing at the time of our Listing in Hong Kong.

After the completion of filing and all the requisite approvals have been obtained, the following procedure will need to be completed in order to effect the conversion: the relevant Domestic 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) the H Share Registrar lodging with the Stock Exchange a letter confirming the proper entry of the relevant H Shares on the H Share register and the due dispatch of H Share certificates and (b) the admission of the H Shares to trade on the Stock Exchange in compliance with the Listing Rules, the General Rules of HKSCC and the HKSCC Operational Procedures in force from time to time. Until the converted shares are re-registered on our H Share register, such Shares would not be listed as H Shares.

No Shareholder voting by class is required for the listing and trading of the converted Shares on an overseas stock exchange. Any application for listing of the converted shares on the 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.

As at the Latest Practicable Date, to the best knowledge of our Directors, our Directors were not aware of any intention of any holder of Domestic Shares to convert all or part of their Domestic Shares into H Shares.

## SHAREHOLDERS' GENERAL MEETING

For details of circumstances under which Shareholders' general meeting is required, please refer to "Appendix IV – Summary of Principal PRC Legal and Regulatory Provision" to this prospectus.

## REGISTRATION OF SHARES NOT LISTED ON AN OVERSEAS STOCK EXCHANGE

According to the Notice of Centralized Registration and Deposit of Non-overseas Listed Shares of Companies Listed on an Overseas Stock Exchange (《關於境外上市公司非境外上市股份集中登記存管有關事宜的通知》) issued by the CSRC, an overseas listed company is required to register its shares that are not listed on any overseas stock exchange with China Securities Depository and Clearing Corporation Limited within 15 business days upon its listing and provide a written report to the CSRC regarding the centralized registration and deposit of its unlisted shares as well as the current offering and listing of shares.

## TRANSFER OF SHARES ISSUED PRIOR TO THE GLOBAL OFFERING

In accordance with the PRC Company Law, the shares issued prior to any public offering of shares by a company cannot be transferred within one year from the date on which such publicly offered shares are listed and traded on the relevant stock exchange. As such, the Shares issued by our Company prior to the issue of H Shares will be subject to such statutory restriction on transfer within a period of one year from the Listing Date.

## SHAREHOLDERS' APPROVAL FOR THE GLOBAL OFFERING

Approval from our Shareholders is required for our Company to issue H Shares and apply for the listing of H Shares on the Stock Exchange. Our Company has obtained such approval at the Shareholders' general meeting held on 28 October 2022.

## PRE-IPO SHARE INCENTIVE SCHEME

The Pre-IPO Share Incentive Scheme was adopted and approved by resolutions in writing by our Shareholders on 28 October 2022. As of the Latest Practicable Date, the Company has issued an aggregate of 12,065,000 Pre-IPO Share Options to 29 Grantees for their contribution to the operation and development of our Group. No further Option will be granted under the Pre-IPO Share Incentive Scheme after Listing. For further information regarding the terms and the information of the grantees of the Pre-IPO Share Incentive Scheme, please refer to "Appendix VI – Statutory and General Information – D. Pre-IPO Share Incentive Scheme".

*You should read the following discussion and analysis in conjunction with our audited consolidated financial statements as of and for the years ended 31 December 2020, 2021, 2022 and the five months ended 31 May 2023 included in the Accountant's Report set out in Appendix I to this prospectus with the accompanying notes. Our audited consolidated financial statements have been prepared in accordance with IFRS, which may differ in material aspects from generally accepted accounting principles in other jurisdictions.*

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

## OVERVIEW

We are a leading technology-based hydrogen fuel cell company in the PRC focusing on research, development, production and sales of hydrogen fuel cell stacks and hydrogen fuel cell systems. We are dedicated to creating a clean and sustainable world, leading the way in hydrogen energy and creating the future together. Through continued technological innovations and product iterations, we have contributed to the transformation of the hydrogen fuel cell industry as well as the development and commercialization of the hydrogen energy technologies in China since our establishment. According to Frost & Sullivan, we are a leading market player in the hydrogen fuel cell industry in China, and we ranked (i) first in terms of hydrogen fuel cell stacks shipment volume for six consecutive years from 2017 to 2022, (ii) first in terms of sales value of hydrogen fuel cell systems in 2022 and (iii) second in terms of sales volume of hydrogen fuel cell systems in 2022. Leveraging our (i) advanced proprietary technologies and leading research and development capabilities, (ii) cost-effective and mass-production capabilities, (iii) proven ability in operations and market expansions and (iv) years of experience in collaborations with the upstream and downstream participants in our industry, we have succeeded in the independent research and development of products, the domestic procurement and production of core raw materials and production machineries and the high-quality mass-production, continuously leading the development of China's hydrogen fuel cell industry. To continue our success in the hydrogen fuel cell industry, we plan to strengthen our technological capabilities to launch our next-generation self-developed hydrogen fuel cell products and further enrich our downstream hydrogen fuel cell product matrix and comprehensive applications.

Our shipment volume of hydrogen fuel cell stacks has exceeded 650MW as of the Latest Practicable Date. Our production facility in Yunfu commenced operation in 2017, which was the world's largest hydrogen fuel cell stacks production facility at that time and has continued to maintain the industry-leading level since then and up to the Latest Practicable Date in terms of production capacity. Since we began production of our hydrogen fuel cell stacks in 2017, we have been leading the way for the commercialization of the Chinese hydrogen fuel cell technologies. Through years of commercialization experience, we have developed and implemented our hydrogen fuel cell stacks and systems for various applications, primarily including transit applications such as buses and heavy-duty trucks, and to a much lesser extent, stationary applications such as distributed power generations and back-up power generations.

For the years ended 31 December 2020, 2021, 2022 and the five months ended 31 May 2022 and 2023, our revenue was RMB226.9 million, RMB457.1 million, RMB748.5 million, RMB57.7 million and RMB142.8 million, respectively. In addition, we recorded net losses of RMB221.4 million, RMB703.0 million, RMB280.2 million, RMB158.8 million and RMB88.3 million for the years ended 31 December 2020, 2021, 2022 and the five months ended 31 May 2022 and 2023, respectively.

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. For more information, please refer to "– Description of Key Statement of Profit or Loss Items – Non-IFRS Measure". Our adjusted net loss (non-IFRS measure) was losses of RMB103.1 million, RMB157.0 million, RMB225.9 million, RMB144.5 million and RMB76.1 million for the years ended 31 December 2020, 2021, 2022 and the five months ended 31 May 2022 and 2023, respectively.

## BASIS OF PREPARATION

The principal accounting policies applied in the preparation of historical financial information are in accordance with IFRS Accounting Standards ("**IFRS**") issued by the International Accounting Standards Board ("**IASB**"). The historical financial information has been prepared under the historical cost convention, except for certain financial assets and liabilities that are measured at fair value.

The preparation of historical financial information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying our Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the historical financial Information are disclosed in Note 4 of the Accountant's Report as Appendix I to this prospectus.

The following new standards and amendments to standards have not come into effect for the financial year beginning 1 January 2022, and have not been early adopted by our Group during the Track Record Period in preparing the historical financial information. None of these new standards and amendments to standards is expected to have a significant effect on the historical financial information of our Group.

| | | Effective for annual periods beginning on or after |
|---|---|---|
| **Amendments to IAS 28 and IFRS 10** | Sale or contribution of assets between an investor and its associate or joint venture | To be determined |
| **IAS 1 (amendments)** | Classification of liabilities as current or non-current | 1 January 2024 |
| **Amendments to IFRS 16** | Lease liability in a Sale and Leaseback | 1 January 2024 |
| **IFRS 17** | Insurance contracts | 1 January 2023 |
| **Amendments to IAS 1 and IFRS Practice Statement 2** | Disclosure of accounting policies | 1 January 2023 |
| **Amendments to IAS 8** | Definition of accounting estimates | 1 January 2023 |
| **Amendments to IAS 12** | Deferred tax related to assets and liabilities arising from a single transaction | 1 January 2023 |

## KEY FACTORS AFFECTING OUR FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Our business, historical financial condition and results of operations have been affected by several important factors which we believe will continue to affect our financial condition and results of operations in the future. Our financial condition and results of operations are primarily affected by the following factors:

### Research and Development and Product Upgrades

The market for our products is characterized by continuing technological development, evolving industry and national standards, increasing number of product types, changing customer needs, frequent new product introductions and enhancements, and product commercialization. The introduction of products by our competitors embodying new technologies, the introduction and adoption of new product types by our competitors, the emergence of new industry and national standards, changes in customer requirements or changes in government policies and regulations could render our existing products obsolete, unmarketable or less competitive. Our success depends upon our ability to enhance our existing product offerings, to respond to changing customer requirements, technological and competitive developments as well as emerging industry standards, to conduct effective research development projects, and to introduce new products in a timely manner.

We prioritize our research and development efforts that we believe have great potential and have increasingly focused our research and development efforts on the core technologies of hydrogen fuel cell stacks and hydrogen fuel cell systems. For the years ended 31 December 2020, 2021, 2022 and the five months ended 31 May 2022 and 2023, we incurred research and development expenses of RMB35.9 million, RMB72.2 million, RMB91.8 million, RMB43.6 million and RMB35.5 million, respectively, accounting for 15.8%, 15.8%, 12.3%, 75.6% and 24.8% of our revenue during the same years/periods, respectively.

As of the Latest Practicable Date, we were in the process of upgrading our existing product models and developing new products. We also seek to continue to optimize the performance of our existing products through our research and development efforts. As the market evolves, the specifications of our products also require consistent enhancement. Our ability to design and develop new products that meet these changing requirements has been and will continue to be critical to our ability to survive in the market. Therefore, we expect to continue to make significant investments in research and development, particularly with respect to designing and developing more technologically advanced and cost-competitive hydrogen fuel cell stacks and hydrogen fuel cell systems. A significant amount of development costs could materially and adversely affect our results of operations.

**Competition and Pricing**

We face competition in the hydrogen fuel cell stacks and hydrogen fuel cell systems markets in China from other competitors. We believe the factors that are critical to our competitiveness in these markets include research and development capabilities, quality of our product offerings, relationship with our customers, marketing and distribution channels, competitive pricing, brand recognition and after-sales services. We believe that we have enjoyed certain competitive advantages as a result of our research and development capabilities, quality of our product offerings at competitive prices, strong relationships with our customers, extensive sales, marketing and services network and a high level of brand recognition, among other factors. However, increased competition or our inability to sustain our competitive advantage could adversely affect our results of operations.

Our pricing directly affects our revenue, gross profit margin and results of operations. We consider various factors, such as prevailing market prices and conditions, costs of production, years of business relationship, government awards policy and expected margins, when pricing our products.

During the Track Record Period, there was a general decreasing trend of the average selling prices for our hydrogen fuel cell stacks and hydrogen fuel cell systems products, which was in line with the industry trend as confirmed by Frost & Sullivan. In addition to the industry trend of decreasing prices, we gradually lowered our selling price of our hydrogen fuel cell stacks and hydrogen fuel systems during the Track Record Period mainly because of factors such as the promotion of the commercialization of products, the advancement of technological capabilities and the improvement of cost-effectiveness. For more information, please refer to "– Description of Key Statement of Profit or Loss Items – Revenue – Average selling price and sales volume" below.

**PRC Government's Policies Supporting the Hydrogen Fuel Cell Vehicle Industry**

We focus on the research, development, production and sale of hydrogen fuel cell stacks and hydrogen fuel cell systems. Since most of our revenue was generated from the sale of hydrogen fuel cell stacks and hydrogen fuel cell systems, which depends on the market demands for hydrogen fuel cell vehicles, we are highly dependent on the favorable industry policies promulgated by the relevant government supporting this industry.

In recent years, the PRC government and industry associations have been implementing favorable policies and development plans to encourage the development of hydrogen fuel cell vehicles, for example, the promotion of pilot adoption of hydrogen fuel cell vehicles and granting of awards and incentives to market participants. For more details, please refer to "Regulatory Overview – Regulations Relating to Our Industry and Products" in this prospectus.

We believe these favorable policies and development plans will continue to contribute to the development of hydrogen fuel cell vehicle industry and in particular, the growth of our sales of hydrogen fuel cell stacks and hydrogen fuel cell systems and the increase in our revenue and profits. However, as the regulatory framework and government policies in the PRC for hydrogen fuel cell vehicles are relatively new and still evolving, these government policies are subject to restrictions and uncertainties beyond our control and the PRC government may also continuously adjust and change these policies. Any reduction or cancellation of the favorable industry policies promulgated by the relevant government such as awards or other economic incentives due to policy changes, fiscal tightening or otherwise, or any government guidance that reduces the demand for hydrogen fuel cell vehicles could weaken the competitiveness of the hydrogen fuel cell stacks and hydrogen fuel cell systems markets generally, in which event there may be a material and adverse effect on our business, financial condition and results of operations.

**Impact of Covid-19 on Our Operations and Financial Performance**

In response to the spread of the COVID-19 virus, including variants and mutant strains, such as Delta and Omicron variants, the PRC government implemented numerous measures, including travel bans and restrictions, quarantines, stay-at-home orders and shutdowns. We took a series of measures in response to the outbreak to protect our employees in compliance with governments' measures, including, temporary closure of our offices, remote working arrangements for our employees, and travel restrictions or suspension. While our manufacturing facilities maintained normal operations since the outbreak of the COVID-19 pandemic, the outbreak of COVID-19 had the following impact on our business, results of operations, and financial condition during the Track Record Period: (i) certain of our raw material suppliers has suspended operation temporarily as they were located in areas affected by COVID-19, (ii) we experienced logistics delays as a result of the pandemic, and (iii) certain of our construction in progress was delayed. In particular, with respect to the effect on supplies, the lock-downs in certain cities in China, as part of the COVID-19 mandates, have slightly increased the logistics costs for the industry, and temporarily increased the cost of key raw materials of hydrogen fuel cell stacks and hydrogen fuel cell systems by less than 10.0%, according to Frost & Sullivan.

Specifically, in 2020, although the outbreak of COVID-19 had certain negative impact on the procurement, production and logistics of our customers' industry, such as the hydrogen fuel cell vehicle industry, and resulted in a delay of the downstream demand for the hydrogen fuel cell stacks and hydrogen fuel cell systems, participants in our industry were making continuous efforts to jointly support the establishment and applications of demonstrative city clusters in order to further promote the commercialization of hydrogen fuel cell products. With the issuance of the "awards in lieu of subsidy (以獎代補)" supportive policy in the third quarter of 2020, the market demand has since continued to increase.

In December 2022, the PRC government eased the restrictions previously imposed to control the COVID-19 pandemic. As a result, regional lockdowns, quarantine requirements and inter-region travel restrictions have been gradually lifted. Given the recent relaxation of the strict pandemic control measures, we do not expect any further material adverse effects on our overall long-term business and financial performance. However, we cannot be entirely certain when the COVID-19 pandemic will be fully contained and its impact completely alleviated. There remain uncertainties surrounding the COVID-19 outbreak and its further development as a global pandemic, considering the difficult global situation. We are closely monitoring the development of the COVID-19 pandemic and continuously evaluating any potential impact on our business operations.

**Cost of Raw Materials**

Raw materials have been the largest component of our cost of sales during the Track Record Period, which primarily consisted of (i) flexible expanded graphite sheets and MEAs for the manufacturing of our hydrogen fuel cell stacks, (ii) air compressor, hydrogen circulation pump and DC-to-DC converters for the manufacturing of our hydrogen fuel cell systems, and (iii) hydrogen storage systems and batteries. The cost of raw materials accounted for 73.1%, 81.8%, 89.1% and 79.5% of our total cost of sales for the years ended 31 December 2020, 2021, 2022 and the five months ended 31 May 2023, respectively. The raw materials of our hydrogen fuel cell systems mainly comprised hydrogen fuel cell stacks, air compressors, hydrogen storage systems, DC-to-DC converters and batteries. The cost of such raw materials accounted for 80.8%, 85.2%, 89.3% and 79.6% of our total cost of sales of our hydrogen fuel cell systems for the years ended 31 December 2020, 2021, 2022 and the five months ended 31 May 2023, respectively. We are subject to the risks of fluctuations in the price of these materials. Changes in the availability and price of raw materials could have a significant impact on our operating costs and results of operations.

Our average raw material cost per kW of our fuel cell systems was approximately RMB5,715.1, RMB2,749.4, RMB3,633.3 and RMB2,256.5 for the years ended 31 December 2020, 2021, 2022 and the five months ended 31 May 2023, respectively. The average raw material cost per kW of our fuel cell systems decreased from 2020 to 2021 mainly due to our increased production and sales of our self-developed hydrogen fuel cell systems that were equipped with our lower-cost self-developed hydrogen fuel cell stacks benefited from our success in domestic procurement and production of the core components. The average raw material cost per kW of our fuel cell systems increased from 2021 to 2022 mainly due to some of our hydrogen fuel cell systems included additional components such as the hydrogen storage systems as requested by and to cater to some of our customer's needs and in order to offer a more comprehensive and ready-for-use hydrogen fuel cell solution.

The following table sets forth our cost of raw materials, sales volume, sales power output in terms of kW and average raw materials cost per kW of our hydrogen fuel cell systems during the Track Record Period.

| | **Year ended 31 December** | | | **Five months ended 31 May** | |
|---|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2022** | **2023** |
| | | | | *(unaudited)* | |
| Cost of raw materials (*RMB'000*) | 61,912 | 232,445 | 477,052 | 29,133 | 83,693 |
| Sales volume (*unit*) | 187 | 833 | 1,253 | 97 | 372 |
| Sales power output (*kW*) | 10,833 | 84,545 | 131,300 | 10,120 | 37,090 |
| Average raw material cost per kW (*RMB*) | 5,715.1 | 2,749.4 | 3,633.3 | 2,878.8 | 2,256.5 |

## CRITICAL ACCOUNTING POLICIES AND ESTIMATES

A summary of our significant accounting policies is set forth in Note 2 of the Accountant's Report as Appendix I to this prospectus. Critical accounting policies are those that require our management to exercise judgment in applying assumptions and making estimates that would yield materially different results if our management applied different assumptions or made different estimates. Estimates and judgments are continually re-evaluated and are based on historical experience and other factors, including industry practices and expectations of future events that are believed to be reasonable under the circumstances. We have not changed our assumptions or estimates in the past and have not noticed any material errors regarding our assumptions or estimates. Under current circumstances, we do not expect that our assumptions or estimates are likely to change significantly in the future. We believe the following critical accounting policies involve the most significant judgments in the preparation of our consolidated financial statements.

**Revenue Recognition**

Our Group is engaged in the development and sales of hydrogen fuel cell stacks and hydrogen fuel cell systems. Our main products are hydrogen fuel cell stacks, hydrogen fuel cell systems and related system technology integrated services. The specific principles for the recognition of our Group's operating revenue are as follows:

***Sales of goods***

Our Group manufactures and sells hydrogen fuel cell stacks and hydrogen fuel cell systems in the market. Sales are recognised when control of the products has been transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, 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 our Group has objective evidence that all criteria for acceptance have been satisfied.

The hydrogen fuel cell stacks are sold with retrospective volume discounts based on aggregate sales over a period. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

Our Group has a significant financing component in sales contracts with some of our customers. In determining the transaction price, our Group shall adjust the promised amount of consideration for the effects of the time value of money if the timing of payments agreed to by the parties to the contract (either explicitly or implicitly) provides the customer or our Group with a significant benefit of financing the transfer of goods or services to the customer. An entity shall use the discount rate that would be reflected in a separate financing transaction between the entity and our customer at contract inception. That rate would reflect the credit characteristics of the party receiving financing in the contract, as well as any collateral or security provided by the customer or the entity, including assets transferred in the contract. An entity may be able to determine that rate by identifying the rate that discounts the nominal amount of the promised consideration to the price that the customer would pay in cash for the goods or services when (or as) they transfer to the customer. After contract inception, an entity shall not update the discount rate for changes in interest rates or other circumstances (such as a change in the assessment of the customer's credit risk).

Our Group's obligation to repair or replace faulty products under the standard warranty terms is recognized as a provision.

***Services***

Our Group recognises revenue from the system technology integrated 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 the system technology integrated 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, our Group makes provision for impairment on the excess portion and recognises it as asset impairment losses. As of the balance sheet date, if the contract fulfilment costs is more than one year when initially recognised, the amount of our Group's contract fulfilment costs net of related provision for asset impairment is presented as other non-current assets.

**Fair Value Measurement of fair value through other comprehensive income ("FVOCI") and derivative financial instruments**

The fair value assessment of FVOCI and derivative financial instruments that are measured at level 3 fair value hierarchy requires significant estimates, which include risk-free rates, market information of recent transactions (such as recent fund raising transactions) and other assumptions. Changes in these assumptions and estimates could materially affect the respective fair value of these investments.

Our finance department performs the valuation of level 3 financial instruments for financial reporting purposes. We manage the valuation exercise of the investments on a case by case basis. Our finance department uses valuation techniques to determine the fair value of our level 3 instruments and reports to senior management and the Directors of our Company. For details, see Note 3.3 to the Accountant's Report as Appendix I to this prospectus.

In respect of the assessment of fair value of the equity investments and debt investments, with reference to the guidance under the "Guidance Note on Directors' Duties in the Context of Valuations in Corporate Transactions" issued by the SFC in May 2017 applicable to directors of companies listed on the Stock Exchange, our Directors have undertaken the following key actions: (i) considering available information in assessing the assumptions including but not limited to the historical financial performance, market prospects, comparable companies' conditions, economic, political and industry conditions; (ii) engaging an independent external valuer to assist our management to assess the fair value; (iii) considering the independence, reputation, capabilities and objectivity of the external valuer to ensure the suitability of such valuer; (iv) reviewing and discussing with our management and the external valuer on the valuation models and approaches; and (v) reviewing the valuation work papers and results prepared by the valuer. Valuation techniques are verified by the independent and recognized international business valuer before being implemented for valuation and are calibrated to ensure that outputs reflect market conditions. In respect of the valuation of our equity investments and debt investments.

Details of the fair value measurement of financial instruments, particularly the fair value hierarchy, the valuation techniques and key inputs, including significant unobservable inputs, the relationship of unobservable inputs to fair value are disclosed in Notes 3.3, Note 20 and Note 36 of the Accountant's Report in Appendix I to this prospectus which was issued by the Reporting Accountant in accordance with Hong Kong Standard on Investment Circular Reporting Engagement 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants for the purpose of expressing an opinion on the Group's historical financial information for the Track Record Period as a whole in Appendix I to this prospectus. The Reporting Accountant's opinion on the historical financial information of the Group for the Track Record Period as a whole is set out on page I-2 of Appendix I to this prospectus.

The Sole Sponsor has conducted relevant due diligence work, including (i) obtaining information on the credentials of the valuer and the background, qualifications and work experience of its core team members; (ii) obtaining and reviewing the valuation reports issued by the valuer; (iii) understanding from the valuer the key basis and assumptions for the valuation of financial assets categorized as level 3 fair value measurements; (iv) reviewing relevant notes (in particular Note 3.3) in the Accountant's Report as contained in Appendix I to this prospectus; (v) discussing with the management to understand the internal policies and procedures for the management of the Level 3 financial instruments and the key basis methodology and assumptions for the valuation of the Level 3 financial instruments; and (vi) discussing with the Reporting Accountant to understand the work they have performed in relation to the valuation of the Level 3 Financial Assets for the purpose of reporting on the Historical Financial Information, as a whole, of the Group. Having considered the work done by the management of the Company and the unqualified opinion on the Historical Financial Information, as a whole, of the Group issued by the Reporting Accountant included in Appendix I to this prospectus, and the relevant due diligence done as stated above, nothing material has come to the Sole Sponsors' attention that indicates that the management of the Company have not undertaken sufficient investigation and due diligence, or that the Company management's reliance on the work products of the valuer is unreasonable.

**Inventories**

Raw materials and consumables, work in progress and finished goods are stated at the lower of cost and net realizable value. Cost comprises direct materials, direct labor and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

**Property, Plant and Equipment**

Property, plant and equipment are stated at historical cost less depreciation and accumulated impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to our Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the consolidated statements of profit or loss during the periods in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their costs, net of their residual values, over their estimated useful lives as follows:

| | |
|---|---|
| Buildings and building improvements | 3-20 years |
| Machinery | 5-10 years |
| Vehicles | 4-5 years |
| Furniture, fittings and equipment | 4-5 years |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the consolidated statements of profit or loss.

Construction in progress (the "**CIP**") represents buildings, machinery, furniture, fittings and equipment under construction and is stated at cost less accumulated impairment losses, if any. Cost includes the costs of construction and acquisition and capitalized borrowing costs. No provision for depreciation is made on CIP until such time as the relevant assets are completed and ready for intended use. When the assets concerned are available for use, the cost are transferred to relevant categories of property, plant and equipment and depreciated in accordance with the policy as stated above.

**Intangible Assets**

***Software, patents and licenses***

Acquired software, patents and licenses are initially capitalized on the basis of the costs incurred to acquire and bring to use the specific software, patent and license. Costs associated with maintaining computer software programs are recognised as an expense as incurred. Software, patents and licenses are stated at historical cost less accumulated amortization and impairment losses, if any. Amortization are calculated using the straight-line method to allocate the cost over their estimated useful lives as follows:

| | |
|---|---|
| Software | 10 years |
| Patents | 10 years |
| Licenses | 10 years |

The length of useful life of an intangible asset is determined in accordance to the shortest of period among the three, the period during which such assets is expected to bring economic benefits to our Group, the beneficial life specified in the contract and the legal life for software, patents and licenses laws and regulations of the PRC. The amortization period and amortization method of intangible assets are reviewed at each reporting period. The effects of any revision are recognised as profit or loss when the changes arise.

Our software, patents and licenses measured in intangible assets are acquired from third parties and substantially the contracts stipulate that they can be used for at least 10 years. According to the accounting policy in Note 2.8 of the Accountant's Report of Appendix I to this prospectus, our management reasonably estimates the service life to be 10 years based on the expected use of the assets themselves, the benefit period stipulated in the contract and the legal period stipulated by law.

As of 31 December 2020, our management expected a significant decline in the sales of the 9SSL fuel cell stacks and therefore performed an impairment assessment on the corresponding licenses of our Group. The recoverable amount of the 9SSL fuel cell stacks license was assessed by our management based on fair value less cost of disposal, and we made a provision for the impairment of RMB57,358,000 and charged to the cost of sales. The carrying amounts of our licenses was RMB19,527,000 after the impairment, the key assumptions for impairment assessment for our licences of production line technology are set out below:

| | **As of 31 December 2020** |
|---|---|
| Net royalty rate (%) | 11 |
| Effective income tax rate (%) | 25 |
| Tax amortisation year | 6.83 |
| Discount rate (%) | 15.5 |

Our management determined the values assigned to each of the above key assumptions as follows:

- Net royalty rate: based on past performance and management's expectations for the future.

- Effective income tax rate and tax amortisation period: based on management's expectations for the future.

- Discount rate: this is the weighted average cost of capital, which is based on the industry average cost of capital analysed by comparable companies and considering the unique risk factors of relevant production line technology.

***Sensitivity analysis***

The following sensitivity analysis illustrates the impact of hypothetical fluctuations of our profit before income tax in relation to the changes of net royalty rate and discount rate in 2020, assuming all other variables remained constant. Fluctuations of our profit before tax in the net royalty rate and discount rate of 1% and -1%, based on the historical fluctuations in 2020, are set below:

| | **Year ended 31 December 2020** |
|---|---|
| | *RMB'000* |
| Net royalty rate increase/decrease by: | |
| Increase 1% | 1,775 |
| Decrease 1% | (1,775) |

| | **Year ended 31 December 2020** |
|---|---|
| | *RMB'000* |
| Discount rate increase/decrease by: | |
| Increase 1% | (591) |
| Decrease 1% | 623 |

***Research and development***

We incur significant costs and efforts on research and development activities, which include expenditures on hydrogen fuel cell stacks and hydrogen fuel cell system technology. Research expenditures are charged to the profit or loss as an expense in the period the expenditures are incurred. Development costs are recognised as assets if they can be directly attributable to a newly developed hydrogen fuel cell stacks and hydrogen fuel cell system products and all the following can be demonstrated, if applicable:

- the technical feasibility of completing the intangible assets so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible assets;
- the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. No development costs met these criteria and therefore, were capitalised as intangible assets during the Track Record Period.

**Impairment of Non-Financial Assets**

Assets that are subject to amortization or depreciation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in profit or loss for the amount by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each financial year.

**Trade and Other Receivables**

Trade and other receivables are amounts due from customers for products sold or services performed in the ordinary course of business, and other receivables mainly include loan due from a third party and advances to employees. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. Our Group holds the trade and other receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method less loss allowance.

**Share-based Payments**

Our Group operates an equity-settled share-based payment plan, under which employees provide services to our Group in exchange for the equity instruments of our Group. Certain shares were granted to certain directors, senior management and employees during the Track Record Period. Please refer to Note 29 of the Accountant's Report as Appendix I to this prospectus for more information. The fair value of the employee service received in exchange for the grant of shares is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted:

- including any market performance conditions (for example, the entity's share price);

- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period), and

- including the impact of any non-vesting conditions (for example, the requirement for employees to save or hold shares for a specific period of time).

Non-market performance and service conditions are included in assumptions about the number of equity instruments that are expected to vest. The total expense is recognised over the vesting period, in which all of the specified vesting conditions are to be satisfied.

At the end of each period, our Group revises the estimates of the number of shares that are expected to vest based on the non-market vesting and service conditions. We recognise the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

The grant of our equity instruments to the employees of our subsidiaries is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investments in subsidiaries, with a corresponding credit to equity.

## DESCRIPTION OF KEY STATEMENT OF PROFIT OR LOSS ITEMS

The following table sets out a summary of our consolidated statement of profit or loss during the Track Record Period, which are derived from the Accountant's Report as set out in Appendix I to this prospectus:

| | Year ended 31 December | | | Five months ended 31 May | |
|---|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| | | | | *(unaudited)* | |
| Revenue | 226,883 | 457,138 | 748,475 | 57,698 | 142,798 |
| Cost of sales | (218,901) | (329,610) | (589,672) | (55,979) | (122,647) |
| – Cost of sales of goods and services | (152,181) | (306,219) | (546,365) | (44,508) | (107,806) |
| – Impairment loss of inventory and licenses | (66,720) | (23,391) | (43,307) | (11,471) | (14,841) |
| **Gross profit** | **7,982** | **127,528** | **158,803** | **1,719** | **20,151** |

| | Year ended 31 December | | | Five months ended 31 May | |
|---|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| | | | | *(unaudited)* | |
| Other income | 7,490 | 7,026 | 14,424 | 5,585 | 4,955 |
| Other losses – net | (213) | (3,526) | (19,506) | (19,420) | (675) |
| Net impairment losses on financial assets and contract assets | (19,984) | (92,402) | (98,144) | (23,858) | (1,717) |
| Selling expenses | (8,007) | (22,995) | (49,279) | (9,961) | (13,910) |
| Research and development expenses | (35,945) | (72,192) | (91,815) | (43,629) | (35,469) |
| Administrative expenses | (150,283) | (616,251) | (181,385) | (63,691) | (65,703) |
| **Operating loss** | **(198,960)** | **(672,812)** | **(266,902)** | **(153,255)** | **(92,368)** |
| Finance income | 803 | 9,503 | 10,320 | 2,716 | 4,482 |
| Finance costs | (25,152) | (25,032) | (17,111) | (8,132) | (4,377) |
| **Finance (costs)/income – net** | **(24,349)** | **(15,529)** | **(6,791)** | **(5,416)** | **105** |
| Share of losses of joint ventures and associates accounted for using the equity method | (723) | (6,606) | (19,986) | (143) | – |
| **Loss before income tax** | **(224,032)** | **(694,947)** | **(293,679)** | **(158,814)** | **(92,263)** |
| Income tax credit/(expense) | 2,673 | (8,096) | 13,452 | 44 | 4,005 |
| **Loss for the year/period** | **(221,359)** | **(703,043)** | **(280,227)** | **(158,770)** | **(88,258)** |
| **(Loss)/income for the year/period attributable to:** | | | | | |
| Owners of the Company | (214,826) | (703,076) | (273,416) | (157,072) | (86,079) |
| Non-controlling interests | (6,533) | 33 | (6,811) | (1,698) | (2,179) |
| | **(221,359)** | **(703,043)** | **(280,227)** | **(158,770)** | **(88,258)** |
| **Losses per share attributable to owners of the Company for the year/period** | | | | | |
| Basic and diluted losses per share (expressed in RMB per share) | (1.04) | (2.23) | (0.72) | (0.44) | (0.20) |

The following table sets forth the consolidated statements of comprehensive income:

| | Year ended 31 December | | | Five months ended 31 May | |
|---|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* *(unaudited)* | *RMB'000* |
| **Loss for the year/period** | **(221,359)** | **(703,043)** | **(280,227)** | **(158,770)** | **(88,258)** |
| **Other comprehensive (loss)/income** | | | | | |
| *Item that may be subsequently reclassified to profit or loss* | | | | | |
| – Currency translation differences | (262) | 312 | (318) | (59) | 146 |
| **Total comprehensive loss for the year/period** | **(221,621)** | **(702,731)** | **(280,545)** | **(158,829)** | **(88,112)** |
| **Total comprehensive (loss)/income for the year/period attributable to:** | | | | | |
| – Owners of the Company | (215,088) | (702,764) | (273,734) | (157,131) | (85,933) |
| – Non-controlling interests | (6,533) | 33 | (6,811) | (1,698) | (2,179) |
| | **(221,621)** | **(702,731)** | **(280,545)** | **(158,829)** | **(88,112)** |

**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 non-cash 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 payments. Share-based payments was non-cash in nature, representing (i) the Share Incentive Scheme through which we offered share awards to our employees and (ii) equity transactions of equity interests in the Single Largest Shareholder. Please refer to Note 29 of the Accountant's Report as Appendix I to this prospectus for more information. The following table reconciles our adjusted net loss (non-IFRS measure) for the years/periods presented to the most directly comparable financial measure calculated and presented in accordance with IFRS:

| | Year ended 31 December | | | Five months ended 31 May | |
|---|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| | | | | *(unaudited)* | |
| **Reconciliation of net loss to adjusted net loss (non-IFRS measure):** | | | | | |
| Loss for the year/period | (221,359) | (703,043) | (280,227) | (158,770) | (88,258) |
| Add: | | | | | |
| – Share-based payments | 118,289 | 546,043 | 54,316 | 14,247 | 12,129 |
| **Adjusted net loss (non-IFRS measure)** | **(103,070)** | **(157,000)** | **(225,911)** | **(144,523)** | **(76,129)** |

## Revenue

During the Track Record Period, we primarily derived revenue from sale of our hydrogen fuel cell stacks to fuel cell system manufacturers and hydrogen fuel cell systems to downstream manufacturers. The following table sets forth a breakdown of our revenue by product type for the years/periods indicated:

| | Year ended 31 December | | | | | | Five months ended 31 May | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2020 | | 2021 | | 2022 | | 2022 | | 2023 | |
| | *RMB'000* | *%* | *RMB'000* | *%* | *RMB'000* | *%* | *RMB'000* *(unaudited)* | *%* | *RMB'000* | *%* |
| Hydrogen fuel cell stacks | 109,511 | 48.3 | 26,499 | 5.8 | 11,877 | 1.6 | 2,589 | 4.5 | 1,522 | 1.1 |
| Hydrogen fuel cell systems | 112,913 | 49.8 | 413,648 | 90.5 | 732,482 | 97.9 | 52,519 | 91.0 | 139,329 | 97.6 |
| Others(1) | 4,459 | 1.9 | 16,991 | 3.7 | 4,116 | 0.5 | 2,590 | 4.5 | 1,947 | 1.3 |
| **Total revenue** | **226,883** | **100.0** | **457,138** | **100.0** | **748,475** | **100.0** | **57,698** | **100.0** | **142,798** | **100.0** |

*Note:*

(1) Mainly include the occasional sales of hydrogen fuel cell system components and the provision of hydrogen fuel cell related technical services, both of which are recurring in nature and do not require any particular license to be carried out. The increase in revenue for the year ended 31 December 2021 was mainly due to the provision of technical services that amounted to RMB7.6 million to a rail transit customer for the design, development and testing of a high-power hydrogen fuel cell system.

The following table sets forth a breakdown of our sales volume and average selling price of our hydrogen fuel cell stacks and hydrogen fuel cell systems for the years/periods indicated:

| | Year ended 31 December | | | | | | Five months ended 31 May | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2020 | | 2021 | | 2022 | | 2022 | | 2023 | |
| | **Sales volume** | **Average selling price** | **Sales volume** | **Average selling price** | **Sales volume** | **Average selling price** | **Sales volume** | **Average selling price** | **Sales volume** | **Average selling price** |
| | *kW* | *RMB per kW* | *kW* | *RMB per kW* | *kW* | *RMB per kW* | *kW* | *RMB per kW* | *kW* | *RMB per kW* |
| Hydrogen fuel cell stacks | 37,578.2 | 2,914.2 | 13,117.2 | 2,020.2 | 7,122.8 | 1,667.5 | 1,016 | 2,548.2 | 881.0 | 1,727.6 |
| Hydrogen fuel cell systems | 10,833.0 | 10,423.1 | 84,545.0 | 4,892.6 | 131,300.0 | 5,578.7 | 10,120 | 5,189.7 | 37,090.0 | 3,756.5 |

For the years ended 31 December 2020, 2021, 2022 and the five months ended 31 May 2022 and 2023, our revenue was RMB226.9 million, RMB457.1 million, RMB748.5 million, RMB57.7 million and RMB142.8 million, respectively. The fluctuation of our revenue was mainly caused by changes in the sales volumes and the average selling prices of our hydrogen fuel cell stacks and hydrogen fuel cell systems.

***Average selling price and sales volume***

*Average selling price*

With years of development and through the shared efforts of upstream and downstream industry participants, the hydrogen fuel cell industry has been advancing in terms of product performance, technological capabilities and cost-effectiveness. With the advancement of technology and manufacturing processes as well as the increased domestic procurement of raw materials and components, the prices of hydrogen fuel cell stacks and hydrogen fuel cell systems were decreasing during the Track Record Period, according to Frost & Sullivan. As one of the leading companies in the industry, we have led the way both in terms of the development of the hydrogen fuel cell industry and in terms of lowering the selling prices of hydrogen fuel cell products to promote the growth of the industry.

To promote the market acceptance of hydrogen fuel cell products and in line with this industry trend, we generally lowered the selling prices of our hydrogen fuel cell stacks and hydrogen fuel cell systems during the Track Record Period. For the years ended 31 December 2020, 2021, 2022 and the five months ended 31 May 2022 and 2023, the average selling price of our hydrogen fuel cell stacks was RMB2,914.2/kW, RMB2,020.2/kW, RMB1,667.5/kW, RMB2,548.2/kW and RMB1,727.6/kW, respectively. For the years ended 31 December 2020, 2021, 2022 and the five months ended 31 May 2022 and 2023, the average selling price of our hydrogen fuel cell systems was RMB10,423.1/kW, RMB4,892.6/kW, RMB5,578.7/kW, RMB5,189.7/kW and RMB3,756.5/kW, respectively. The average selling price of our hydrogen fuel cell systems increased to RMB5,578.7/kW for the year ended 31 December 2022 as some of our hydrogen fuel cell systems included additional components such as the hydrogen storage systems as requested by and to cater to some of our customer's needs and in order to offer a more comprehensive and ready-for-use hydrogen fuel cell solution. The average selling price of our hydrogen fuel cell systems decreased from RMB5,189.7/kW for the five months ended 31 May 2022 to RMB3,756.5/kW for the five months ended 31 May 2023 mainly due to the general decreasing trend of the hydrogen fuel cell system selling prices and the decrease in our average raw material cost per kW.

While our overall gross profit margin fluctuated during the Track Record Period, which increased from 3.5% for the year ended 31 December 2020 to 27.9% for the year ended 31 December 2021 mainly due to an impairment loss of RMB57.4 million on our 9SSL fuel cell stacks license in 2020 and decreased from 27.9% for the year ended 31 December 2021 to 21.2% for the year ended 31 December 2022 mainly due to (i) the decrease of gross profit margin of our hydrogen fuel cell systems and (ii) the increase in impairment loss of our inventories and licence. The gross profit margin increased significantly from 3.0% for the five months ended 31 May 2022 to 14.1% for the five months ended 31 May 2023 mainly due to the significant increase in our gross profit of sales of goods and services, which outpaced the growth in the impairment loss of inventory and licenses. Our gross profit of sales of goods and services remained at a relatively stable level at 32.9% and 33.0% for the years ended 31 December 2020 and 2021, respectively, and at 22.9% and 24.5% for the five months ended 31 May 2022 and 2023, respectively, despite the fact that we generally lowered the selling prices of our products during the Track Record Period. Our gross profit of sales of goods and services decreased from 33.0% to 27.0% from the year ended 31 December 2021 to 2022 primarily due to the decrease in the gross profit margin of our hydrogen fuel cell systems, which is caused by the lower profit margin of the additional components (i.e. hydrogen storage systems and batteries) procured from third parties that were sold together with our hydrogen fuel cell systems in order to provide a more comprehensive and ready-for-use hydrogen fuel cell solution. For more information, please refer to "Description of Key Statement of Profit or Loss Items – Gross Profit and Gross Profit Margin". Such a trend was mainly attributable to:

- the continuous development of our production technology and the iterations and upgrades of our products and their performances;

- the increased production of scale resulting in the advantages of stronger bargaining power with our suppliers that helped to lower our unit production cost;

- the shift from international suppliers to domestic suppliers for most of our key raw materials and components procurements, which allowed us to procure raw materials and components at relatively lower prices to further promote the commercialization of hydrogen fuel cell products; and

- our shift from primarily selling hydrogen fuel cell stacks to primarily selling hydrogen fuel cell systems that generally incorporated our self-developed hydrogen fuel cell stacks beginning in 2020, which helped to further lower our hydrogen fuel cell systems production costs and enabled us to lower the selling prices while maintaining the gross profit margin. We decided and achieved the shift from primarily selling hydrogen fuel cell stacks to primarily selling hydrogen fuel cell systems that incorporated our hydrogen fuel cell stacks mainly as a result of (i) our technological advantages in the hydrogen fuel cell stacks, being a core component of the hydrogen fuel cell systems, that helped us to expand into the market of hydrogen fuel cell systems efficiently and economically and (ii) our dedication to better serve the downstream customers through the development of our own hydrogen fuel cell systems, which provided us with opportunities to directly collaborate with such customers for the further developments of both our products and the commercialization of the hydrogen fuel cell industry.

*Sales volume*

In 2020, although the outbreak of COVID-19 had certain negative impact on the procurement, production and logistics of our customers' industry, such as the hydrogen fuel cell vehicle industry, and resulted in a delay of the downstream demand for the hydrogen fuel cell stacks and hydrogen fuel cell systems, participants in our industry were making continuous efforts to jointly support the establishment and applications for demonstrative city clusters in order to further promote the commercialization of hydrogen fuel cell products. With the issuance of the "awards in lieu of subsidy (以獎代補)" supportive policy in the third quarter of 2020, market demand has since continued to increase. For more information on the development of our industry and the supportive policies, please see the "Industry Overview" section of this prospectus.

Despite the increased demand for hydrogen fuel cell stacks since 2021 in line with the industry trend, the sales volume of our hydrogen fuel cell stacks decreased during the Track Record Period mainly due to our reduced amount of hydrogen fuel cell stacks available for external sales.

The sales volume of our hydrogen fuel cell systems increased significantly during the Track Record Period, along with the industry trend as mentioned above, mainly due to (i) our continuous research and development efforts that improved the reliability of our products, (ii) our efforts to reduce costs and selling prices as mentioned above that promoted the commercialization of our products, (iii) continued collaborations with new and existing customers, such as our strategic collaborations with Xiamen King Long United Automotive Industry Co., Ltd. (廈門金龍聯合汽車工業有限公司) and Zhizi Automotive Technology Co., Ltd. (質子汽車科技有限公司) to jointly develop hydrogen fuel cell vehicle applications, and (iv) our expansion of product portfolio and applications that strengthened our position in the market.

## Cost of Sales

Our cost of sales consists primarily of raw materials, employee benefit expenses, depreciation and amortization of our production facilities and other fixed assets used in our production process and impairment loss of our non-financial assets. The table below sets forth a breakdown of our cost of sales by nature, both in actual amounts and as a percentage of total cost of sales for the years/periods indicated:

| | Year ended 31 December | | | | | | Five months ended 31 May | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2020 | | 2021 | | 2022 | | 2022 | | 2023 | |
| | *RMB'000* | *%* | *RMB'000* | *%* | *RMB'000* | *%* | *RMB'000* *(unaudited)* | *%* | *RMB'000* | *%* |
| **Cost of sales of goods and services** | | | | | | | | | | |
| Raw Materials | 111,238 | 73.1 | 250,624 | 81.8 | 486,738 | 89.1 | 32,340 | 72.7 | 85,668 | 79.5 |
| Hydrogen storage system | – | – | – | – | 160,125 | 29.3 | – | – | 14,127 | 13.1 |
| MEA | 50,768 | 33.4 | 79,942 | 26.1 | 102,015 | 18.7 | 10,266 | 23.1 | 26,719 | 24.8 |
| Battery | – | – | – | – | 33,800 | 6.2 | – | – | – | – |
| DC-DC | 1,837 | 1.2 | 21,024 | 6.9 | 28,657 | 5.2 | 842 | 1.9 | 2,137 | 2.0 |
| Air compressor | 2,715 | 1.8 | 25,873 | 8.4 | 18,183 | 3.3 | 2,716 | 6.1 | 3,728 | 3.5 |
| Hydrogen circulation pump | 1,169 | 0.8 | 14,194 | 4.6 | 13,678 | 2.5 | 590 | 1.3 | 1,485 | 1.4 |
| Graphite sheets | 4,320 | 2.8 | 6,793 | 2.2 | 10,754 | 2.0 | 2,939 | 6.6 | 1,730 | 1.6 |
| Humidifier | 1,522 | 1.0 | 11,514 | 3.8 | 10,749 | 2.0 | 1,650 | 3.7 | 2,742 | 2.5 |
| Deemed consigned processing(1) | 37,473 | 24.6 | – | – | – | – | – | – | – | – |
| Other raw materials(2) | 11,434 | 7.5 | 91,284 | 29.8 | 108,777 | 19.9 | 13,337 | 30.0 | 33,000 | 30.6 |
| Employee benefit expenses | 9,466 | 6.2 | 26,497 | 8.7 | 28,869 | 5.3 | 4,179 | 9.4 | 9,901 | 9.2 |
| Depreciation and amortization expense | 23,909 | 15.7 | 18,091 | 5.9 | 19,173 | 3.5 | 6,861 | 15.4 | 6,841 | 6.3 |
| Others(3) | 7,568 | 5.0 | 11,007 | 3.6 | 11,585 | 2.1 | 1,128 | 2.5 | 5,396 | 5.0 |
| **Subtotal** | **152,181** | **100.0** | **306,219** | **100.0** | **546,365** | **100.0** | **44,508** | **100.0** | **107,806** | **100.0** |
| Impairment loss of inventory and licences(4) | 66,720 | | 23,391 | | 43,307 | | 11,471 | | 14,841 | |
| **Total** | **218,901** | | **329,610** | | **589,672** | | **55,979** | | **122,647** | |

*Notes:*

(1) Mainly derived from the difference between our sales of hydrogen fuel cell stacks and the purchases of hydrogen fuel cell systems which was recorded at cost for deemed consigned processing. For more information, please refer to "Business – Customers – Overlapping of Major Customers and Suppliers" in this prospectus and Note 39(b) of the Accountant's Report as Appendix I to this prospectus.

(2) Mainly represent combination valve, water pump, impregnated fabric, epoxy resin and over 20 different miscellaneous parts.

(3) Mainly represent utilities, repair and maintenance fees, and rental costs.

(4) Mainly represent the impairment loss of 9SSL fuel cell stacks license and the impairment loss of inventories. For more information, please refer to "– Certain Statement of Financial Position Items – Inventories" and the discussion below.

Raw materials has been the largest component of our cost of sales during the Track Record Period, which primarily consisted of (i) flexible expanded graphite sheets and MEAs for the manufacturing of our hydrogen fuel cell stacks, (ii) air compressor, hydrogen circulation pump and DC-to-DC converters for the manufacturing of our hydrogen fuel cell systems, and (iii) hydrogen storage systems and batteries.

As the hydrogen fuel cell industry is still in the early stage of commercialization, our offering of hydrogen storage systems to hydrogen vehicle manufacturers can help them save on their research and development expenses while providing a more integrated and safer product. Our cost of raw materials increased by 94.2% from RMB250.6 million for the year ended 31 December 2021 to RMB486.7 million for the year ended 31 December 2022 mainly due to the increase in the costs of hydrogen storage systems and batteries as we procured such components from third-party suppliers and offered them together with our hydrogen fuel cell systems primarily during the second half of 2022, as requested by and to cater to some of our customer's needs for a more comprehensive and ready-for-use hydrogen fuel cell solution. We provided additional components as requested by some of our customers as it brings us advantages in the level of integration, design, and safety while reducing research and development burden for those customers by not having to integrate such components on their own. Employee benefits expenses primarily represents wages, pension scheme contributions and other related expenses. The cost of raw materials increased by 164.9% from RMB32.3 million for the five months ended 31 May 2022 to RMB85.7 million for the five months ended 31 May 2023 mainly due to (i) our significant increase in revenue from increased sales of hydrogen fuel cell systems and (ii) the procurement of hydrogen storage systems for the five months ended 31 May 2023.

The impairment loss of inventory and licenses decreased by 64.9% from RMB66.7 million as of 31 December 2020 to RMB23.4 million as of 31 December 2021 primarily due to an impairment loss that was provided to the 9SSL fuel cell stacks license for the year ended 31 December 2020. The impairment loss was provided to the 9SSL fuel cell stacks license mainly because following the launch of 9SSL fuel cell stacks, we have continuously launched new hydrogen fuel cell stacks with different power output levels. As customers have more choices among our products, the sales volume of our 9SSL fuel cell stacks had decreased during the Track Record Period. With the expected decline in the sales of the 9SSL fuel cell stacks, we performed an impairment assessment and the impairment loss of RMB57.4 million was subsequently provided to the 9SSL fuel cell stacks license for the year ended 31 December 2020. For more information on the impairment assessment of our patents and licenses, please refer to "– Critical Accounting Policies and Estimates – Intangible Assets – Software, patents and licenses" in this prospectus. However, the technology of the 9SSL fuel cell stacks having undergone extensive verifications in the global market, still had application value and commercial value. For instance, after taking into consideration the long lifespan and stable performance of the 9SSL fuel cell stacks, they were applied in the Zero-Carbon Distributed Smart Energy Center of Yulin, Shaanxi Province.

The impairment loss of inventory and licenses increased by 85.1% from RMB23.4 million as of 31 December 2021 to RMB43.3 million as of 31 December 2022 primarily due to the decrease in the sales of our 9SSL fuel cell stacks for the year ended 31 December 2022 and the resulted impairment of our 9SSL fuel cell stacks. We have adequately accrued the impairment loss of the 9SSL fuel cell stacks license upon reviewing the analysis of an independent valuer engaged by us, and as of the Latest Practicable Date, we were of the view that there would be no major asset impairment risk of the 9SSL fuel cell stacks license in the future. The impairment loss of inventory and license increased by 29.4% from RMB11.5 million for the five months ended 31 May 2022 to RMB14.8 million for the five months ended 31 May 2023, which consisted solely of impairment of inventories.

The table below sets forth a breakdown of our cost of sale by product type, both in actual amounts and as a percentage of total cost of sales for the years/periods indicated:

| | **Year ended 31 December** | | | | | | **Five months ended 31 May** | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **2020** | | **2021** | | **2022** | | **2022** | | **2023** | |
| | *RMB'000* | *%* | *RMB'000* | *%* | *RMB'000* | *%* | *RMB'000* *(unaudited)* | *%* | *RMB'000* | *%* |
| **Cost of sales of goods and services** | | | | | | | | | | |
| Hydrogen fuel cell stacks | 72,886 | 33.3 | 22,597 | 6.9 | 9,605 | 1.6 | 2,401 | 4.3 | 1,179 | 1.0 |
| Hydrogen fuel cell systems | 76,603 | 35.0 | 272,834 | 82.8 | 534,043 | 90.6 | 39,778 | 71.1 | 105,101 | 85.7 |
| Others[(1)] | 2,692 | 1.2 | 10,788 | 3.2 | 2,717 | 0.5 | 2,329 | 4.1 | 1,526 | 1.2 |
| **Subtotal** | **152,181** | **69.5** | **306,219** | **92.9** | **546,365** | **92.7** | **44,508** | **79.5** | **107,806** | **87.9** |
| Impairment loss of inventory and licences[(2)] | 66,720 | 30.5 | 23,391 | 7.1 | 43,307 | 7.3 | 11,471 | 20.5 | 14,841 | 12.1 |
| **Total** | **218,901** | **100.0** | **329,610** | **100.0** | **589,672** | **100.0** | **55,979** | **100.0** | **122,647** | **100.0** |

*Notes:*

(1) Mainly represent the occasional sales of hydrogen fuel cell systems components and the provision of hydrogen fuel cell related technical services.

(2) Mainly represent the impairment loss of 9SSL fuel cell stacks license and the impairment loss of inventories; For more information, please refer to "– Certain Statement of Financial Position Items – Inventories" and the discussion above.

***Sensitivity analysis***

The following table hypothesizes the impact of increase or decrease in the average selling price per kW of our hydrogen fuel cell stacks and hydrogen fuel cell systems on our profit or loss before taxation, while all other factors remain unchanged:

| | Impact on pretax loss | | | |
|---|---|---|---|---|
| | | | | **Five months** |
| | **Year ended 31 December** | | | **ended 31 May** |
| **Hypothetical fluctuations in** | **2020** | **2021** | **2022** | **2023** |
| **average selling price per kW** | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Increase of 5% | 11,121.2 | 22,007.4 | 37,218.0 | 7,042.6 |
| Decrease of 5% | (11,121.2) | (22,007.4) | (37,218.0) | (7,042.6) |
| Increase of 10% | 22,242.4 | 44,014.7 | 74,435.9 | 14,085.1 |
| Decrease of 10% | (22,242.4) | (44,014.7) | (74,435.9) | (14,085.1) |
| Increase of 20% | 44,484.9 | 88,029.3 | 148,871.8 | 28,170.2 |
| Decrease of 20% | (44,484.9) | (88,029.3) | (148,871.8) | (28,170.2) |

A sensitivity analysis on the price fluctuations in average 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-on-year fluctuations of our average cost of raw materials during the Track Record Period with all other variables remaining constant.

| | Impact on pretax loss | | | |
|---|---|---|---|---|
| | | | | **Five months** |
| | **Year ended 31 December** | | | **ended 31 May** |
| **Hypothetical fluctuations in** | **2020** | **2021** | **2022** | **2023** |
| **average cost of raw materials** | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Increase of 5% | (5,561.9) | (12,531.2) | (24,336.9) | (4,283.5) |
| Decrease of 5% | 5,561.9 | 12,531.2 | 24,336.9 | 4,283.5 |
| Increase of 10% | (11,123.8) | (25,062.4) | (48,673.9) | (8,566.9) |
| Decrease of 10% | 11,123.8 | 25,062.4 | 48,673.9 | 8,566.9 |
| Increase of 20% | (22,247.6) | (50,124.8) | (97,347.8) | (17,133.8) |
| Decrease of 20% | 22,247.6 | 50,124.8 | 97,347.8 | 17,133.8 |

## Gross Profit and Gross Profit Margin

Our gross profit represents our revenue less our cost of sales, and our gross profit margin represents our gross profit divided by our revenue, expressed as a percentage. The table below sets forth a breakdown of our gross profit and gross profit margin by product type for the years/periods indicated:

| | Year ended 31 December | | | | | | Five months ended 31 May | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2020 | | 2021 | | 2022 | | 2022 | | 2023 | |
| | *RMB'000* | *%* | *RMB'000* | *%* | *RMB'000* | *%* | *RMB'000* (*unaudited*) | *%* | *RMB'000* | *%* |
| **Gross profit and gross profit margin of sales of goods and services** | | | | | | | | | | |
| Hydrogen fuel cell stacks | 36,625 | 33.4 | 3,902 | 14.7 | 2,272 | 19.1 | 188 | 7.3 | 343 | 22.5 |
| Hydrogen fuel cell systems | 36,310 | 32.2 | 140,814 | 34.0 | 198,439 | 27.1 | 12,741 | 24.3 | 34,228 | 24.6 |
| Others(1) | 1,767 | 39.6 | 6,203 | 36.5 | 1,399 | 34.0 | 261 | 10.1 | 421 | 21.6 |
| **Subtotal** | **74,702** | **32.9** | **150,919** | **33.0** | **202,110** | **27.0** | **13,190** | **22.9** | **34,992** | **24.5** |
| Impairment loss of inventory and licences(2) | (66,720) | N/A | (23,391) | N/A | (43,307) | N/A | (11,471) | N/A | (14,841) | N/A |
| **Total** | **7,982** | **3.5** | **127,528** | **27.9** | **158,803** | **21.2** | **1,719** | **3.0** | **20,151** | **14.1** |

*Notes:*

(1) Mainly represent the occasional sales of hydrogen fuel cell systems components and the provision of hydrogen fuel cell related technical services.

(2) Mainly represent the impairment loss of 9SSL fuel cell stacks license and the impairment loss of inventories; for more information, please refer to "– Certain Statement of Financial Position Items – Inventories" and "– Cost of Sales" above.

For the years ended 31 December 2020, 2021 and 2022, our gross profit was RMB8.0 million, RMB127.5 million and RMB158.8 million, respectively, and our overall gross profit margin was 3.5%, 27.9% and 21.2%, respectively. Our gross profit margin increased from 3.5% for the year ended 31 December 2020 to 27.9% for the year ended 31 December 2021 mainly due to an impairment loss of RMB57.4 million on our 9SSL fuel cell stacks license in 2020. Please refer to "– Cost of Sales" above for more information. Our gross profit of sales of goods and services decreased from 33.0% to 27.0% from the year ended 31 December 2021 to 2022 primarily due to the decrease in the gross profit margin of our hydrogen fuel cell systems, which is caused by the lower profit margin of the additional components (i.e. hydrogen storage systems and batteries) procured from third parties that were sold together with our hydrogen fuel cell systems in order to provide a more comprehensive and ready-for-use hydrogen fuel cell solution. Our gross profit margin decreased from 27.9% for the year ended 31 December 2021 to 21.2% for the year ended 31 December 2022 mainly due to (i) the decrease of gross profit margin of our hydrogen fuel cell systems and (ii) the increase in impairment loss of our inventories and licences.

For the five months ended 31 May 2022 and 2023, our overall gross profit margin increased significantly from 3.0% to 14.1% mainly due to the significant increase in our gross profit of sales of goods and services, which outpaced the growth in the impairment loss of inventory and licenses. Our our gross profit margin of sales of goods and services remained relatively stable at 22.9% and 24.5%, respectively.

The gross profit margin of our hydrogen fuel cell stacks decreased from 33.4% for the year ended 31 December 2020 to 14.7% for the year ended 31 December 2021 mainly due to the decrease in gross profit margin of our 9SSL fuel cell stacks. The gross profit margin of the 9SSL fuel cell stacks decreased mainly due to the fact that we have continuously launched new fuel cell stacks with different power output levels into the market. As customers have more choices among our products, the sales volume of our 9SSL fuel cell stacks product had decreased during the Track Record Period and resulted in an increase in unit production cost of this product following the decrease in total production volume. The gross profit margin of our hydrogen fuel cell stacks increased from 14.7% for the year ended 31 December 2021 to 19.1% for the year ended 31 December 2022 primarily because we sold a more significant proportion of SynStack series hydrogen fuel cell stacks that enjoyed a higher gross profit margin than the 9SSL fuel cell stacks. The gross profit of hydrogen fuel cell stacks as a percentage of our total gross profit of goods and services continued to decrease during the Track Record Period, only accounting for 1.0% for the five months ended 31 May 2023.

The gross profit margin of our hydrogen fuel cell systems increased from 32.2% for the year ended 31 December 2020 to 34.0% for the year ended 31 December 2021 primarily because we began manufacturing and selling our high-powered self-developed SynRoad series hydrogen fuel cell systems in 2020. Our SynRoad series hydrogen fuel cell systems enjoy a higher gross profit margin due to (i) the increased production scales which enable us enjoy a higher production efficiency and (ii) the incorporation of our self-developed SynStack G series hydrogen fuel cell stacks which reduces our production costs compared with externally procured fuel cell stacks. The gross profit margin of our hydrogen fuel cell systems decreased from 34.0% for the year ended 31 December 2021 to 27.1% for the year ended 31 December 2022 mainly due to the sales of the hydrogen fuel cell systems with the additional components that together had a higher proportion of costs than individual hydrogen fuel cell systems. We offered such additional components, including the hydrogen storage systems, together with the hydrogen fuel cell systems to cater to some of our customers' needs and to offer a more comprehensive and ready-for-use hydrogen fuel cell solution. The gross profit margin of our hydrogen fuel cell systems remained relatively stable from the five months ended 31 May 2022 to the five months ended 31 May 2023.

**Other Income**

The following table sets forth a breakdown of our other income for the years/periods indicated:

| | Year ended 31 December | | | Five months ended 31 May | |
|---|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* (*unaudited*) | *RMB'000* |
| Government grants and subsidies – Received and recognized during the year | 5,711 | 5,249 | 12,857 | 4,645 | 4,203 |
| Rental income | 1,601 | 1,601 | 1,334 | 667 | – |
| Interest income from advance to related parties | – | 141 | 107 | 89 | – |
| Others | 178 | 35 | 126 | 184 | 752 |
| **Total** | **7,490** | **7,026** | **14,424** | **5,585** | **4,955** |

Our other income mainly consists of government grants we received and recognized during the respective year primarily for engaging in research and development projects, which vary from year to year, and such government grants are mainly used for the manufacture and purchase of production equipment, machinery and materials. Our rental income mainly represents the lease of certain production facilities located in Yunfu.

**Other Losses, Net**

Our net other losses primarily comprise derivative financial instruments at fair value through profit or loss, net losses on disposals of property, plant and equipment, donation and net foreign exchange gains/(losses). The following table sets forth a breakdown of our other gains or losses for the years/periods indicated:

| | Year ended 31 December | | | Five months ended 31 May | |
|---|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* *(unaudited)* | *RMB'000* |
| Derivative financial instruments at fair value through profit or loss | 749 | (2,398) | (20,484) | (19,242) | (618) |
| (Losses)/gains on disposals of property, plant and equipment | (644) | (538) | 24 | (1) | – |
| Gains on disposal of right-of-use assets | – | – | 764 | – | 17 |
| Donation | (502) | (510) | (120) | – | (100) |
| Net foreign exchange gains/(losses) | 190 | (129) | (344) | (186) | (26) |
| Gains on disposal of joint venture | – | – | 100 | – | – |
| Others[(1)] | (6) | 49 | 554 | 9 | 52 |
| **Total** | **(213)** | **(3,526)** | **(19,506)** | **(19,420)** | **(675)** |

*Note:*

(1) Mainly represent rebates for withholding and paying taxes to the relevant tax authorities.

The derivative financial instruments at fair value through profit or loss mainly represent our obligations to shareholders of two of our associated companies. For more information, please refer to Note 36 of the Accountant's Report as Appendix I to this prospectus. The losses on disposals of property, plant and equipment mainly represent disposals of production machines and equipment.

### Net Impairment Losses on Financial Assets and Contract Assets

We recorded net impairment losses on financial assets and contract assets of RMB20.0 million, RMB92.4 million, RMB98.1 million, RMB23.9 million and RMB1.7 million for the years ended 31 December 2020, 2021, 2022 and the five months ended 31 May 2022 and 2023, respectively. Our financial assets are mainly comprised trade receivables, contract assets, financial guarantee obligation, and other receivables. Contract assets represents the remaining balance we are entitled to receive from customers upon expiration of the warranty period of our products.

### Selling Expenses

Our selling expenses primarily consist of employee benefit expenses, after-sales service fees and marketing and promotion fees. The following table sets forth a breakdown of our selling expenses, each expressed as an absolute amount and as a percentage of our total selling expenses, for the years/periods indicated:

| | Year ended 31 December | | | | | | Five months ended 31 May | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2020 | | 2021 | | 2022 | | 2022 | | 2023 | |
| | *RMB'000* | *%* | *RMB'000* | *%* | *RMB'000* | *%* | *RMB'000* *(unaudited)* | *%* | *RMB'000* | *%* |
| After-sales service fees | 2,970 | 37.1 | 6,596 | 28.7 | 21,013 | 42.6 | 841 | 8.4 | 2,144 | 15.4 |
| Employee benefit expenses | 1,609 | 20.1 | 8,753 | 38.1 | 18,837 | 38.2 | 6,347 | 63.7 | 8,659 | 62.3 |
| Marketing and promotion fees | 2,876 | 35.9 | 5,044 | 21.9 | 3,932 | 8.0 | 1,500 | 15.1 | 1,549 | 11.1 |
| Others(1) | 552 | 6.9 | 2,602 | 11.3 | 5,497 | 11.2 | 1,273 | 12.8 | 1,558 | 11.2 |
| **Total** | **8,007** | **100.0** | **22,995** | **100.0** | **49,279** | **100.0** | **9,961** | **100.0** | **13,910** | **100.0** |

*Note:*

(1) Mainly represent traveling expenses and office expenses.

Our after-sales service fees mainly represent provisions we made on warranties for our hydrogen fuel cell stacks and hydrogen fuel cell systems. Generally, our provisions are made based on 1.5% of the revenue we recognized in connection with the sales of our hydrogen fuel cell stacks and hydrogen fuel cell systems, which is in line with the industry trend and we consider represented the estimates of projected costs to repair our hydrogen fuel cell stacks and hydrogen fuel cell systems under warranties and shall be sufficient based on our estimates of the nature, frequency, and average costs of future repair and after-sales services, in addition to the level of historical amounts incurred during our operating history. Historically, the actually incurred warranties of products for which warranty periods have passed were less than 1.5% of the corresponding revenue generated.

Our after-sales service fees increased by 218.6% from the year ended 31 December 2021 to the year ended 31 December 2022 mainly due to (i) the increase in our revenue from increased sales of hydrogen fuel cell systems and (ii) we offered a one-time upgrade to some of the hydrogen fuel cell systems which were already sold and were within the warranty period, which resulted in a one-off increase in the after-sales service fees of approximately RMB10.1 million. We discovered that although certain of our hydrogen fuel cell systems sold were fully functional in colder environments in northern China, their performance could be improved through the installation of system parts, including heat changers. As we have always been on the lookout for opportunities to provide a better user experience for our customers, we discovered certain affordable and well-functioned system parts, including heat exchangers, that became available in 2022 as our industry developed and further commercialized. In 2022, we installed such system parts to our hydrogen fuel cell systems sold, leading to the increase in our after-sales service fees. In order to improve our product performance, we have and will continue to install such parts on our subsequently produced products of the same model. Our after-sales service fees increased by 154.9% from RMB0.8 million to RMB2.1 million mainly due to the increase in our revenue from increased sales of hydrogen fuel cell systems.

Our employee benefit expenses increased by 444.0% from RMB1.6 million for the year ended 31 December 2020 to RMB8.8 million for the year ended 31 December 2021, mainly due to (i) an increasing number of our sales and marketing personnel in 2021 primarily because (a) we increased the after-sales personnel to match the increasing number of hydrogen fuel cell vehicles launched in the market; and (b) we expanded our business in Beijing and Chongqing and our local subsidiaries increased the number of their sales and marketing personnel to meet the expansion needs; and (ii) the share-based payments paid to the sales and marketing personnel in 2021 pursuant to the Share Incentive Scheme. Our employee benefit expenses increased by 115.2% from RMB8.8 million for the year ended 31 December 2021 to RMB18.8 million for the year ended 31 December 2022, mainly because (i) we expanded our business in Shanghai and Beijing and our local subsidiaries recruited more sales and marketing personnel; (ii) we increased the number of after-sales personnel as we required more personnel responsible for contract updating and customer follow-up in cope with our business expansion; and (iii) we incurred increased share-based payments paid to the sales and marketing personnel pursuant to the Share Incentive Scheme.

### Research and Development Expenses

Our research and development expenses primarily consist of raw materials, employee benefit expenses, cooperative R&D expenses and amortization of intangible assets. The following table sets forth a breakdown of our research and development expenses, each expressed as an absolute amount and as a percentage of our total research and development expenses, for the years indicated:

| | Year ended 31 December | | | | | | Five months ended 31 May | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2020 | | 2021 | | 2022 | | 2022 | | 2023 | |
| | *RMB'000* | *%* | *RMB'000* | *%* | *RMB'000* | *%* | *RMB'000* *(unaudited)* | *%* | *RMB'000* | *%* |
| Employee benefit expenses | 18,003 | 50.1 | 37,308 | 51.7 | 39,858 | 43.4 | 12,499 | 28.6 | 16,039 | 45.2 |
| Raw materials | 14,263 | 39.7 | 21,903 | 30.3 | 36,633 | 39.9 | 24,235 | 55.5 | 10,228 | 28.8 |
| Cooperative R&D expense | – | 0.0 | 7,656 | 10.6 | 4,119 | 4.5 | 1,344 | 3.1 | 4,636 | 13.1 |
| Amortization of intangible assets | 1,802 | 5.0 | 2,064 | 2.9 | 2,245 | 2.4 | 931 | 2.1 | 994 | 2.8 |
| Depreciation of property, plant and equipment | 336 | 0.9 | 1,230 | 1.7 | 1,322 | 1.4 | 519 | 1.2 | 1,091 | 3.1 |
| Others[(1)] | 1,541 | 4.3 | 2,031 | 2.8 | 7,638 | 8.4 | 4,101 | 9.5 | 2,481 | 7.0 |
| **Total** | **35,945** | **100.0** | **72,192** | **100.0** | **91,815** | **100.0** | **43,629** | **100.0** | **35,469** | **100.0** |

*Note:*

(1) Mainly represent traveling expenses, rental expenses, inspection and testing charge and the impairment of hydrogen production equipment for the year ended 31 December 2022. As we had not used the hydrogen production equipment as of 31 December 2022, it was classified as construction in progress. As of 31 December 2020, 2021, 2022 and 31 May 2023, the balance of equipment that was classified as construction in progress in respect of research and development activities because it was not available for use amounted to RMB12.4 million, RMB12.4 million, RMB8.9 million and nil, respectively.

Such equipment had been put in use in 2023. After taking into consideration the availability of more advanced hydrogen production technology that emerged on the market, we had impairment losses accordingly.

The raw material expenses were mainly incurred as a result of research and development projects in areas such as our product iterations and application expansions. The employee benefit expenses mainly consist of share-based payment expenses and salaries, wages and bonuses paid to our research and development personnel. The share-based payment expenses are primarily resulted from our Share Incentive Scheme. For more information on the share-based payment recognized as research and development expenses, please refer to Note 29 of the Accountant's Report as Appendix I to this prospectus. For more information on our research and development, please refer to "Business – Research and Development" in this prospectus. The cooperative R&D expenses mainly represent our collaboration with hydrogen fuel cell vehicle manufacturers for the customization of our products for use in their vehicles.

### Administrative Expenses

Our administrative expenses primarily consist of employee benefit expenses, share-based payment, impairment losses, depreciation of right-of-use assets, depreciation of property, plant and equipment. The following table sets forth a breakdown of our administrative expenses, each expressed as an absolute amount and as a percentage of our total administrative expenses, for the years/periods indicated:

| | Year ended 31 December | | | | | | Five months ended 31 May | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2020 | | 2021 | | 2022 | | 2022 | | 2023 | |
| | *RMB'000* | *%* | *RMB'000* | *%* | *RMB'000* | *%* | *RMB'000* *(unaudited)* | *%* | *RMB'000* | *%* |
| Employee benefit expenses | 14,493 | 9.6 | 37,007 | 6.0 | 50,388 | 27.8 | 18,148 | 28.5 | 22,376 | 34.1 |
| Share-based payment | 117,184 | 78.0 | 530,748 | 86.1 | 39,987 | 22.0 | 10,902 | 17.1 | 9,591 | 14.6 |
| Professional service fees | 2,281 | 1.5 | 9,295 | 1.5 | 20,953 | 11.6 | 3,937 | 6.2 | 3,817 | 5.8 |
| Depreciation of right-of-use assets | 2,351 | 1.6 | 7,520 | 1.2 | 14,250 | 7.9 | 5,232 | 8.2 | 5,902 | 9.0 |
| Entertainment fees | 1,810 | 1.2 | 9,545 | 1.5 | 12,018 | 6.6 | 3,581 | 5.6 | 4,976 | 7.6 |
| Impairment losses(1) | – | – | – | – | 11,578 | 6.4 | 11,578 | 18.2 | – | – |
| Depreciation of property, plant and equipment | 5,307 | 3.5 | 5,318 | 0.9 | 9,886 | 5.5 | 3,796 | 6.0 | 8,003 | 12.2 |
| Office expenses | 1,187 | 0.8 | 2,216 | 0.4 | 8,028 | 4.4 | 977 | 1.5 | 2,354 | 3.6 |
| Travelling expenses | 1,262 | 0.8 | 2,192 | 0.4 | 3,946 | 2.2 | 590 | 0.9 | 1,830 | 2.8 |
| Others(2) | 4,408 | 3.0 | 12,410 | 2.0 | 10,351 | 5.6 | 4,950 | 7.8 | 6,854 | 10.3 |
| **Total** | **150,283** | **100.0** | **616,251** | **100.0** | **181,385** | **100.0** | **63,691** | **100.0** | **65,703** | **100.0** |

*Notes:*

(1) The impairment losses we recorded for the year ended 31 December 2022 were the impairment of hydrogen production equipment. As we had not used the hydrogen production equipment as of 31 December 2022, they were classified as construction in progress. We acquired the hydrogen production equipment with the intent to build a demonstrative project, which would produce hydrogen within a hydrogen refueling station, in the industrial park in Yunfu where our Yunfu production facility situated. As of the Latest Practicable Date, such hydrogen production equipment was not available for use because the industrial park was not provided with the "chemical and industry park" (化工園區) certification required for companies situated in the industrial park to carry out the hydrogen production operations. To the best knowledge of the Directors, the certification application was rejected by the local government in 2022 due to zoning concerns and the lack of clarity in the relevant policies. As the policies evolve and the restrictions and requirements on hydrogen production are expected to ease, signaled by a series of policies promulgated recently in different provinces in China that

loosened the hydrogen production requirements, including (i) "Interim Measures for the Construction and Management of Fuel Cell Vehicle Hydrogen Refueling Stations in Guangdong Province" (廣東省燃料電池汽車加氫站建設管理暫行辦法), and (ii) other similar policies were enacted beginning from the end of 2021 by other provinces or cities, including Shandong Province and the cities of Shanghai, Wuhan, Dalian and Tangshan, all of which allowed, encouraged or further loosened the requirements for building an integrated hydrogen production and refueling stations to be built in "non-chemical and industry park" (非化工園區), we have been closely monitoring the development in this field and are arranging for the relevant hydrogen production equipment to be sent back to the manufacturer for inspection and evaluation to ensure its proper functioning. After inspection and evaluation, we plan to consider options including (i) construct or collaborate with other partners, if necessary, in the construction of integrated hydrogen production and refueling stations in provinces including Guangdong and Zhejiang, where the requirement for a "chemical and industry park" certification has loosened, (ii) dispose of the relevant hydrogen production equipment, or (iii) further utilize such equipment for our own research and development.

The impairment loss of the hydrogen production equipment, which amounted to RMB11.6 million, was recorded for the year ended 31 December 2022. As the hydrogen production equipment was not available for use as of 31 May 2023, depreciation of the hydrogen production equipment did not begin according to the IAS 16. As of 31 December 2020, 2021, 2022 and 31 May 2023, the balance of equipment that was classified as construction in progress because it was not available for use amounted to RMB36.7 million, RMB36.7 million, RMB24.8 million and RMB24.8 million, respectively. After taking into consideration the availability of more advanced hydrogen production technology that emerged on the market, we had impairment losses accordingly.

Having considered the representations and confirmations from the Company and the due diligence work performed by the Sole Sponsor, including (i) discussed with the Company regarding the provision of impairment for the relevant hydrogen production equipment and the basis for such provision, (ii) considered the unqualified opinion on the Historical Financial Information, as a whole, of the Group issued by the Reporting Accountant included in Appendix I to this prospectus, (iii) reviewed the valuation report in relation to the relevant hydrogen production equipment prepared by an independent valuer engaged by the Company, (iv) conducted due diligence interview with the independent valuer to understand the work they performed for conducting impairment tests analysis on the relevant hydrogen production equipment, and (v) discussed with the internal control consultant of the Company and reviewed the Group's internal control policies with regard to making provision of impairment on assets, nothing has come to the Sole Sponsor's attention that would cause the Sole Sponsor to have reasonable doubt on the sufficiency of the current provision of impairment for the relevant hydrogen production equipment.

(2) Mainly represent auditor remuneration, rental expenses, inspection and testing charge, repair and maintenance fees, listing expenses and others.

The employee benefit expenses mainly consist of salaries, wages and bonuses. Our employee benefits expenses increased by 155.3% from RMB14.5 million for the year ended 31 December 2020 to RMB37.0 million for the year ended 31 December 2021, mainly because we expanded our business in Zhejiang Province in 2021 and our local subsidiary recruited more employees accordingly. Our employee benefit expenses increased by 36.2% from RMB37.0 million for the year ended 31 December 2021 to RMB50.4 million for the year ended 31 December 2022, primarily because we expanded our business in Shanghai, Beijing and Ordos, Inner Mongolia and our local subsidiaries recruited more employees accordingly. The employee benefit expenses increased by 23.3% from RMB18.1 million for the five months ended 31 May 2022 to RMB22.4 million for the five months ended 31 May 2023 mainly due to the increase in our number of employees. Share-based payment during the Track Record Period were primarily resulted from equity transactions of equity interests in the Single Largest Shareholder. For more information on the share-based payment recognized as administrative expenses, please refer to Note 29 of the Accountant's Report as Appendix I this prospectus.

The professional service fees mainly represent fees we paid for (i) consultations services for expanding our domestic presence and potential international presence, and (ii) financial consulting services and legal services in relation to our investment and financing needs. Our professional service fee increased by 125.4% from RMB9.3 million for the year ended 31 December 2021 to RMB21.0 million for the year ended 31 December 2022 primarily due to the (i) financial consulting fees for carrying out our Pre-IPO Investments in 2022, (ii) technical consulting fees in relation to improving and upgrading our information technology system, and (iii) consulting fees for expanding our potential international presence. Our professional service fees remained stable at RMB3.9 million and RMB3.8 million for the five months ended 31 May 2022 and 2023, respectively.

**Finance (Costs)/Income, Net**

Finance costs mainly consist of interest expenses on borrowings. The following table sets forth a breakdown of our net finance costs for the years/periods indicated:

| | **Year ended 31 December** | | | **Five months ended 31 May** | |
|---|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| | | | | *(unaudited)* | |
| **Finance income** | | | | | |
| Bank interest income | 803 | 9,503 | 10,320 | 2,716 | 4,482 |
| **Finance costs** | | | | | |
| Interest expenses on borrowings | (24,602) | (23,698) | (18,170) | (8,154) | (5,721) |
| Interest expenses on lease liabilities | (550) | (1,334) | (2,080) | (894) | (1,005) |
| Amounts capitalised in construction in progress of property | – | – | 3,139 | 916 | 2,349 |
| | (25,152) | (25,032) | (17,111) | (8,132) | (4,377) |
| **Finance (costs)/income – net** | **(24,349)** | **(15,529)** | **(6,791)** | **(5,416)** | **105** |

**Share of Losses of Joint Ventures and Associates Accounted for Using the Equity Method**

For the years ended 31 December 2020, 2021, 2022 and the five months ended 31 May 2022 and 2023, we recorded share of losses of joint ventures and associates of RMB0.7 million, RMB6.6 million, RMB20.0 million, RMB0.1 million and less than RMB0.1 million, respectively. Such changes reflect our investments in associates and our share of these joint ventures and associates' results of operations using the equity method of accounting.

The following table sets forth a breakdown the share of losses of our joint ventures and associates during the Track Record Period, please see Note 12 of the Accountant's Report as Appendix I to this prospectus for more information:

| | Year ended 31 December | | | Five months ended 31 May | |
|---|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* *(unaudited)* | *RMB'000* |
| An associate | (715) | (648) | 123 | (148) | – |
| A former joint venture | 22 | 33 | (378) | 105 | – |
| Guohong Refire | – | (5,985) | (19,515) | 116 | – |
| An associate | (30) | (6) | (216) | (216) | – |
| **Total** | **(723)** | **(6,606)** | **(19,986)** | **(143)** | **–** |

The share loss was mainly generated from Guohong Refire, according to IAS 28, when applying the equity method, any adjustments necessary to give effect to uniform accounting policies should be taken into consideration and any unrealised profits and losses from upstream and downstream transactions should be eliminated, hence after having considered the adjustments and elimination, our interest in Guohong Refire has been reduced to zero since 2019. With regard to the share of losses of Guohong Refire recognised in 2021 and 2022 which are mainly related to the excess deficit expected to be borne by us and a capital injection in 2022, please refer to Note 35 of the Accountant's Report as Appendix I to this prospectus. Our share of losses of joint ventures and associates was less than RMB0.1 million for the five months ended 31 May 2023 primarily due to the fact that the relevant joint ventures or associates were either no longer our joint venture or associate, inactive, or generally ceased operations.

No impairment was provided to our joint ventures and associates mainly because (i) the two associates were in the start-up stage as of 31 December 2022 and that there was no indication of impairment to the best knowledge of the Directors, (ii) our interests in a former joint venture was transferred in September 2022, which was profit-making in 2020 and 2021 and (iii) Guohong Refire's investments accounted for using the equity method were already zero as of 31 December 2020, 2021 and 2022.

For details of our investments in associates, see Note 12 of the Accountant's Report as 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. We recorded income tax credit of RMB2.7 million for the year ended 31 December 2020. For the year ended 31 December 2021, we recorded income tax expenses of RMB8.1 million. For the year ended 31 December 2022 and the five months ended 31 May 2022 and 2023, we recorded income tax credit of RMB13.5 million, less than RMB0.1 million and RMB4.0 million, respectively.

Our Company and 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" or "Enterprises Encouraged by the Development of the Western Region" during the Track Record Period. For more information, please refer to Note 14(b) of the Accountant's Report as Appendix I to this prospectus.

## PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

### Five Months Ended 31 May 2023 Compared to the Five Months Ended 31 May 2022

#### *Revenue*

Our revenue increased significantly by 147.5% from RMB57.7 million for the five months ended 31 May 2022 to RMB142.8 million for the five months ended 31 May 2023 primarily due to the increased sales volume of hydrogen fuel cell systems. For detailed analysis on fluctuation of our sales volume during the Track Record Period, please refer to "– Description of Key Statement of Profit or Loss Items – Revenue – Average selling price and sales volume – Sales volume" above.

#### *Cost of sales*

Our cost of sales increased by 119.1% from RMB56.0 million for the five months ended 31 May 2022 to RMB122.6 million for the five months ended 31 May 2023 primarily due to the increase in raw materials as a result of the increase in the sales volume of our hydrogen fuel cell systems and the procurement of additional components such as hydrogen storage systems.

#### *Gross profit and gross profit margin*

As a result of the cumulative effect of the factors described above, our gross profit increased significantly by 1072.3% from RMB1.7 million for the five months ended 31 May 2022 to RMB20.2 million for the five months ended 31 May 2023. Our gross profit margin increased from 3.0% for the five months ended 31 May 2022 to 14.1% for the five months ended 31 May 2023 primarily as a result of the significant increase in our gross profit of sales of goods and services, which outpaced the growth in the impairment loss of inventory and licenses. For more information, please see "– Description of Key Statement of Profit or Loss Items – Revenue – Average selling price and sales volume" above.

***Other income***

Our other income decreased by 11.3% from RMB5.6 million for the five months ended 31 May 2022 to RMB5.0 million for the five months ended 31 May 2023 primarily because we did not have any rental income after our lease of certain production facilities in Yunfu ended.

***Other losses, net***

Our net other losses decreased by 96.5% from RMB19.4 million for the five months ended 31 May 2022 to RMB0.7 million for the five months ended 31 May 2023 mainly as a result of the decrease in derivative financial instruments at fair value through profit or loss mainly because our derivative financial instruments, primarily representing the obligation to buy back shares of Guohong Refire, remained relatively stable since 31 December 2022. For more information, please refer to the section headed "– Certain Statement of Financial Position Items – Derivative Financial Instruments" in this section of the prospectus and Note 36(a) of the Accountant's Report as Appendix I to this prospectus.

***Net impairment losses on financial assets and contract assets***

Our net impairment losses on financial assets and contract assets decreased by 92.8% from RMB23.9 million for the five months ended 31 May 2022 to RMB1.7 million for the five months ended 31 May 2023, primarily due to the collection of a portion of the relatively long over-due trade receivables in 2023. For more information on loss allowance of our trade receivables, please refer to Note 3.1(b) of the Accountant's Report as Appendix I to this prospectus.

***Selling expenses***

Our selling expenses increased by 39.6% from RMB10.0 million for the five months ended 31 May 2022 to RMB13.9 million for the five months ended 31 May 2023, primarily due to increased employee benefit expenses as the size of our sales and marketing team increased.

***Research and development expenses***

Our research and development expenses decreased by 18.7% from RMB43.6 million for the five months ended 31 May 2022 to RMB35.5 million for the five months ended 31 May 2023, primarily due to the decrease in raw materials expenses of one of our research and development projects on stationary power applications in 2022.

***Administrative expenses***

Our administrative expenses increased from RMB63.7 million as of 31 May 2022 to RMB65.7 million for the five months ended 31 May 2023 mainly due to the increase in employee benefit expenses as a result of the increase in our staff size.

***Finance (costs)/income, net***

Our finance cost of RMB5.4 million for the five months ended 31 May 2022 increased to finance income of RMB0.1 million for the five months ended 31 May 2023 mainly because the increase in bank interests from our increased savings in 2023 and the decrease in interest expenses on borrowings as we repaid part of our loans in 2022.

***Share of losses of joint ventures and associates accounted for using the equity method***

Our share of losses of joint ventures and associates accounted for using the equity method decreased from RMB0.1 million for the five months ended 31 May 2022 to nil for the five months ended 31 May 2023, primarily due to the relevant joint ventures or associates were either no longer our joint venture or associate, inactive, or generally ceased operations. For details of our investments in associates, see Note 12 of the Accountant's Report as Appendix I to this prospectus.

***Income tax credit/(expense)***

Our income tax credit increased from less than RMB0.1 million for the five months ended 31 May 2022 to RMB4.0 million for the five months ended 31 May 2023 mainly because three of our subsidiaries recognized deferred tax assets for the five months ended 31 May 2023.

***Loss for the Period***

As a result of the foregoing, our losses for the period decreased by 44.4% from RMB158.8 million for the five months ended 31 May 2022 to RMB88.3 million for the five months ended 31 May 2023.

## YEAR-TO-YEAR COMPARISON OF RESULTS OF OPERATIONS

### Year Ended 31 December 2022 Compared to the Year Ended 31 December 2021

***Revenue***

Our revenue increased significantly by 63.7% from RMB457.1 million for the year ended 31 December 2021 to RMB748.5 million for the year ended 31 December 2022 primarily due to the increased sales volume of hydrogen fuel cell systems. For detailed analysis on fluctuation of our sales volume during the Track Record Period, please refer to "– Description of Key Statement of Profit or Loss Items – Revenue – Average selling price and sales volume" above.

***Cost of sales***

Our cost of sales increased by 78.9% from RMB329.6 million for the year ended 31 December 2021 to RMB589.7 million for the year ended 31 December 2022 primarily due to the increase in raw materials as a result of the increase in the sales volume of our hydrogen fuel cell systems and the additional components such as hydrogen storage systems.

***Gross profit and gross profit margin***

As a result of the cumulative effect of the factors described above, our gross profit increased by 24.5% from RMB127.5 million for the year ended 31 December 2021 to RMB158.8 million for the year ended 31 December 2022.

Our gross profit margin decreased from 27.9% for the year ended 31 December 2021 to 21.2% for the year ended 31 December 2022 primarily as a result of (i) the decrease of gross profit margin of our hydrogen fuel cell systems and (ii) the increase in impairment loss of our inventories and licences. For more information, please see "– Description of Key Statement of Profit or Loss Items – Revenue – Average selling price and sales volume" above.

***Other income***

Our other income increased by 105.3% from RMB7.0 million for the year ended 31 December 2021 to RMB14.4 million for the year ended 31 December 2022 primarily because we recognized an increasing amount of government grants for qualifying hydrogen fuel cell related research and development projects we commenced during the year ended 31 December 2022.

***Other losses, net***

Our net other losses increased by 453.2% from RMB3.5 million for the year ended 31 December 2021 to RMB19.5 million for the year ended 31 December 2022 mainly as a result of the increase in derivative financial instruments at fair value through profit or loss representing Guohong Refire's obligation to repay the investment fund of RMB77.8 million together with Shanghai Refire, responsible for 51.0% and 49.0%, respectively. The maximum exposure in relation to our obligation under the agreement in relation to Guohong Refire is RMB39.7 million. For more information, please refer to Note 36(a) of the Accountant's Report as Appendix I to this prospectus.

***Net impairment losses on financial assets and contract assets***

Our net impairment losses on financial assets and contract assets increased by 6.2% from RMB92.4 million for the year ended 31 December 2021 to RMB98.1 million for the year ended 31 December 2022, primarily due to the increase in the gross carrying amount of trade receivables which in turn increased the loss allowance provision. The increase in trade receivables was driven by the increase in our revenue. For more information on loss allowance of our trade receivables, please refer to Note 3.1(b) of the Accountant's Report as Appendix I to this prospectus.

***Selling expenses***

Our selling expenses increased by 114.3% from RMB23.0 million for the year ended 31 December 2021 to RMB49.3 million for the year ended 31 December 2022, primarily due to (i) increased employee benefit expenses as the size of our sales and marketing team increased and (ii) the increased after-sale service fees resulting from the increased sales of our hydrogen fuel cell systems and a one-time upgrade to some of the hydrogen fuel cell systems that were within the warranty period which resulted in a one-off increase in the after-sale service fees.

***Research and development expenses***

Our research and development expenses increased by 27.2% from RMB72.2 million for the year ended 31 December 2021 to RMB91.8 million for the year ended 31 December 2022, primarily due to an increase in raw materials as a result of increased research and development projects in areas such as our product iterations and application expansions.

***Administrative expenses***

Our administrative expenses decreased by 70.6% from RMB616.3 million for the year ended 31 December 2021 to RMB181.4 million for the year ended 31 December 2022, primarily due to the decrease in share-based payment as we incurred a significant amount of share-based payment in 2021 from equity transactions of equity interests in the Single Largest Shareholder. Please refer to Note 29 of the Accountant's Report as Appendix I to this prospectus for more information.

***Finance costs, net***

Our net finance costs decreased by 56.3% from RMB15.5 million for the year ended 31 December 2021 to RMB6.8 million for the year ended 31 December 2022, primarily due to the decrease in interest expenses on borrowing as our borrowings decreased during the same year.

***Share of losses of joint ventures and associates accounted for using the equity method***

Our share of losses of joint ventures and associates accounted for using the equity method increased by 202.5% from RMB6.6 million for the year ended 31 December 2021 to RMB20.0 million for the year ended 31 December 2022, primarily due to increase in losses of Guohong Refire. For details of our investments in associates, see Note 12 of the Accountant's Report as Appendix I to this prospectus.

*Income tax credit/(expense)*

We recorded income tax credit of RMB13.5 million for the year ended 31 December 2022 while we recorded income tax expenses of RMB8.1 million for the year ended 31 December 2021, mainly because one of our subsidiaries recognized deferred tax asset for the year ended 31 December 2022.

*Loss for the year*

As a result of the foregoing, our losses for the year decreased by 60.1% from RMB703.0 million for the year ended 31 December 2021 to RMB280.2 million for the year ended 31 December 2022.

**Year Ended 31 December 2021 Compared with Year Ended 31 December 2020**

*Revenue*

Our revenue increased significantly by 101.5% from RMB226.9 million for the year ended 31 December 2020 to RMB457.1 million for the year ended 31 December 2021, primarily due to the increased sales volume of hydrogen fuel cell systems. For detailed analysis on fluctuation of our sales volume during the Track Record Period, please refer to "– Description of Key Statement of Profit or Loss Items – Revenue – Average selling price and sales volume" above.

*Cost of sales*

Our cost of sales increased by 50.6% from RMB218.9 million for the year ended 31 December 2020 to RMB329.6 million for the year ended 31 December 2021, primarily due to the increase in raw materials mainly in line with the increase in sales volume for the year ended 31 December 2021 compared to 2020.

*Gross profit and gross profit margin*

As a result of the cumulative effect of the factors described above, our gross profit increased significantly by 1,497.7% from RMB8.0 million for the year ended 31 December 2020 to RMB127.5 million for the year ended 31 December 2021.

Our gross profit margin increased from 3.5% for the year ended 31 December 2020 to 27.9% for the year ended 31 December 2021 because we recognised one-off impairment loss of 9SSL fuel cell stacks license amounting to RMB57.4 million in 2020. Please see "– Description of Key Statement of Profit or Loss Items – Cost of Sales" for more information.

***Other income***

Our other income remained relatively stable at RMB7.5 million for the year ended 31 December 2020 and RMB7.0 million for the year ended 31 December 2021.

***Other losses, net***

Our net other losses increased by 1,555.4% from RMB0.2 million for the year ended 31 December 2020 to RMB3.5 million for the year ended 31 December 2021 because of the increase in derivative financial instruments at fair value through loss during the same period primarily because in 2021 certain investment was withdrawn from one of our associates, and we had the obligation to buy back the shares accordingly. For more information, please refer to Note 36(a) of the Accountant's Report as Appendix I to this prospectus.

***Net impairment losses on financial assets and contract assets***

Our net impairment losses on financial assets and contract assets increased by 362.4% from RMB20.0 million for the year ended 31 December 2020 to RMB92.4 million for the year ended 31 December 2021, primarily due to the increased gross carrying amount of trade receivables and expected loss rate leading to the increased loss allowance provision. The increase in trade receivables was driven by the increase in our revenue. For more information, please refer to Note 3.1(b) of the Accountant's Report as Appendix I to this prospectus.

***Selling expenses***

Our selling expenses increased by 187.2% from RMB8.0 million for the year ended 31 December 2020 to RMB23.0 million for the year ended 31 December 2021 primarily due to (i) increased employee benefit expenses as the size of our sales and marketing team increased and (ii) the corresponding increased after-sales service fees, generally being 1.5% of the revenue we recognised in connection with the sales of our fuel cell systems, as the sales of our hydrogen fuel cell systems increased.

***Research and development expenses***

Our research and development expenses increased by 100.8% from RMB35.9 million for the year ended 31 December 2020 to RMB72.2 million for the year ended 31 December 2021, primarily due to (i) the increase in employee benefit expenses as the size of our research and development team increased and (ii) the increase in cooperative research and development expenses and in raw materials as a result of increased research and development projects in areas such as our product iterations and application expansions.

***Administrative expenses***

Our administrative expenses increased by 310.1% from RMB150.3 million for the year ended 31 December 2020 to RMB616.3 million for the year ended 31 December 2021, primarily due to the increase in employee benefit expenses as (i) share-based payment increased from equity transactions of equity interests in the Single Largest Shareholder, please refer to Note 29 of the Accountant's Report as Appendix I to this prospectus for more information and (ii) the size of our staff grew significantly from 2020 to 2021. For more information, please refer to "– Description of Key Statement of Profit or Loss Items – Administrative Expenses" above.

***Finance costs, net***

Our net finance costs decreased by 36.2% from RMB24.3 million for the year ended 31 December 2020 to RMB15.5 million for the year ended 31 December 2021 primarily due to an increase in interest income from bank deposits as our bank deposits increased with capital injections from Shareholders in 2021.

***Share of losses of joint ventures and associates accounted for using the equity method***

Our share of losses of associates and joint ventures increased by 813.7% from RMB0.7 million for the year ended 31 December 2020 to RMB6.6 million for the year ended 31 December 2021, primarily due to the increased loss in results of operations of Guohong Refire. For more information, please refer to "The Group and the Company" under Note 12 of the Accountant's Report as Appendix I to this prospectus.

***Income tax credit/(expense)***

We recorded an income tax credit of RMB2.7 million for the year ended 31 December 2020 compared to an income tax expense of RMB8.1 million for the year ended 31 December 2021, mainly because two of our subsidiaries realized profit and recognized relevant income tax in 2021.

***Loss for the year***

As a result of the foregoing, our losses for the year increased by 217.6% from RMB221.4 million for the year ended 31 December 2020 to RMB703.0 million for the year ended 31 December 2021.

## LIQUIDITY AND CAPITAL RESOURCES

### Working Capital

Historically, we funded our operations primarily with cash generated from operating activities, bank borrowings and equity fund raising. Our cash and cash equivalents primarily consist of bank balances.

Our future cash requirements will depend on many factors, including our operating income, capital expenditures on property, plant and equipment and intangible assets, market acceptance of our products or other changing business conditions and future developments, including any investments or acquisitions we may decide to pursue.

We may require additional cash due to changing business conditions or other future developments. If our existing cash is insufficient to meet our requirements, we may seek to issue equity and/or debt securities or borrow from lending institutions.

### Working Capital Sufficiency Statement

Taking into account the financial resources available to us, including our existing cash and cash equivalents, availability of financing facilities, estimated net proceeds from the Global Offering and cash flows from our operations, our Directors are of the view that, after due and careful inquiry, we have sufficient working capital to meet our present requirements for at least the next 12 months commencing from the date of this prospectus.

### Cash Flows

The following table sets forth a summary of our consolidated statements of cash flows for the years indicated:

| | Year ended 31 December | | | Five months ended 31 May | |
|---|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Operating cash flows before movements in working capital | 34,598 | 21,744 | (1,475) | (54,829) | (42,879) |
| Changes in working capital | (120,119) | (591,955) | (269,561) | (97,728) | (40,536) |
| Interest received and/or income tax paid | (1,110) | 9,503 | 9,765 | 2,543 | (4,348) |
| Net cash used in operating activities | (86,631) | (560,708) | (261,271) | (150,014) | (87,763) |
| Net cash used in investing activities | (65,779) | (231,624) | (446,603) | (235,455) | (14,637) |
| Net cash generated from/(used in) financing activities | 536,023 | 1,035,827 | 713,894 | (34,431) | 67,755 |

| | Year ended 31 December | | | Five months ended 31 May | |
|---|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Net increase/(decrease) in cash and cash equivalents | 383,613 | 243,495 | 6,020 | (419,900) | (34,645) |
| Cash and cash equivalents at the beginning of the year | 85,033 | 468,384 | 711,819 | 711,819 | 718,183 |
| Effect of foreign exchange rate changes | (262) | (60) | 344 | 88 | 6 |
| **Cash and cash equivalents at the end of the year/period** | **468,384** | **711,819** | **718,183** | **292,007** | **683,544** |

We incurred operating cash out flow before movements in working capital for the year ended 31 December 2022 mainly because the expansion of our business and the increase in employee benefit expenses, research and development expenses and operating-related expenses together exceeded the increase in our gross profit. Additional factor that contributed to the cash out flow before movements in working capital for the five months ended 31 May 2023 include the seasonality nature of our operation where most of the revenue will be recognized in the second half of the year (especially the fourth quarter). Please see Note 37 of the Accountant's Report as Appendix I to this prospectus for more information.

***Net cash used in operating activities***

Our net cash used in operating activities was RMB87.8 million for the five months ended 31 May 2023. The cash outflow in operating activities was primarily derived from (i) net loss before income tax of RMB92.3 million; (ii) positive total adjustments before movements in working capital of RMB49.4 million, which primarily included (a) depreciation of property, plant and equipment of RMB15.0 million and (b) provisions for impairment of inventories of RMB14.8 million primarily related to the 9SSL fuel cell stacks; and (iii) net decrease in working capital of RMB40.5 million primarily attributable to an increase in trade receivables, other receivables and prepayments of RMB72.1 million as our sales grew and we expanded production, which was partially offset by an increase in trade payables, other payables and accruals of RMB41.6 million as a result of (i) the increase of procurement as our operation expanded and (ii) longer credit terms with our suppliers from our stronger relationships with them and our efforts to narrow the gap between the trade receivables and the trade payables turnover days.

Net cash used in operating activities for the year ended 31 December 2022 was RMB261.3 million. The cash outflow in operating activities was primarily derived from (i) net loss before income tax of RMB293.7 million; (ii) positive total adjustments before movements in working capital of RMB292.2 million, which primarily included (a) net impairment losses on financial assets and contract assets of RMB98.1 million as the increase in the gross carrying amount of trade receivables leading to the increase in the loss allowance provision and (b) share-based payment of RMB54.3 million pursuant to our Share Incentive Scheme; and (iii) net decrease in working capital of RMB269.6 million primarily attributable to an increase in trade receivables, other receivables and prepayments of RMB640.2 million as our sales grew and we expanded production, which was partially offset by an increase in trade payables, other payables and accruals of RMB416.4 million as a result of (i) the increase of procurement as our operation expanded and (ii) longer credit terms with our suppliers from our stronger relationships with them and our efforts to narrow the gap between the trade receivables and the trade payables turnover days.

Net cash used in operating activities for the year ended 31 December 2021 was RMB560.7 million. The cash outflow in operating activities was primarily derived from (i) net loss before income tax of RMB695.0 million; (ii) positive total adjustments before movements in working capital of RMB716.7 million, which primarily included share-based payment of RMB546.0 million due to equity transactions of equity interests in the Single Largest Shareholder; and (iii) net decrease in working capital of RMB592.0 million primarily attributable to an increase in trade receivables, other receivables and prepayments of RMB455.1 million and an increase in inventories of RMB194.0 million as our sales grew and we expanded production.

Net cash used in operating activities for the year ended 31 December 2020 was RMB86.6 million, primarily reflecting (i) net loss before income tax of RMB224.0 million; (ii) positive total adjustments before movements in working capital of RMB258.6 million, which primarily included (a) share-based payment of RMB118.3 million due to equity transactions of equity interests in the Single Largest Shareholder; and (b) net impairment of intangible assets of RMB57.4 million. For detailed analysis, please refer to "– Description of Key Statement of Profit or Loss Items – Cost of Sales"; and (iii) net decrease in working capital of RMB120.1 million was primarily attributable to an increase in inventories of RMB103.0 million.

In view of our operating cash outflows during the Track Record Period, we expect to improve our cash flow positions by continuously enhancing working capital efficiency through measures to strengthen supply management. We plan to continue to leverage our success in the domestic procurement of raw materials and components to further drive our costs down. For instance, the price of the graphite sheets of our graphite bipolar plates used for the production of SynStack G series hydrogen fuel cell stacks was lowered by approximately 49% and the per unit cost of our MEAs was reduced by 35.4% after we switched to domestic suppliers from international suppliers.

In addition, as we continue to grow the scale of our business, our purchases from suppliers will further increase and we expect to obtain more favorable terms with them. For instance, we successfully negotiated with a key MEA supplier of us to extend our credit period from 30 days in 2020 to 40 days in 2021, with an air compressor supplier to extend our credit period from 30 days to 90 days in 2022, and one of our five largest suppliers for the year ended 31 December 2020 and the five months ended 31 May 2023 to extend our credit period from 75 days in 2020 to 180 days for the five months ended 31 May 2023, and we have switched from purchasing in bulk to purchasing by smaller orders with respect to some of our hydrogen fuel cell systems parts and components in order to improve our cash outflow positions and lower our inventory levels. Further, having considered the volatility and subtleties of the market conditions, we began to use bills payables as one of the options to settle with our suppliers in 2023, allowing us to extend the payment period for our suppliers and optimize our working capital. In 2023, we utilized bills payable to settle portions of payments with our five largest suppliers for the five months ended 31 May 2023. With respect to our strengthened efforts on collecting overdue trade receivables, a repayment plan was agreed upon by Shanghai Refire and us. As of the Latest Practicable Date, RMB11.2 million of the overdue trade receivables from Shanghai Refire Tech was repaid to us. For more information, please refer to the subsection headed "– Trade and Bills Receivables – Trade Receivables Aged over One Year by Major Debtors" in this section of the prospectus.

For more information on improving our cash flow positions, please see "Business – Sustainable Operation – Improving Cash Flow and Ability to Raise Funds" in this prospectus.

***Net cash used in investing activities***

Our net cash used in investing activities was RMB14.6 million for the five months ended 31 May 2023, primarily reflecting payments for property, plant and equipment of RMB53.0 million, which was partially offset by a RMB42.4 million one-off government subsidy granted for our acquisition of land in relation to one of our production expansion plans, as part of the supportive policies and favorable treatments provided by the relevant local government.

Net cash used in investing activities for the year ended 31 December 2022 was RMB446.6 million, primarily reflecting payments for property, plant and equipment of RMB254.2 million and payments for land lease payments of RMB108.6 million from our production expansion.

Net cash used in investing activities for the year ended 31 December 2021 was RMB231.6 million, primarily reflecting payments for property, plant and equipment of RMB187.4 million as our sales grew and we expanded production.

Net cash used in investing activities for the year ended 31 December 2020 was RMB65.8 million, primarily reflecting payments for property, plant and equipment of RMB34.4 million for our hydrogen fuel cell stacks and hydrogen fuel cell systems production expansions and payments for land lease of RMB28.7 million.

***Net cash generated from financing activities***

Our net cash generated from financing activities was RMB67.8 million for the five months ended 31 May 2023, primarily reflecting proceeds from bank borrowings of RMB117.0 million, which was partially offset by the repayment of bank borrowings of RMB32.2 million.

Net cash generated from financing activities amounted to RMB713.9 million for the year ended 31 December 2022, primarily reflecting capital injection from our Shareholders of RMB1,006.4 million, which was partially offset by the repayment of bank borrowings of RMB300.0 million.

Net cash generated from financing activities amounted to RMB1,035.8 million for the year ended 31 December 2021, primarily reflecting capital injection from our Shareholders of RMB1,034.5 million.

Net cash generated from financing activities amounted to RMB536.0 million for the year ended 31 December 2020, primarily reflecting capital injection from our Shareholders of RMB547.0 million.

## CAPITAL EXPENDITURES

Our capital expenditures were RMB63.1 million, RMB213.7 million, RMB362.8 million and RMB53.0 million for the years ended 31 December 2020, 2021, 2022 and the five months ended 31 May 2023, respectively. Our capital expenditures primarily relate to payments of property, plant and equipment and land lease.

The following table sets forth our capital expenditures for the years indicated:

| | **Year ended 31 December** | | | **Five months ended 31 May** |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Payments of property, plant and equipment | 34,392 | 187,355 | 254,192 | 53,015 |
| Payments of land lease | 28,679 | 26,371 | 108,606 | – |
| **Total** | **63,071** | **213,726** | **362,798** | **53,015** |

## NET CURRENT ASSETS

The table below sets forth our current assets, current liabilities and net current assets as of the dates indicated:

| | As of 31 December | | | As of 31 May | As of 30 September |
|---|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2023 | |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* *(unaudited)* |
| **Current assets** | | | | | |
| Inventories | 217,896 | 388,479 | 379,692 | 370,545 | 348,798 |
| Trade and bills receivables | 288,374 | 646,823 | 1,147,070 | 1,216,188 | 1,287,303 |
| Other receivables and prepayments | 68,712 | 79,851 | 125,607 | 132,696 | 117,991 |
| Financial assets at fair value through other comprehensive income | 290 | – | 800 | 800 | 8,546 |
| Restricted cash | – | 819 | – | 3,626 | 78,244 |
| Cash and cash equivalents | 468,384 | 711,819 | 718,183 | 683,544 | 485,369 |
| **Total current assets** | **1,043,656** | **1,827,791** | **2,371,352** | **2,407,399** | **2,326,251** |
| **Current liabilities** | | | | | |
| Trade and bills payables | 39,466 | 101,828 | 510,726 | 556,715 | 635,884 |
| Other payables and accruals | 78,605 | 98,267 | 187,822 | 187,428 | 177,206 |
| Borrowings | 329,050 | 242,600 | 197,400 | 261,500 | 240,259 |
| Contract liabilities | 5,432 | 3,780 | 4,695 | 1,224 | 1,241 |
| Current tax liabilities | – | 5,545 | 8,486 | 6,451 | 3,502 |
| Lease liabilities | 6,307 | 17,578 | 27,714 | 29,248 | 30,615 |
| Derivative financial instruments | 2,648 | – | 38,950 | 39,568 | – |
| Deferred income | 5,231 | 4,301 | 4,301 | 5,156 | 5,156 |
| Provisions | 8,926 | 17,130 | 2,671 | 1,444 | 1,067 |
| **Total current liabilities** | **475,665** | **491,029** | **982,765** | **1,088,734** | **1,094,930** |
| **Net current assets** | **567,991** | **1,336,762** | **1,388,587** | **1,318,665** | **1,302,661** |

| | As of 31 December | | | As of 31 May | As of 30 September |
|---|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2023 | |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* (unaudited) |
| Total non-current assets | 325,316 | 560,052 | 1,048,560 | 1,099,242 | 1,127,854 |
| **Total assets less current liabilities** | **893,307** | **1,896,814** | **2,437,147** | **2,417,907** | **2,359,175** |
| Total non-current liabilities | 252,323 | 377,978 | 138,149 | 194,892 | 207,731 |
| **Net assets** | **640,984** | **1,518,836** | **2,298,998** | **2,223,015** | **2,151,444** |
| Equity attributable to owners of the Company | 638,885 | 1,516,704 | 2,303,677 | 2,229,873 | 2,134,444 |
| Non-controlling interests | 2,099 | 2,132 | (4,679) | (6,858) | 17,000 |

Our net current assets increased by 135.3% from RMB568.0 million as of 31 December 2020 to RMB1,336.8 million as of 31 December 2021 mainly attributable to an increase in trade and bills receivables as our sales increased in 2021 and an increase in cash and cash equivalents due to capital injection from our Shareholders. Our net current assets remained relatively stable from as of 31 December 2021 to as of 30 September 2023.

We recorded net assets of RMB641.0 million, RMB1,518.8 million, RMB2,299.0 million and RMB2,223.0 million as of 31 December 2020, 2021, 2022 and 31 May 2023. Our net assets increased from RMB641.0 million as of 31 December 2020 to RMB1,518.8 million as of 31 December 2021 primarily due to (i) capital injection of RMB1,049.9 million and (ii) share-based payments of RMB546.0 million, which was partially offset by loss for the year of RMB703.0 million. Our net assets increased from RMB1,518.8 million as of 31 December 2021 to RMB2,299.0 million as of 31 December 2022 mainly due to our issue of new Shares of RMB1,006.4 million, which was partially offset by loss for the year of RMB280.2 million. Our net assets decreased from RMB2,299.0 million as of 31 December 2022 to RMB2,223.0 million as of 31 May 2023 mainly due to the loss for the period of RMB88.3 million, which was partially offset by the share-based payment of RMB12.1 million. Our net assets remained relatively stable from 31 May 2023 to 30 September 2023.

## CERTAIN STATEMENT OF FINANCIAL POSITION ITEMS

### Property, Plant and Equipment

The following table sets forth the breakdown of our net book amounts of property, plant and equipment as of the dates indicated:

| | As of 31 December | | | As of 31 May |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Buildings and building improvements | 48,428 | 42,843 | 95,575 | 97,319 |
| Machinery | 82,829 | 94,587 | 91,431 | 96,998 |
| Vehicles | 203 | 1,488 | 2,444 | 2,591 |
| Furniture, fittings and equipment | 1,741 | 4,127 | 10,677 | 10,846 |
| Construction in progress | 55,665 | 95,814 | 274,439 | 431,173 |
| **Total** | **188,866** | **238,859** | **474,566** | **638,927** |

Our property, plant and equipment increased by 26.5% from RMB188.9 million as of 31 December 2020 to RMB238.9 million as of 31 December 2021 and further increased by 98.7% from RMB238.9 million as of 31 December 2021 to RMB474.6 million as of 31 December 2022, mainly due to increases in construction in progress from the increases in machinery, equipment and construction for our new production facilities in Zhejiang and Inner Mongolia as our operation expanded. Our property, plant and equipment increased by 34.6% from RMB474.6 million as of 31 December 2022 to RMB638.9 million as of 31 May 2023 mainly due to the increase in construction in progress from our production expansions in Chongqing and Guangdong Province.

### Right-of-use Assets

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

| | As of 31 December | | | As of 31 May |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Land use rights | 37,450 | 36,683 | 169,767 | 168,323 |
| Lease of properties | 20,381 | 41,624 | 34,555 | 28,701 |
| Lease of vehicles | 291 | 118 | 33 | 15 |
| **Total** | **58,122** | **78,425** | **204,355** | **197,039** |

Our land use rights represent interest in leasehold land that we have made prepayment for the lease of the land, including land lots in, among others, the cities of Yunfu, Guangdong Province and Chongqing. The lease of properties includes office buildings, factory buildings and employee dormitories, which are used for daily operations under operating leases. Our lease of vehicles includes business cars used in our daily operations. Our right-of-use assets increased by 34.9% from RMB58.1 million as of 31 December 2020 to RMB78.4 million as of 31 December 2021 mainly due to our expansion of production facilities, offices, and dormitories. Our right-of-use assets increased by 160.6% from RMB78.4 million as of 31 December 2021 to RMB204.4 million as of 31 December 2022 mainly due to the increase in land use rights due to our expansion of production facilities and offices. Our right-of-use assets remained relatively stable from as of 31 December 2022 to as of 31 May 2023.

**Intangible Assets**

The following table sets forth the breakdown of our intangible assets as of the dates indicated:

| | **As of 31 December** | | | **As of 31 May** |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Software | 1,202 | 3,544 | 3,359 | 6,495 |
| Patents and licenses | 30,796 | 26,153 | 21,510 | 20,047 |
| **Total** | **31,998** | **29,697** | **24,869** | **26,542** |

Our intangible assets consist of software, patents and licenses. Our intangible assets remained relatively stable from RMB32.0 million for the year ended 31 December 2020 to RMB29.7 million for the year ended 31 December 2021. Our intangible assets decreased by 16.3% from RMB29.7 million for the year ended 31 December 2021 to RMB24.9 million for the year ended 31 December 2022 mainly due to the amortization of our patents and licenses. Our intangible assets remained relatively stable from as of 31 December 2022 to as of 31 May 2023.

**Other Non-current Assets**

The following table sets forth the breakdown of our other non-current assets as of the dates indicated:

| | As of 31 December | | | As of 31 May |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Prepayments for purchase of property, plant and equipment | 9,590 | 123,420 | 169,772 | 59,337 |
| Prepaid land deposit | – | 26,371 | – | – |
| Cost of fulfilling a contract | 4,083 | – | – | – |
| Deductible value-added tax input | 4,332 | 8,956 | 4,056 | 4,059 |
| **Total** | **18,005** | **158,747** | **173,828** | **63,396** |

Our other non-current assets increased by 781.7% from RMB18.0 million as of 31 December 2020 to RMB158.7 million as of 31 December 2021 mainly due to the increase in prepayments for the purchase of property, plant and equipment, in line with our expansion plans. Our other non-current assets remained relatively stable at RMB158.7 million as of 31 December 2021 and RMB173.8 million as of 31 December 2022. Our other non-current assets decreased by 63.5% from RMB173.8 million as of 31 December 2022 to RMB63.4 million as of 31 May 2023 mainly due to the decrease in prepayment for the purchase of property, plant and equipment as a result of the transfer of certain prepayment to property, plant and equipment from our production expansions.

As of the Latest Practicable Date, approximately RMB26.0 million, or 41.0% of our prepayments for purchase of property, plant and equipment as of 31 May 2023 had been subsequently settled.

**Inventories**

Our inventories mainly consist of raw materials, work-in-progress, finished goods and materials for consigned processing. To minimize the risk of inventory build-up, we review our inventory levels on a regular basis. We believe that maintaining appropriate levels of inventories can help us better plan raw material procurement and deliver our products to meet customer demand in a timely manner without straining our liquidity. The following table sets forth the breakdown of our inventories as of the dates indicated:

| | As of 31 December | | | As of 31 May |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Raw materials | 41,377 | 92,995 | 103,941 | 145,492 |
| Work-in-progress | 25,660 | 22,539 | 30,379 | 31,448 |
| Finished goods | 171,143 | 316,620 | 332,354 | 295,428 |
| Less: provision for impairment of inventories | (20,284) | (43,675) | (86,982) | (101,823) |
| **Total** | **217,896** | **388,479** | **379,692** | **370,545** |

Our inventories increased by 78.3% from RMB217.9 million as of 31 December 2020 to RMB388.5 million as of 31 December 2021, primarily due to increase in finished goods because (i) of our launch of new products in 2020, (ii) we increased our inventories in response to COVID-19's impact on supply chain stability, and (iii) we expected a stronger market demand for the new products we launched. Our inventories remained relatively stable at RMB388.5 million as of 31 December 2021, RMB379.7 million as of 31 December 2022 and RMB370.5 million as of 31 May 2023.

Due to the seasonality nature of our operation, we negotiate with customers in the first half of the year and commence production and sell the inventory in the second half of the year. However, we accumulated significant amount of inventory as of 31 December 2022 as we expected to carry out the improvement and renovation works on our production facilities beginning from December 2022 and into the first half of 2023. To maintain sufficient raw materials and finished goods for our production and sales targets for the first half of 2023, we increased our productions in the second half of 2022 until our improvement and renovation works began in December, which resulted in a high level of inventories as of 31 December 2022. As of 31 May 2023, our raw materials increased as we prepare for our productions in the second half of the year, while our finished goods decreased as our sales improved.

During the Track Record Period, when determining our inventory level, in addition to confirmed customer orders, we also take our expectations of market demand into consideration. As confirmed by Frost & Sullivan, productions beyond confirmed customer orders in anticipation of estimated demand are in line with the industry norm. We estimated the market demand through (i) the adoption of both the top-down and bottom-up approaches, including, (a) the assessment of national and local hydrogen fuel cell-related goals announced in the government papers or policies that set out the specific number of demand for hydrogen fuel cell vehicles by the different levels of government projects, such as the Puyang Municipal government's plan to promote 200 hydrogen fuel cell vehicles by the end of 2023, (b) the expectation of the increase in demand as the average product prices go down, and (c) the information gathered by our sales teams located in different regions from the local customers (such as hydrogen fuel cell vehicle manufactures) on their estimated demand for hydrogen fuel cell products in the coming year, and together, with our historical market share in the respective regions, to help assess the market demand for our products; (ii) analyzing past sales data to identify demand trends and patterns, in addition to (iii) considering economic conditions such as the growth of our downstream industry in the previous year.

Our provision for impairment of inventories increased from RMB20.3 million as of 31 December 2020 to RMB43.7 million as of 31 December 2021 mainly due to the provision for the impairment of certain model of hydrogen fuel cell systems we purchased from Guohong Refire that incorporated the 9SSL fuel cell stacks, and to a lesser extent, the provision for the impairment of 9SSL fuel cell stacks. The hydrogen fuel cell systems that we made provision for as of 31 December 2021 were purchased from Guohong Refire prior to the mass production of our self-developed hydrogen fuel cell systems. Such hydrogen fuel cell systems subsequently became less in demand compared with our higher-powered and self-developed hydrogen fuel cell systems as the industry developed and technology advanced, and we made provisions accordingly. Our provision for impairment of inventories further increased to RMB87.0 million as of 31 December 2022 and RMB101.8 million as of 31 May 2023 primarily due to the impairment of 9SSL fuel cell stacks.

The increase in the provision of impairment of the 9SSL fuel cell stacks during the Track Record Period was mainly due to (i) the relatively high level of inventories of 9SSL fuel cell stacks produced by us before the launch of our self-developed hydrogen fuel cell stacks; (ii) the decreased sales of the 9SSL fuel cell stacks during the Track Record Period as our customers preferred our self-developed and higher-powered SynStack G series fuel cell stacks over the 9SSL fuel cell stacks for on-road vehicles and industrial vehicle applications. Albeit our customers continued to purchase our 9SSL fuel cell stacks or hydrogen fuel cell systems equipped with the 9SSL fuel cell stacks for stationary power uses, the sales of the 9SSL fuel cell stacks declined as our primary group of customers during the Track Record Period was hydrogen fuel cell vehicle manufacturers; and (iii) the increasing age of 9SSL fuel cell stacks inventories during the Track Record Period and the reduction in their net realizable values.

The following table sets forth the inventory balance and aging analysis of the 9SSL fuel cell stacks (net of provision for impairment) as of 31 May 2023:

| | **As of 31 May 2023** |
|---|---|
| | *RMB'000* |
| **9SSL fuel cell stacks inventory balance** | |
| Within one year | 499 |
| One to two years | 3,844 |
| Two to three years | 31,146 |
| Three to four years | 1,875 |
| **Total** | **37,364** |

As of the Latest Practicable Date, approximately RMB0.5 million, or 1.3% of our 9SSL fuel cell stacks inventories as of 31 May 2023 were subsequently sold or utilized.

The following table sets forth our inventory turnover days for the years indicated:

| | **Year ended 31 December** | | | **Five months ended 31 May** |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| Inventory turnover days(1) | 311 | 371 | 278 | 574 |

*Note:*

(1) Inventory turnover days equal to the average cost of inventory at the beginning and the end of the relevant period divided by cost of sales for such period and multiplied by the number of days in the relevant period.

Our inventory turnover days increased from 311 days for the year ended 31 December 2020 to 371 days for the year ended 31 December 2021 mainly due to an increase of inventories as (i) in line with our launch of new products in 2020, (ii) we increased our inventories in response to COVID-19's impact on supply chain stability, and (iii) we expected a stronger market demand. Our inventory turnover days decreased from 371 days for the year ended 31 December 2021 to 278 days for the year ended 31 December 2022 as a result of our increased sales of hydrogen fuel cell systems in 2022. Our inventory turnover days increased from 278 days for the year ended 31 December 2022 to 574 days for the five months ended 31 May 2023 as a result of the seasonality nature of our business where our revenue and cost of sales are generally lower in the first half of the year. For more information, please refer to "Business – Seasonality" in this prospectus. We aim to continue to actively manage our inventory turnover days in the future.

The following table sets forth the aging analysis of our inventories during the Track Record Period:

| | As of 31 December 2020 | | | | | |
|---|---|---|---|---|---|---|
| | **Within 90 Days** | **91-180 Days** | **181 Days-1 Year** | **1-2 Years** | **More than 2 years** | **Total** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Raw materials | 36,134 | 2,102 | 2,019 | 721 | – | 40,976 |
| Work-in-progress | 25,620 | – | – | 40 | – | 25,660 |
| Finished goods | 92,033 | 34,612 | 1,589 | 8,645 | 14,381 | 151,260 |
| **Total** | **153,787** | **36,714** | **3,608** | **9,406** | **14,381** | **217,896** |

| | As of 31 December 2021 | | | | | |
|---|---|---|---|---|---|---|
| | **Within 90 Days** | **91-180 Days** | **181 Days-1 Year** | **1-2 Years** | **More than 2 years** | **Total** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Raw materials | 74,021 | 4,861 | 5,119 | 5,492 | 791 | 90,284 |
| Work-in-progress | 22,499 | – | – | – | 40 | 22,539 |
| Finished goods | 169,874 | 28,550 | 9,731 | 53,596 | 13,905 | 275,656 |
| **Total** | **266,394** | **33,411** | **14,850** | **59,088** | **14,736** | **388,479** |

| | As of 31 December 2022 | | | | | |
|---|---|---|---|---|---|---|
| | **Within 90 Days** | **91-180 Days** | **181 Days-1 Year** | **1-2 Years** | **More than 2 years** | **Total** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Raw materials | 48,712 | 5,707 | 20,875 | 15,325 | 3,689 | 94,308 |
| Work-in-progress | 30,339 | – | – | – | 40 | 30,379 |
| Finished goods | 173,346 | 5,686 | 13,094 | 39,054 | 23,825 | 255,005 |
| **Total** | **252,397** | **11,393** | **33,969** | **54,379** | **27,554** | **379,692** |

| | As of 31 May 2023 | | | | | |
|---|---|---|---|---|---|---|
| | **Within 90 Days** | **91-180 Days** | **181 Days- 1 Year** | **1-2 Years** | **More than 2 years** | **Total** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Raw materials | 67,227 | 28,003 | 5,064 | 27,670 | 3,886 | 131,850 |
| Work-in-progress | 30,863 | 545 | – | – | 40 | 31,448 |
| Finished goods | 88,786 | 13,278 | 38,986 | 20,245 | 45,952 | 207,247 |
| **Total** | **186,876** | **41,826** | **44,050** | **47,915** | **49,878** | **370,545** |

As of the Latest Practicable Date, approximately (i) RMB197.3 million, or 90.6% of our inventories as of 31 December 2020, (ii) approximately RMB328.5 million, or 84.5% of our inventories as of 31 December 2021, (iii) approximately RMB242.0 million, or 63.7% of our inventories as of 31 December 2022 and (iv) approximately RMB235.5 million, or 63.6% of our inventories as of 31 May 2023, had been subsequently sold or utilized, respectively.

***Recoverability of inventories***

The Group's inventories are primarily aged one year or less. Inventories aged over one year mainly include finished goods and raw materials, and the latter mainly include MEAs, graphite bipolar plates, air compressors and other production materials. Both raw materials and finished goods have no validity period. As for finished goods, the product life cycle of our hydrogen fuel cell stacks and hydrogen fuel cell systems is generally between three to six years so they can still be used in production and for sales even they are aged over a year. Our raw materials in stock as a whole are still used for production.

The government has continued to introduce favorably support policies for the fuel cell vehicle industry in recent years. This indicates that the end market for hydrogen fuel cell vehicles is expected to have a relatively large growth room. After analyzing the potential market and customer demand, we anticipate significant sales in the future.

During the Track Record Period, our inventories aged over one year are mainly 9SSL fuel cell stacks. Please refer to the discussion above for the decreased sales of the 9SSL fuel cell stacks during the Track Record Period. As a result of its decreased sales, the stock and aging of 9SSL fuel cell stacks increased which led to an increase in our inventory turnover days. Taking into consideration that the 9SSL fuel cell stacks have undergone extensive verifications in the global market and have a long lifespan and stable performance, in addition to their current uses in stationary applications such as the Zero-Carbon Distributed Smart Energy Center of Yulin, Shaanxi Province, we did not identify recoverability issue in respect of 9SSL fuel cell stacks. The prolonged inventory turnover days of 574 days for the five months ended 31 May 2023, which increased from 278 days for the year ended 31 December 2022, is mainly due to the seasonality nature of our business where our revenue and cost of sales are generally lower in the first half of the year, and is also on par with our inventory turnover days of 529 days for the six months ended 30 June 2022, which turned to 278 days for the year ended 31 December 2022.

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***

We formulate the impairment provision policy according to the IAS 2. IAS 2 states that the cost of inventories may not be recoverable if those inventories are damaged, if they have become wholly or partially obsolete, or if their selling prices have declined, and if the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount, and that reduction is an impairment loss. For our impairment provision policy, we consider the actual usage of inventory in history and consider market factors such as technology iteration to identify obsolete products on each balance sheet date, which full impairment provision will be made. The remaining inventory shall be measured based on the lower of the net realizable value ("**NRV**") and the cost and the amounts of the cost excess NRV shall be recognized as the provision for inventory impairment.

The trend of the Group's inventory impairment ratio is similar to the comparable company in the industry.

Having compared our inventory impairment ratio with another company in our industry, our historical sales performance, in particular, during the Track Record Period, and that we had not encountered any material impairment loss that have materially and adversely affected our business operations caused by slow-moving inventories, our Directors are of the view that sufficient provision for impairment of inventories has been made. Based on the above and taking into consideration that (i) our inventories aged over two years as of 31 May 2023 mainly included 9SSL fuel cell stacks, and (ii) our progress and the feasibility of the subsequent sale and utilization of our 9SSL fuel cell stacks, our Directors are of the view that the current provision of impairment for 9SSL fuel cell stacks are adequate. Based on the representations and confirmations from our Company and the due diligence steps performed by the Sole Sponsor, nothing has come to the attention of the Sole Sponsor that would cause them to cast doubt on the Directors' view as set out above.

**Trade and Bills Receivables**

The following table sets forth the breakdown of our trade and bills receivables as of the dates indicated:

| | As of 31 December | | | As of 31 May |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Current:** | | | | |
| Trade receivables[1] | 319,972 | 756,673 | 1,362,012 | 1,429,691 |
| Less: Allowance for expected credit losses | (31,598) | (110,240) | (215,105) | (216,591) |
| | 288,374 | 646,433 | 1,146,907 | 1,213,100 |
| Bills receivables | – | 390 | 163 | 3,088 |
| | 288,374 | 646,823 | 1,147,070 | 1,216,188 |
| **Non-current:** | | | | |
| Trade receivables[1] | – | – | 16,794 | 5,133 |
| Less: allowance for expected credit losses | – | – | (632) | (182) |
| | – | – | 16,162 | 4,951 |
| **Total** | **288,374** | **646,823** | **1,163,232** | **1,221,139** |

*Note:*

(1) For details, please refer to Note 24 of the Accountant's Report as Appendix I to this prospectus.

Our trade and bills receivables increased by 124.3% from RMB288.4 million as of 31 December 2020 to RMB646.8 million as of 31 December 2021, mainly due to the increase in our sales of hydrogen fuel cell systems in 2021 as a result of, among others, the issuance of awards policies in the second half of 2020 and our launch of new products to the market. Our trade and bills receivables increased by 79.8% from RMB646.8 million as of 31 December 2021 to RMB1,163.2 million as of 31 December 2022 mainly due to (i) the significant increase in our revenue from the increased sales of hydrogen fuel cell systems, and (ii) the prolonged settlement of trade receivables by some of our customers during the Track Record Period. Our trade and bills receivables remained relatively stable from as of 31 December 2022 to as of 31 May 2023.

We faced prolonged settlement by some of our customers mainly due to the capital restraints placed on them, and generally on the hydrogen fuel cell vehicle industry, as a result of the nature of the current awards policy which usually puts a relatively long time gap, generally over two years as advised by Frost & Sullivan, between when hydrogen fuel cell vehicle manufacturers sell their vehicles and when they may collect their qualified awards in full. Such capital restraints, coupled with the stronger bargaining power possessed by hydrogen fuel cell vehicle manufacturers as our industry is still at its early development stage, ultimately affected the settlement of our trade receivables.

Despite the above, we expect our settlements to improve as our downstream customers begin collecting awards for vehicles that have satisfied the relevant requirements. In addition, as the hydrogen fuel cell industry develops and further commercializes, the downstream hydrogen fuel cell vehicle manufacturers' reliance on awards is expected to decrease, and their settlements are expected to be faster.

During the Track Record Period, our allowance for expected credit losses were RMB31.6 million, RMB110.2 million, RMB215.1 million and RMB216.6 million, respectively. The increase in allowance for expected credit losses were primarily due to (i) prolonged settlement, as discussed above, from certain customers to which we made impairment allowance for and increased the respective ECL rate accordingly, and (ii) the increase in trade receivables along with the growth in revenue during the Track Record Period to which we determine allowance in accordance with the ECL model under IFRS 9.

We negotiate credit period with our customers based on various factors such as years of relationship. For the credit period of our five largest customers during the Track Record Period and our general credit terms with our customers, please refer to "Business – Customers" in this prospectus. We also have back-to-back payment arrangements with a few customers during the Track Record Period, under which we are paid after our customers have received payment from their respective customers. In the event that the ultimate customers defaulted, we have the right to pursue payments from our customers under the back-to-back arrangements. In addition, we do not accept product returns from our customers or their respective customers under the back-to-back arrangements. As of 31 December 2020, 2021, 2022 and 31 May 2023, the amount of our trade receivables outstanding subject to the back-to-back arrangements were nil, RMB106.6 million, RMB147.9 million and RMB113.9 million, respectively. As of 30 June 2023, nil, RMB17.1 million, RMB35.9 million and nil, or nil, 16.0%, 24.3% and nil of our trade receivables subject to the back-to-back arrangements as of 31 December 2020, 2021, 2022 and 31 May 2023 were subsequently settled, respectively.

As of 31 December 2020, 2021, 2022 and 31 May 2023, bills receivables of our Group were mainly bank acceptance notes aged less than one year. The following is an aging analysis of trade receivables from third parties, presented based on the invoice date is as follows:

| | As of 31 December | | | As of 31 May |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Up to one year | 126,981 | 466,495 | 816,856 | 888,107 |
| One to two years | 163,241 | 125,753 | 416,708 | 432,277 |
| Two to three years | 29,750 | 134,675 | 110,981 | 80,379 |
| Three to four years | – | 29,750 | 34,261 | 34,061 |
| **Total** | **319,972** | **756,673** | **1,378,806** | **1,434,824** |

The following is an aging analysis for trade receivables which are overdue from third parties:

| | As of 31 May 2023 | Subsequently settled as of 18 November 2023 |
|---|---|---|
| | *RMB'000* | *RMB'000* |
| Up to one year | 301,816 | 25,714 |
| One to two years | 160,120 | 14,912 |
| Two to three years | 80,799 | 11,571 |
| Over three years | 33,975 | 11,596 |
| **Total** | **576,710** | **63,793** |

We have applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL for trade receivables. We determine the ECL on trade receivables by using a provision matrix as of 31 December 2020, 2021, 2022 and 31 May 2023 within lifetime ECL (not credit impaired) estimated based on the financial quality of debtors and historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. As of 31 December 2020, 2021, 2022 and 31 May 2023, we had no past due but not impaired trade receivables.

The following table sets forth our trade receivables turnover days for the years indicated:

| | Year ended 31 December | | | Five months ended 31 May |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| Trade receivables turnover days | 495 | 430 | 521 | 1,478 |

*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.

Our trade receivables turnover days decreased from 495 days for the year ended 31 December 2020 to 430 days for the year ended 31 December 2021 mainly because of our significant revenue growth. Our trade receivables turnover days increased from 430 days for the year ended 31 December 2021 to 521 days for the year ended 31 December 2022 mainly due to our significantly increased revenue from the year ended 2020 to 2022, coupled with the prolonged settlement by certain of our customers as discussed above, that resulted in the increase of the average balance of our trade receivables. Our trade receivables turnover days increased from 521 days for the year ended 31 December 2022 to 1,478 days for the five months ended 31 May 2023 mainly due to the increasing balance of trade receivables as a result of (i) from the substantial increase of revenue for the second half of 2022, (ii) the prolonged settlement as discussed above, in addition to (iii) seasonality nature of our business as our revenue base for such period was relatively low and we generally record the majority of our revenue during the second half of the year. Despite the increase in our trade receivable turnover days, our trade receivables settlement increased by RMB60.6 million from the year ended 31 December 2021 to 2022 and by RMB96.5 million from the five months ended 31 May 2022 to 2023 due to our collection efforts and the execution of our collection measures.

As of the Latest Practicable Date, (i) approximately RMB82.1 million, or 5.7% of our trade receivables as of 31 May 2023, (ii) approximately RMB177.5 million, or 12.9% of our trade receivables as of 31 December 2022, (iii) approximately RMB308.9 million, or 40.8% of our trade receivables as of 31 December 2021, and (iv) RMB262.7 million, or 82.1% of our trade receivables as of 31 December 2020, had been subsequently settled, respectively.

***Adequacy of the impairment provision***

Having considered our customers' business operation condition, payment history and the expected credit loss rate adopted by other companies in the industry, we believe that the provisions made for impairment of trade receivables during the Track Record Period were adequate, also taking into consideration that:

- we closely review the balances of trade receivables and any overdue balances on an ongoing basis and assess the collectability of overdue balances; for instance, our accounting team, together with the sales team, regularly conduct recoverability analysis on the level of recoverability of overdue trade receivables and make impairment provisions for those which we deem unable to recover. In addition, we monitor the collections of trade receivables and retrospectively review the accounting estimate of prior periods to identify any material discrepancies. Where the accounting estimate is different from our original estimate, such difference will be reflected in the carrying amounts of trade receivables and thus the impairment loss in the period in which such estimate is adjusted; and

- we formulate the impairment provision policy according to IFRS 9 and group long-term and short-term trade receivables based on shared credit risk characteristics and estimate the expected credit loss rate of trade receivables on a collective basis based on historical credit loss experiences, with adjustment for forward-looking information such as gross domestic product and producer price index. 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.

***Trade receivables recoverability***

We closely monitor the recoverability of our outstanding trade receivables. We have adopted the following measures, among others, to monitor and control our outstanding receivables:

- keeping records of overdue receivables and requiring sales personnel to communicate with customers regarding the payment plans in advance;

- sending payment notices to customers prior to the payment due date;

- undertaking various measures to collect overdue payments, including (i) negotiate with customers to formulate payment plans and monitor the implementation; (ii) send overdue payment notices to customers; and (iii) consider to initiate legal proceedings as necessary;

- maintaining and regularly updating a list of defaulting customers and designating personnel to collect overdue payments; and

- negotiating more favorable terms with our customers. To begin with, we have offered favorable payment terms in 2023 as incentives for customers to settle before payments are due, such as providing a discount at a rate to be agreed by the parties when the customer pay in advance. We expect to set the range of discount percentages between 1% to 3% for advanced payment three to nine months before the due date, respectively, subject to certain considerations at the time of negotiation including (i) how advanced the payment is, (ii) the then market rate for advanced payment, if any, and (iii) the then London Inter-Bank Offered Rate ("**LIBOR**").

We also implement sales and collection policy which includes measures to perform on-going credit evaluation of financial and credit conditions of our customers. For new customers, our sales team collects basic information from the customers and builds the customer profile to include the new customer's business operation conditions, financial conditions and credit conditions and assesses their credit risk based on the information collected. Before entering a sales agreement with our new customers, we will internally review and confirm the order with our technicians, research and development personnel and corporate staff such as finance, sales and legal. For our existing customers, we also consider the payment histories and unsettled amounts with those customers before accepting a new sales order from them. We actively update customer profile based on our customers' business operations and financial conditions. We obtain information of our customers' operation and financial conditions through public domain and regular communications with them. Our management of the sales and marketing and management and operation departments also conduct periodic review on the credit limits that are assigned to each of our existing customers to ensure the customer's business and financial conditions are properly reflected.

When a payment is due, we take further appropriate follow-up actions based on our previous assessment, including continuous communications with our customers, demanding due payments periodically and taking legal actions when necessary. Our sales team is responsible for following up with our customers periodically regarding trade receivables, and closely monitors the progress and outcome of such follow-ups. They are also responsible for notifying customers to make timely payments until receive internal confirmation that such payments have been timely and duly made. Our accounting team periodically reviews the age of trade receivables and requires our sales team to follow up with our customers from time to time. If the outstanding payments cannot be recovered after exhausting all proper measures, our sales team will notify our accounting team, who, together with other relevant departments, will review and record loss allowance for the long overdue payments when necessary. In addition, we have adopted and strictly enforced our credit risk management measures and policies.

Our Directors are of the view that our trade and bills receivables are recoverable through our aforementioned measures to monitor and control trade receivables, and after taking into consideration (i) our aging distribution category and turnover rate of accounts receivable are similar to a Hong Kong listed public company in our industry, (ii) the quality of our customers which consist of A-share listed companies, the subsidiaries of A-share listed companies, state-owned enterprises and other top players in their respective industry, and (iii) the lack of indication that our major customers' finance and business were in difficulties or that they were unwilling or unable to make payment.

***Trade receivables aged over one year by major debtors***

The table below sets forth our trade receivables from the top four major debtors in terms of trade receivables aged over one year as of 31 May 2023, which, in the aggregate, accounted for 87.6% of our total trade receivables aged over one year as of 31 May 2023:

| | **Aged as of 31 May 2023** | | | |
|---|---|---|---|---|
| **Major debtors** | **One to two years** | **Two to three years** | **Over three years** | **Total** |
| | | *(RMB'000)* | | |
| Foshan Feichi Automobile Technology Co., Ltd. (佛山市飛馳汽車科技有限公司) ("**Foshan Feichi**") | 264,660 | 63,614 | – | **328,274** |
| Xiamen King Long United Automotive Industry Co., Ltd. (廈門金龍聯合汽車工業有限公司) ("**Xiamen King Long**") | 89,542 | – | – | **89,542** |
| Shanghai Refire Technology Co. Ltd. (上海重塑能源科技有限公司) ("**Shanghai Refire Tech**"), a wholly-owned subsidiary of Shanghai Refire | – | – | 33,553 | **33,553** |
| Shenghui New Energy Co., Ltd. (昇輝新能源有限公司) ("**Shenghui Energy**") | 27,467 | – | – | **27,467** |

With respect to each of the major debtors listed, the table below sets for the reasons for the prolonged settlement and the basis that such trade and bills receivables are recoverable.

| Major debtors | Reasons for the prolonged settlement | Basis of recoverability |
|---|---|---|
| Foshan Feichi | The prolonged settlement from Foshan Feichi is mainly due to the relatively long time gap between when its vehicles were sold and when the relevant awards could be collected. Specifically, according to a public announcement made by the Foshan municipal government in May 2023, the batch of hydrogen fuel cell buses that registered for subsidies in Foshan back in 2020 (including buses from Foshan Feichi) had just been qualified for awards and the granting of the relevant awards were in the plan, without a specific date of collection by the hydrogen fuel cell vehicle companies. | Our Directors are of the view that the trade receivables from Foshan Feichi are recoverable considering (i) Foshan Feichi's long-standing reputation and leading position in the industry, (ii) the controlling shareholder holding 42.67% of the equity interests in Foshan Feichi is Meijin Energy (stock code: 000723), an A-share listed company with RMB24.6 billion in revenue and RMB3.2 billion in net cash generated from operating activities for the year ended 31 December 2022, according to Meijin Energy's annual reports, (iii) according to public information, Foshan Feichi has introduced pre-IPO investors as of May 2023, (iv) the public announcement by the Foshan municipal government on the grant of awards to Foshan Feichi in May 2023 and (v) our history of cooperative relations and amicable communications. As of 30 June 2023, approximately nil and RMB30.5 million, or approximately nil and 9.3% of our trade receivables aged over one year from Foshan Feichi as of 31 May 2023 and 31 December 2022, respectively, were subsequently settled. |
| Xiamen King Long | The prolonged settlement with Xiamen King Long is primarily because our collection is subject to the back-to-back arrangement with Xiamen King Long under which we are paid after Xiamen King Long has received payment from its respective customers. | Considering Xiamen King Long's prominent market position and significance (being dubbed as one of the "three dragons" (三龍) in the commercial vehicle industry) and its parent company is the A-share listed King Long Motor (stock code: 600686) which recorded RMB18.2 billion in revenue for the year ended 31 December 2022, our Directors are of the view that the trade receivables from Xiamen King Long are recoverable. As of 30 June 2023, approximately nil and RMB25.7 million, or approximately nil and 24.2% of our trade receivables aged over one year from Xiamen King Long as of 31 May 2023 and 31 December 2022, respectively, were subsequently settled. |

| Major debtors | Reasons for the prolonged settlement | Basis of recoverability |
|---|---|---|
| Shanghai Refire Tech | The transactions that gave rise to the RMB33.6 million in trade receivables as of 31 May 2023 (RMB5.9 million of which due to Synergy Power and the remaining RMB27.7 million due to the Company, and including RMB16.2 million, RMB5.9 million and RMB11.5 million for the years ended 31 December 2017, 2018 and 2019, respectively) were mainly Shanghai Refire Tech's purchase of hydrogen fuel cell stacks from us to be used for hydrogen fuel cell systems-related research and development and small batch trial productions. The relevant credit terms were stipulated in the purchase agreements, which did not provide for credit term adjustments. Based on communications with Shanghai Refire Tech, the delay in payment was out of its then understanding of fluctuations on the downstream market demands of the hydrogen fuel cell systems market, whereas companies in the new energy vehicle industry chain, including those of the hydrogen energy vehicle industry, were generally facing varying degrees of cash flow issues due to the early development of the industry and the influence of the subsidy policies. To the best knowledge of the Directors, Shanghai Refire Tech adjusted and arranged payments based on its own circumstances, supplier relationships, and other factors during its business operations. | We constantly communicated with Shanghai Refire Tech regarding the overdue trade receivables on a monthly basis. Our Directors are of the view that the trade receivables from Shanghai Refire Tech are recoverable mainly due to a repayment plan agreed by Shanghai Refire and us. As of the Latest Practicable Date, RMB11.2 million has been repaid to us. |

| Major debtors | Reasons for the prolonged settlement | Basis of recoverability |
|---|---|---|
| Shenghui Energy | The prolonged settlement by Shenghui Energy, based on public information and to the best knowledge of the Directors, is due to its expansion from the traditional electrical device industry to the hydrogen energy industry and its focus of capital primarily for its expansion into the upstream segments of the hydrogen energy industry chain including establishing an independent hydrogen energy vehicle operation platform, investing in large-scale electrolysis of water hydrogen production equipment, and improving its research and development capabilities, which has resulted in a delay of full payment to us. | Taking into consideration that (i) Shenghui Energy's controlling shareholder is Sunfly Intelligent Technology Co., Ltd. (stock code: 300423) ("**Sunfly Intelligent**"), an A-share listed company that recorded RMB2.1 billion in revenue and RMB171.9 million net cash generated from operating activities for the year ended 31 December 2022, (ii) according to public information, Shenghui Energy's subsidiaries were qualified as "urban green freight distribution demonstration enterprises" in Foshan in 2022 which enabled them to enjoy special operating subsidies from Foshan; Sunfly Intelligent also announced that it will utilize its hydrogen production equipment to provide stable and economical hydrogen to help Shenghui Energy reduce its downstream logistics platforms' operating costs and promote the expansion of applications, and (iii) our history of cooperative relations and amicable communications, our Directors are of the view that the trade receivables from Shenghui Energy are recoverable. As of 30 June 2023, approximately nil and RMB5.9 million, or approximately nil and 17.7% of our trade receivables aged over one year from Shenghui Energy as of 31 May 2023 and 31 December 2022, respectively, were subsequently settled. |

**Contract Assets**

Contract assets represent retention receivables that are consideration withheld by customers which are unsecured, interest-free and recoverable after the completion of the warranty period of the relevant contracts, usually being the shorter of five years or when the vehicle that carries our product travels for 200,000 kilometers after the control of goods transferred to the customers. The contract assets are determined based on the terms agreed in each of sales contract. A certain percentage of the contract consideration tends to be withheld to assure that we would satisfy our product quality commitments, which is in line with the industry norm. Such an amount shall be paid in full by the customers.

The table below sets forth the gross carrying amount of our contract assets by the expected timing of billing (i.e. timing of completion of warranty period in the relevant contracts and being reclassified from contract assets to trade receivables) as of 31 May 2023.

| | **As of 31 May 2023** | |
|---|---|---|
| | *(RMB'000)* | *%* |
| **Expected timing of billing** | | |
| less than three years | 4,051 | 8.3 |
| three to four years | 20,333 | 41.8 |
| four to five years | 19,956 | 41.0 |
| over five years | 4,301 | 8.9 |
| | **48,641** | **100.0** |

Our contract assets amounted to RMB1.9 million, RMB18.2 million, RMB41.1 million and RMB43.0 million as of 31 December 2020, 2021, 2022 and 31 May 2023, respectively. The increase in our contract assets was mainly because (i) we entered into more sales contracts during the Track Record Period, and (ii) some sales contracts that we entered into before 2021 did not include a retention money provision.

As of the Latest Practicable Date, no contract assets as of 31 May 2023 had been subsequently certified.

**Other Receivables and Prepayments**

The following table sets forth the breakdown of our other receivables and prepayments as of the dates indicated:

| | As of 31 December | | | As of 31 May |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Other receivables from related parties | 7,367 | 13,609 | 9,802 | 9,790 |
| Deposits | 382 | 2,380 | 11,779 | 11,256 |
| Advances to employees | 4,347 | 73 | 427 | 24 |
| Employee equity subscription receivable relating to Share Incentive Scheme | 16,230 | – | – | – |
| Others | 307 | 669 | 1,170 | 869 |
| Less: allowance for impairment of other receivables | (7,480) | (8,660) | (10,128) | (10,120) |
| | 21,153 | 8,071 | 13,050 | 11,819 |
| Prepayment to a related party | 4,117 | 13,966 | 3,850 | 3,841 |
| Deductible value-added tax input | 6,899 | 7,324 | 50,264 | 49,306 |
| Prepayment to suppliers | 31,047 | 32,799 | 21,570 | 21,481 |
| Prepayment for listing expenses | – | 6,633 | 24,068 | 29,462 |
| Prepaid expenses | 3,746 | 5,442 | 7,863 | 9,035 |
| Others | 1,750 | 5,616 | 4,942 | 7,752 |
| | 47,559 | 71,780 | 112,557 | 120,877 |
| **Total** | **68,712** | **79,851** | **125,607** | **132,696** |

Our other receivables and prepayments increased by 16.2% from RMB68.7 million as of 31 December 2020 to RMB79.9 million as of 31 December 2021 mainly due to the increase in (i) prepayment to a related party due to the prepayment in relation to our purchase of MEAs, and (ii) prepayment for listing expenses, which was partially offset by a decrease in employee equity subscription receivable relating to Share Incentive Scheme as certain of our share incentive scheme participants completed their payment in 2020.

Our other receivables and prepayments increased by 57.3% from RMB79.9 million as of 31 December 2021 to RMB125.6 million as of 31 December 2022 mainly due to an increase in our deductible value-added tax input as we have obtained more value-added input tax credit following our increased purchases of property, plant and equipment and an increase in prepayment for listing expenses. Our other receivables and prepayments remained relatively stable from as of 31 December 2022 to as of 31 May 2023.

Our deposits increased by 394.9% from RMB2.4 million as of 31 December 2021 to RMB11.8 million as of 31 December 2022 primarily because of (i) deposits we paid for research and development projects that we participated in to test our products on hydrogen fuel cell vehicles, (ii) deposits we paid for plant leases and (iii) bidding deposits we paid for when we participated in several bidding process. Our deposits remained relatively stable from as of 31 December 2022 to as of 31 May 2023.

As of the Latest Practicable Date, approximately RMB45.2 million, or 31.6% of our other receivables and prepayments as of 31 May 2023 had been subsequently settled.

For more information on our other receivables and prepayments, please refer to Note 25 of the Accountant's Report as Appendix I to this prospectus.

**Cash and Cash Equivalents and Restricted Cash**

| | **As of 31 December** | | | **As of 31 May** |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Cash at banks | 468,375 | 712,627 | 718,183 | 687,170 |
| Cash on hand | 9 | 11 | – | – |
| Less: Restricted cash | – | (819) | – | (3,626) |
| **Total** | **468,384** | **711,819** | **718,183** | **683,544** |

Our cash and cash equivalents mainly comprise bank balances. Please refer to Note 26 of the Accountant's Report as Appendix I to this prospectus for more information.

**Provision**

The following table sets forth a breakdown of our non-current and current provision as of the dates indicated:

| | As of 31 December | | | As of 31 May |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Non-current** | | | | |
| Product warranties | 4,928 | 9,091 | 15,018 | 15,853 |
| Excess deficit | – | 6,251 | – | – |
| Financial guarantee obligation | 1,096 | – | – | – |
| | 6,024 | 15,342 | 15,018 | 15,853 |
| **Current** | | | | |
| Product warranties | 6,470 | 2,482 | 2,671 | 1,444 |
| Financial guarantee obligation | – | 12,192 | – | – |
| Legal claims | 2,456 | 2,456 | – | – |
| | 8,926 | 17,130 | 2,671 | 1,444 |
| **Total** | **14,950** | **32,472** | **17,689** | **17,297** |

The movements in the warranty provision are as follows:

| | *RMB'000* |
|---|---|
| **At 1 January 2020** | **8,910** |
| Additional provision in the year | 2,970 |
| Utilization of provision | (482) |
| **At 31 December 2020** | **11,398** |
| Additional provision in the year | 6,596 |
| Utilization of provision | (6,421) |
| **At 31 December 2021** | **11,573** |
| Additional provision in the year | 21,013 |
| Utilization of provision | (14,897) |
| **At 31 December 2022** | **17,689** |
| Additional provision in the year | 2,144 |
| Utilization of provision | (2,536) |
| **At 31 May 2023** | **17,297** |

Provision for product warranties represent provisions 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. The provision of product warranties remained relatively stable at RMB11.4 million and RMB11.6 million for the years ended 31 December 2020 and 2021, respectively, while increased to RMB17.7 million mainly because we made a RMB10.1 million provision for the one-time upgrade of some of our hydrogen fuel cell systems. The provision of warranties remained relatively stable at RMB17.3 million as of 31 May 2023.

Our provision increased by 117.2% from RMB15.0 million as of 31 December 2020 to RMB32.5 million as of 31 December 2021 mainly due to the increase in (i) financial guarantee obligation from financial guarantee we made to our associates, and (ii) excess deficit as we recorded share of loss of Guohong Refire. For more information on our financial guarantee obligation and excess deficit, please see Note 4(b), 35(b) and 35(c) of the Accountant's Report as Appendix I to this prospectus. Our provision decreased by 45.5% from RMB32.5 million as of 31 December 2021 to RMB17.7 million as of 31 December 2022 mainly because our financial guarantee obligation decreased as one of our associates repaid its loan that we provided financial guarantee for. Our provision remained relatively stable at RMB17.3 million as of 31 May 2023.

For two of our associates, we were required to subscribe RMB92.7 million and RMB14.3 million for capital contributions before the year of 2036 and 2047, respectively, according to the articles of association of the associates. As of 31 December 2021, our investments in these associates were zero and we had not subscribed to the full amount of the capital contribution in these two associates because (i) we made capital injections based on their actual capital needs, and (ii) we were not required to make full contribution until 2036 and 2047, respectively. Due to the legal obligation as stipulated in the relevant articles of associations, shareholders of these associates shall bear limited losses by subscription of capital contribution. As a result, the residual liabilities of these two associates were to be borne to the limit of remaining unsubscribed capital contribution, which was recorded as provision for excess deficit accordingly.

As advised by our PRC Legal Advisers, (i) for the other associate, based on its articles of association dated 28 July 2022, we have subscribed registered capital of approximately RMB14.3 million which shall be paid up by 15 July 2047 and (ii) based on the articles of association of Guohong Refire dated 26 March 2019 and its amendment, we have subscribed registered capital of approximately RMB92.7 million which shall be paid up by 8 October 2036, and our legal obligation as a shareholder of Guohong Refire is limited to the extent of our subscribed registered capital of approximately RMB92.7 million.

Given that our obligation to subscribe for the registered capital of Guohong Refire was not due as of the Latest Practicable Date, under such circumstances, we only need to make provision when Guohong Refire has net liabilities position (i.e. larger liabilities than assets). Guohong Refire has three type of liabilities: (i) its liability due to us recorded in our account as other receivables, for which we already recognized full provision; (ii) its obligation to buy back shares from Yunfu Rongda, which is guaranteed by us, please refer to "– Certain Statement of Financial Position Items – Derivative Financial Instruments" in this prospectus for more details. Our obligation of guarantee was already fully recorded as a provision in our account; and (iii) other liabilities, which could be covered and repaid by Guohong Refire's own realizable assets, and therefore no impairment is required to be made. Considering the above factors, sufficient provision has been made in respect of the obligation to subscribe for the registered capital of RMB92.7 million.

As stipulated in the articles of association of the two associates, when insolvency occurs in a debt dispute or liquidation, the shareholders who have not paid in full should pay their capital contributions first. As neither of the associates had enough surplus cash in 2022 when a debt became due for one of them and when the other was in the process of liquidation, we made the appropriate amount of capital injections proportionate to our shareholding interests in each of the associates. As such, for Guohong Refire, in particular, we and Shanghai Refire made capital injections for the repayment of a Guohong Refire's debt in December 2022 in the amounts of RMB25.5 million and RMB24.5 million, respectively, proportionate to the shareholding interests in Guohong Refire held by us and Shanghai Refire, respectively. Please refer to Note 35(b) of the Accountant's Report as Appendix I to this prospectus for more information.

Our maximum exposure in relation to the excess deficit for the two associates was RMB6.0 million and RMB0.3 million as of 31 December 2021, respectively. As at 31 December 2022, all of liabilities of Guohong Refire could be repaid by its realizable assets, except for the liability to us and its obligation to buy back shares from Yunfu Rongda. Therefore, we did not recognize the excess deficit for Guohong Refire. For the amounts owed to us by Guohong Refire, we recognized the full allowance for impairment of other receivables. For the matter of Yunfu Rongda withdraw its investments, we recognized the derivative financial instruments to represent the obligation to buy back shares of Guohong Refire from Yunfu Rongda. As for the financial guarantee obligation, Guohong Refire has fulfilled the repayment obligation due to the capital injection by the shareholders at the end of 2022. Therefore, our guarantee obligation was released and the related expected credit loss was reversed. Please refer to Note 35(b) of the Accountant's Report as Appendix I to this prospectus for more information.

**Trade and Bills Payables**

Our trade payables and bills mainly represent payables to our raw material and components suppliers, equipment and machineries suppliers, and other service providers. The table below sets forth our trade and bills payables as of the dates indicated:

| | As of 31 December | | | As of 31 May |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Trade payables | | | | |
| – due to third parties | 22,650 | 95,272 | 509,780 | 546,667 |
| – due to related parties | 16,816 | 6,556 | 946 | 983 |
| Bills payables | – | – | – | 9,065 |
| **Total** | **39,466** | **101,828** | **510,726** | **556,715** |

Our trade and bills payables increased by 158.0% from RMB39.5 million as of 31 December 2020 to RMB101.8 million as of 31 December 2021 mainly due to our production expansion and the increased procurement. Our trade and bills payables increased by 401.6% from RMB101.8 million as of 31 December 2021 to RMB510.7 million as of 31 December 2022 mainly due to (i) the increase of procurement as our operation expanded and (ii) our increased bargaining power to negotiate more favorable credit terms with our suppliers resulted from (a) our increased purchases and (b) the overall development of our industry and the increase in the number of suppliers available. Our trade and bills payables increased slightly from as of 31 December 2022 to as of 31 May 2023 mainly due to the increase in trade payables from longer credit terms with our suppliers and the use of bills payables.

The following table sets forth our trade payables turnover days for the years indicated:

| | Year ended 31 December | | | Five months ended 31 May |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| Trade payables turnover days | 83 | 78 | 190 | 647 |

*Note:*

(1) Trade payables turnover days equal to the average balance of trade payables at the beginning and the end of the relevant period divided by cost of sales for such period and multiplied by the number of days in the relevant period.

Our trade payables turnover days remained relatively stable at 83 days and 78 days for the years ended 31 December 2020 and 2021, respectively. Our trade payables turnover days increased from 78 days for the year ended 31 December 2021 to 190 days for the year ended 31 December 2022 mainly because of the longer credit terms with our suppliers from our increased bargaining power as a result of (a) our increased purchases and stronger relationship with them, (b) the overall development of our industry and the increase in the number of suppliers available, and (c) our efforts to narrow the gap between the trade receivables and the trade payables turnover days. Our trade payable days increased from 190 days for the year ended 31 December 2022 to 647 days for the five months ended 31 May 2023 mainly because of (i) the longer credit terms with our suppliers, (ii) the seasonality nature of our business where our revenue and cost of sales are generally lower in the first half of the year and (iii) our use of bills payables. For more information, please refer to "Business – Seasonality" in this prospectus.

Our payment terms with suppliers are mainly on credit and we negotiate credit period with our suppliers based on various factors such as the business relationships between us and the suppliers. For the credit period of our five largest suppliers during the Track Record Period, please refer to "Business – Raw Materials and Suppliers" in this prospectus. The following is an aging analysis of trade and bills payables, presented based on the invoice date, as of the dates indicated:

| | As of 31 December | | | As of 31 May |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Within one year | 37,285 | 93,444 | 446,377 | 488,163 |
| One to two years | 2,054 | 8,141 | 63,365 | 67,062 |
| Two to three years | – | 116 | 925 | 1,259 |
| Over three years | 127 | 127 | 59 | 231 |
| **Total** | **39,466** | **101,828** | **510,726** | **556,715** |

During the Track Record Period and up to the Latest Practicable Date, our Directors 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. As of the Latest Practicable Date, approximately RMB131.6 million, or 23.6% of our trade and bills payables as of 31 May 2023 had been subsequently settled.

**Other Payables and Accruals**

The table below sets forth the breakdown of our other payables and accruals as of the dates indicated:

| | As of 31 December | | | As of 31 May |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Other payables due to related parties | 9,424 | 9,412 | 10,360 | 10,012 |
| Payables for purchases of property, plant and equipment | 5,934 | 6,744 | 77,503 | 91,157 |
| Payables arising from Share Incentive Schemes | 38,628 | 54,000 | 54,000 | 54,000 |
| Tax payables | 1,873 | 7,992 | 16,642 | 8,032 |
| Employee benefits payables | 7,138 | 10,575 | 8,823 | 7,166 |
| Accrued expenses | 3,224 | 3,178 | 12,453 | 10,371 |
| Payables for deposits | 5,000 | 4,000 | 2,094 | 2,078 |
| Interest payables | 450 | 284 | 538 | 2,312 |
| Payables for acquisition of a joint venture | 3,300 | – | – | – |
| Others | 3,634 | 2,082 | 5,409 | 2,300 |
| **Total** | **78,605** | **98,267** | **187,822** | **187,428** |

Our other payables and accruals increased by 25.0% from RMB78.6 million as of 31 December 2020 to RMB98.3 million as of 31 December 2021, mainly due to an increase in payables arising from Share Incentive Schemes as a result of our repurchase obligation under the Share Incentive Scheme from an increase in eligible employees in 2021, and an increase in employee benefits payables mainly due to the increase in the scale of our operation and the related accrual of employee salary.

Our other payables and accruals increased by 91.1% from RMB98.3 million as of 31 December 2021 to RMB187.8 million as of 31 December 2022, mainly due to an increase in payables for purchases of property, plant and equipment as (i) our Company purchased a production plant that was previously leased by us from a third party in Yunfu; and (ii) one of our subsidiaries acquired several production equipment from suppliers to expand its production. Our other payables and accruals remained relatively stable from as of 31 December 2022 to as of 31 May 2023.

As of 31 May 2023, our other payables due to related parties amounted to RMB10.0 million, which include RMB1.0 million that was trade in nature and RMB9.0 million that was non-trade in nature. The other payables due to related parties that was non-trade in nature included (i) the investment in one of our associates, which had been approved for and was expected to begin the process of liquidation. Such other payables were settled in September 2023, prior to the Listing, and (ii) utility bills due to one of our substantial shareholders which was settled in August 2023, prior to the Listing. Please refer to Note 39(d) of the Accountant's Report as Appendix I to this prospectus for more information.

As of the Latest Practicable Date, approximately RMB51.4 million, or 27.4% of our other payables and accruals as of 31 May 2023 had been subsequently settled.

**Derivative Financial Instruments**

We had derivative financial instruments primarily representing the obligation to buy back shares of Guohong Refire during the Track Record Period. Pursuant to the agreements that Guohong Refire entered into with Yunfu Rongda, Yunfu Rongda invested a sum of RMB77.8 million to hold approximately 29.98% interest in Guohong Refire with a post-tax return rate at 1.5% per annum and with a right to withdraw its capital within a certain period of time. According to the relevant agreements, Yunfu Rongda can choose to withdraw its investment through capital reduction or share transfer, and Guohong Refire has undertaken to return the funds invested by Yunfu Rongda while our Company and Shanghai Refire agreed to guarantee the repayment of Yunfu Rongda's investment funds and its fixed return. Our derivative financial instruments remained relatively stable at RMB20.5 million and RMB18.5 million as of 31 December 2020 and 2021, respectively. Our derivative financial instruments increased by 110.9% from RMB18.5 million as of 31 December 2021 to RMB39.0 million as of 31 December 2022 mainly due to our increased obligation to buy back shares from 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 the year ended 31 December 2022. Our derivative financial instruments remained relatively stable at RMB39.6 million as of 31 May 2023. Our maximum exposure in relation to the derivative financial instruments was RMB44.0 million, RMB39.7 million, RMB39.7 million and RMB39.7 million as of 31 December 2020, 2021, 2022 and 31 May 2023, respectively. The estimation of the derivative financial instruments was based on the discounted cash flow method. For more information, please refer to Note 36(a) of the Accountant's Report as Appendix I to this prospectus.

## INDEBTEDNESS

The following table sets forth the breakdown of our indebtedness as of the dates indicated:

| | As of 31 December | | | As of 31 May | As of 30 September |
|---|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2023 | |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* (unaudited) |
| Borrowings | 527,850 | 533,800 | 280,300 | 365,100 | 357,859 |
| Lease liabilities | 19,487 | 44,632 | 44,299 | 41,594 | 37,442 |
| Financial guarantees | 1,096 | 12,192 | – | – | – |
| **Total** | **548,433** | **590,624** | **324,599** | **406,694** | **395,301** |

### Borrowings

The following table sets forth the breakdown of our borrowings as of the dates indicated. For more information, please refer to Note 32 of the Accountant's Report as Appendix I to this prospectus.

| | As of 31 December | | | As of 31 May | As of 30 September |
|---|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2023 | |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* (unaudited) |
| **Non-current** | | | | | |
| Long-term bank borrowings, secured[(1)] | – | 231,200 | 67,100 | 87,100 | 102,100 |
| Loans from third parties, secured[(2)] | 198,800 | 50,000 | – | – | – |
| Long-term bank borrowings, unsecured[(3)] | – | 10,000 | 15,800 | 16,500 | 15,500 |
| | 198,800 | 291,200 | 82,900 | 103,600 | 117,600 |

| | As of 31 December | | | As of 31 May | As of 30 September |
|---|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2023 | |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| | | | | | *(unaudited)* |
| **Current** | | | | | |
| Current portion of long-term bank borrowings, secured(1) | 13,550 | 85,800 | 15,000 | 15,000 | 32,000 |
| Current portion of long-term bank borrowings, unsecured(3) | – | – | 4,400 | 21,500 | 21,390 |
| Loans from third parties, secured(2) | 315,200 | 148,800 | 50,000 | 50,000 | – |
| Short-term bank borrowings, secured(4) | – | 8,000 | – | 27,000 | 20,000 |
| Loans from third parties, unsecured | 300 | – | – | – | – |
| Short-term bank borrowings, unsecured(5) | – | – | 128,000 | 148,000 | 166,869 |
| | 329,050 | 242,600 | 197,400 | 261,500 | 240,259 |
| **Total** | **527,850** | **533,800** | **280,300** | **365,100** | **357,859** |

*Notes:*

(1) Our Group's long-term bank borrowings of RMB12.0 million as of 31 December 2021, were guaranteed by a former director of our Company, the Single Largest Shareholder, and one of the substantial shareholders of our Company. The guarantee was released in March 2022.

Our Group's long-term bank borrowings of RMB280.0 million as of 31 December 2021 were secured by our Group's trade receivables from one of our top five customers during the Track Record Period in the amount of RMB260.0 million and our Company's shares owned by the Single Largest Shareholder and one of the ESOP Platforms, and were guaranteed by the Single Largest Shareholder. The borrowing was fully repaid and such guarantee was released in October 2022.

Our Group's long-term bank borrowings of RMB25.0 million, RMB66.9 million, RMB83.3 million and RMB83.3 million as of 31 December 2021, 2022, 31 May 2023 and 30 September 2023 were secured by our Group's land use rights with net book value of RMB27.9 million, RMB27.3 million, RMB27.1 million and RMB26.9 million, respectively. The borrowings were secured by our Group's construction in process with net book value of RMB35.1 million, RMB102.4 million, RMB120.6 million and RMB120.6 million as of 31 December 2021, 31 December 2022, 31 May 2023 and 30 September 2023, respectively. The long-term bank borrowings were guaranteed by shareholders of a subsidiary of our Group and is expected to be repaid prior to the Listing.

Our Group's long-term bank borrowings of RMB15.3 million, RMB18.9 million and RMB18.9 million as of 31 December 2022, 31 May 2023 and 30 September 2023 were secured by our Group's land use rights with net book value of RMB27.3 million, RMB27.1 million and RMB26.9 million, respectively, and our Group's construction in process with net book value of RMB102.4 million, RMB120.6 million and RMB120.6 million as of 31 December 2022, 31 May 2023 and 30 September 2023, respectively.

Our Group's and our Company's long-term bank borrowings of RMB13.6 million as of 31 December 2020 were secured by our Group's and our Company's land use rights with net book value of RMB9.0 million. The borrowing was fully repaid in December 2021.

Our Group's long-term bank borrowings of RMB32.0 million as of 30 September 2023 was guaranteed by our Company and secured by our Group's land use rights with net book value of RMB53.4 million as at 30 September 2023.

(2) Our Group's long-term loan from a third party in the amounts of RMB394.0 million and RMB78.8 million as of 31 December 2020 and 2021, respectively, were guaranteed by one of the substantial shareholders of our Company. The loan was fully repaid in January 2022.

Our Group's long-term secured loans from a third party amounting to RMB50.0 million as of 31 December 2020, 2021, 2022 and 31 May 2023 were guaranteed by our Company and a non-controlling shareholder of one of our Subsidiaries. The loan was fully repaid in June 2023.

Our Group's long-term secured loans from a third party amounting to RMB70.0 million as of 31 December 2020 and 2021 were guaranteed by our Company and the Single Largest Shareholder and one of the substantial shareholders of our Company. The loan was fully repaid in November 2022.

(3) Our Group's long-term bank borrowing of RMB10.0 million, RMB10.0 million, RMB9.0 million and RMB8.5 million as of 31 December 2021, 31 December 2022, 31 May 2023 and 30 September 2023 were obtained with co-borrowers, a former director of our Company and one of our subsidiaries. As of the Latest Practicable Date, our Group has repaid RMB2.0 million of the borrowings.

As of 31 December 2022, 31 May 2023 and 30 September 2023, our Group's long-term bank borrowing of RMB10.2 million, RMB9.0 million and RMB8.4 million were unsecured and not guaranteed. As of the Latest Practicable Date, our Group has repaid RMB4.2 million of the borrowings.

(4) Our Group's short-term bank borrowings of RMB8.0 million as of 31 December 2021 were guaranteed by a former director of our Company, the Single Largest Shareholder, and one of the substantial shareholders of our Company and such guarantee was released in March 2022. The borrowings were fully repaid in October 2022.

Our Group's short-term bank borrowing of RMB27.0 million as of 31 May 2023 was guaranteed by our Company and was secured by our Group's land use rights with net book value of RMB53.7 million as at 31 May 2023. The borrowing was fully repaid in September 2023.

Our Group's short-term bank borrowing of RMB20.0 million as of 30 September 2023 was guaranteed by a subsidiary of our Group. The borrowing is expected to be repaid in January 2024.

(5) Our Group's short-term bank borrowings of RMB50.0 million as of 31 December 2022 were guaranteed by Mr. Chen. The guarantee was released in November 2022.

The following table sets forth the maturity profile of our total borrowings as of the dates indicated:

| | As of 31 December | | | As of 31 May | As of 30 September |
|---|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2023 | |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* (*unaudited*) |
| Within one year | 329,050 | 242,600 | 197,400 | 261,500 | 240,259 |
| Between one and two years | 148,800 | 150,900 | 50,800 | 44,000 | 82,600 |
| Between two and five years | 50,000 | 140,300 | 32,100 | 59,600 | 35,000 |
| **Total** | **527,850** | **533,800** | **280,300** | **365,100** | **357,859** |

As of 31 December 2020, 2021, 2022, 31 May 2023 and 30 September 2023, our total borrowings amounted to RMB527.9 million, RMB533.8 million, RMB280.3 million, RMB365.1 million and RMB357.9 million, respectively. We generally borrow bank loans to supplement our working capital requirements and finance our capital expenditures.

**Lease Liabilities**

Our lease liabilities were primarily related to leases for our office premises and factories. The following table sets forth a breakdown of our lease liabilities as of the dates indicated:

| | As of 31 December | | | As of 31 May | As of 30 September |
|---|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2023 | |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* (*unaudited*) |
| Current | 6,307 | 17,578 | 27,714 | 29,248 | 30,615 |
| Non-current | 13,180 | 27,054 | 16,585 | 12,346 | 6,827 |
| **Total** | **19,487** | **44,632** | **44,299** | **41,594** | **37,442** |

Our lease liabilities increased by 129.0% from RMB19.5 million as of 31 December 2020 to RMB44.6 million as of 31 December 2021 mainly due to our expansion of production facilities, offices, and dormitories. Our lease liabilities decreased by 6.1% from RMB44.3 million as of 31 December 2022 to RMB41.6 million as of 31 May 2023, and further decreased by 10.0% to RMB37.4 million as of 30 September 2023 mainly due to our lease payments. For the accounting policy of our lease liabilities, see Note 18(c) of the Accountant's Report as Appendix I to this prospectus.

**Financial Guarantees**

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. We and Shanghai Refire, the shareholders of Guohong Refire at that time, signed a guarantee contract with the third party lender, pursuant to which we and Shanghai Refire provided guarantee according to our respective shareholding ratio in Guohong Refire for all debts arising from the obligation of the loan agreement until 18 September 2020, a date which was later extended to 31 December 2022. As of 31 December 2020 and 2021 we recognised loss allowance of RMB1.1 million and RMB12.2 million, respectively, for the gross amount of financial guarantee obligation of RMB107.1 million and RMB25.5 million respectively, which was measured against 12-month expected credit losses for the year ended 31 December 2020 and was measured against lifetime expected credit losses for the year ended 31 December 2021. Our maximum exposure in relation to our financial guarantee obligation was RMB107.1 million and RMB25.5 million as of 31 December 2020 and 2021, respectively. As of 31 December 2022 and 31 May 2023, the remaining balance of such a borrowing was nil and nil, respectively. The provision was measured with the expected credit loss model, which took the industry's probability of default and loss given default as the best estimation for the secured party.

As of 30 September 2023, we had unutilized banking facilities of RMB353.9 million, all of which were committed and unrestricted. As of 30 September 2023, the Latest Practicable Date for determining our indebtedness, we did not have any other loan issued and outstanding or any loan agreed to be issued, bank overdrafts, loans and other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

## OFF-BALANCE SHEET ARRANGEMENTS

We have not entered into, nor do we expect to enter into, any off-balance sheet arrangements. In addition, we have not entered into any derivative contracts that are indexed to our equity interests and classified as equity. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or that engages in leasing, hedging or research and development services with us.

## CONTRACTUAL OBLIGATIONS AND CAPITAL COMMITMENTS

We have capital commitments for acquisition of property, plant and equipment as follows:

| | As of 31 December | | | As of 31 May |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Commitments for acquisition of property, plant and equipment | 30,510 | 378,738 | 252,154 | 265,795 |

## RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. Our Directors are of the view that each of the related party transactions set out in Note 39 of the Accountant's Report as Appendix I to this prospectus was conducted on an arm's length basis in the ordinary course of business and with normal commercial terms between the relevant parties. Our Directors are also of the view that our related party transactions during the Track Record Period would not distort our track record results or cause our historical results to become non-reflective of our future performance.

### Related Party Balances

The table below sets forth the balances with related parties as of the dates indicated, please see Note 39(d) of the Accountant's Report as Appendix I to this prospectus for more information.

| | As of 31 December | | | As of 31 May |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Trade receivables** | | | | |
| A former joint venture of our Group | 600 | 600 | – | – |
| Less: allowance for expected credit losses | (60) | (180) | – | – |
| | 540 | 420 | – | – |

| | As of 31 December | | | As of 31 May |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Other receivables** | | | | |
| *– Trade* | | | | |
| An associate of our Group | 6,855 | 8,456 | 9,790 | 9,790 |
| *– Non-trade* | | | | |
| Beijing Yikongtong Aerospace Technology Co., Ltd (北京易控通航天科技有限公司) ("**Yikongtong Aerospace**") | – | 5,141 | – | – |
| A former Director of our Company | 12 | 12 | 12 | – |
| Dr. Yan Xiqiang | 500 | – | – | – |
| Less: allowance for expected credit losses | (6,870) | (8,585) | (9,790) | (9,790) |
| | 497 | 5,024 | 12 | – |
| **Prepayment** | | | | |
| *– Trade* | | | | |
| Supplier B | 4,117 | 13,966 | 3,850 | 3,829 |
| Yunfu Industrial Park | – | – | – | 12 |

Our loan to a former Director of RMB12,000 as an advance to employees was non-trade in nature and was settled on 17 April 2023. All of the related party balances as of 31 May 2023 were trade in nature.

In addition, we made a loan of RMB5.0 million to Yikongtong Aerospace, a former joint venture of our Group to finance its day-to-day operations, and received interest income of RMB0.1 million for the year ended 31 December 2021. The loan was fully repaid by Yikongtong Aerospace in 2022. Yikongtong Aerospace was established as a start-up company in the hydrogen industry and is mainly engaged in the research and development, production and sales of, among others, multi-purpose electricity power systems including those for hydrogen fuel cells. In 2018, we acquired the 40% equity interests of Yikongtong Aerospace from Beijing Junrong Think Tank Consulting Service Co., Ltd. ("**Beijing Junrong**"), an Independent Third Party. At that time, Yikongtong Aerospace was held as to 40%, 51% and 9% by us, Beijing Junrong, and Mr. Chen Xiangchu (陳祥初), another Independent Third Party, respectively. During our holding of Yikongtong Aerospace's equity interests, all of the other shareholders of Yikongtong Aerospace were our Independent Third Parties on or before our disposal of its shareholding interests in September 2022, through which we disposed all of our interest in Yikongtong Aerospace to Hongyun Hydrogen Energy as we did not consider holding the equity interests of a company that does not meet our profit expectations was in the best interests of us as we would prefer to focus on research, development, production and sales of our own hydrogen fuel cell stacks and systems. As of 31 May 2023, Yikongtong Aerospace was held as to 40% and 60% by Hongyun Hydrogen Energy and Guangdong Mingyang Information & Technology Co., Ltd. (廣東名陽信息科技有限公司), an Independent Third Party, respectively.

Article 61 of the General Lending Provisions (《貸款通則》) issued by PBOC in 1996 prohibits financing arrangements or lending transactions between non-financial institutions, and pursuant to Article 73 of the General Lending Provisions, the PBOC may impose on the non-compliant lender a fine of one to five times the income received by the lender from such loans. Notwithstanding the General Lending Provisions, the Supreme People's Court of the PRC has made new interpretations concerning financing arrangements and lending transactions between non-financial institutions in the Provisions of the Supreme People's Court on Several Issues concerning the Application of Law in the Trial of Private Lending Cases (《最高人民法院關於審理民間借貸案件適用法律若干問題的規定》) (the "**Judicial Interpretations on Private Lending Cases**"), which was latest amended on 29 December 2020. According to Article 10 of the Judicial Interpretations on Private Lending Cases, the Supreme People's Court of the PRC recognizes the validity and legality of financing arrangements and lending transactions between non-financial institutions so long as certain requirements, such as the interest rates charged, are satisfied and there is no violation of relevant provisions of laws and regulations.

As of the Latest Practicable Date, we had not received any notice of claim or were subject to any investigation or penalty relating to the interest-bearing loans to the former joint venture. Under the Judicial Interpretations on Private Lending Cases, PRC courts will support a company's claim for interest from 20 August 2020 to the date of repayment of the loan as long as the annual interest rate does not exceed four times the prime rate for one-year loan published by the National Interbank Funding Center when the relevant lawsuit is brought. Based on the above as well as the fact that the interest-bearing loans of the former joint venture had been repaid, our PRC Legal Advisers are of the view that the risk that we would be subject to any penalty with respect to such interest-bearing loans pursuant to the General Lending Provisions by the relevant regulatory authorities is remote.

Please refer to Note 39 of the Accountant's Report as Appendix I to this prospectus for more information on our related party balances.

## KEY FINANCIAL RATIOS

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

| | As of or for the year ended 31 December | | | As of or for the five months ended 31 May |
|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2023 |
| Gross profit margin(1) | 3.5% | 27.9% | 21.2% | 14.1% |
| Current ratio(2) | 2.2 | 3.7 | 2.4 | 2.2 |
| Quick ratio(3) | 1.7 | 2.9 | 2.0 | 1.9 |
| Gearing ratio(4) | 0.9 | 0.4 | 0.1 | 0.2 |

*Notes:*

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

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

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

(4) Calculated by dividing total borrowings by total equity as of the end of the year/period.

### Gross Profit Margin

Our gross profit margin was 3.5%, 27.9%, 21.2% and 14.1% for the years ended 31 December 2020, 2021, 2022 and the five months ended 31 May 2023, respectively. For analysis of our gross profit margin, please refer to the paragraphs headed "– Description of Key Statement of Profit or Loss Items – Gross Profit and Gross Profit Margin" in this section of the prospectus.

### Current Ratio

Our current ratio increased from 2.2 as of 31 December 2020 to 3.7 as of 31 December 2021 primarily due to (i) an increase in trade and bills receivables of RMB358.4 million mainly attributable to the increase in our sales of hydrogen fuel cell systems in 2021; and (ii) an increase in cash and cash equivalents of RMB243.4 million mainly attributable to capital injection from our Shareholders.

Our current ratio decreased from 3.7 as of 31 December 2021 to 2.4 as of 31 December 2022 primarily due to the significant increase in trade payables from (i) the increase of procurement as our operation expanded and (ii) our increased bargaining power to negotiate more favorable credit terms with our suppliers resulted from (a) our increased purchases and (b) the overall development of our industry and the increase in the number of suppliers available. Our current ratio decreased from 2.4 as of 31 December 2022 to 2.2 as of 31 May 2023 primarily due to the slight increase in borrowings and trade payables.

### Quick Ratio

Similar to the reasons for the changes in our current ratio as disclosed above, our quick ratio increased from 1.7 as of 31 December 2020 to 2.9 as of 31 December 2021 and then decreased to 2.0 as of 31 December 2022. Our quick ratio remained relatively stable at 1.9 as of 31 May 2023.

### Gearing Ratio

Our gearing ratio decreased from 0.9 as of 31 December 2020 to 0.4 as of 31 December 2021 and further decreased to 0.1 as of 31 December 2022 primarily due to capital injection from our Shareholders amounting to RMB605.6 million for the year ended 31 December 2020, RMB1,049.9 million for the year ended 31 December 2021 and RMB1,006.4 million for the year ended 31 December 2022, respectively. Our gearing ratio increased from 0.1 as of 31 December 2022 to 0.2 as of 31 May 2023 mainly due to the increase in our total borrowings from business expansion.

## QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

We are exposed to various types of market risks in the normal course of business, including currency risk, interest rate risk, price risk, credit risk and liquidity risk. Details of the risk to which we are exposed are set out in Note 3.1 of the Accountant's Report as Appendix I to this prospectus.

## LISTING EXPENSES

The estimated total listing expenses (based on the mid-point of our indicative price range for the Global Offering and without taking into account any Shares to be issued under the Pre-IPO Share Incentive Scheme) for the Global Offering, which represents approximately 5.7% of the gross proceeds, are approximately RMB100.1 million of which, (i) RMB47.6 million is underwriting-related expenses (including but not limited to commissions and fees); and (ii) RMB52.5 million is non-underwriting-related expenses, including (a) RMB36.0 million of fees and expenses of legal advisers and reporting accountant; and (b) RMB16.5 million of other fees and expenses. During the Track Record Period, we incurred listing expenses of RMB30.6 million of which RMB0.7 million and RMB0.4 million were accounted for in the consolidated statement of profit or loss for the year ended 31 December 2022 and the five months ended 31 May 2023, respectively. The amount of RMB29.5 million was listing expenses incurred and directly attributable to the issue of shares and recognised in the consolidated statement of financial position as of 31 May 2023 and is expected to be accounted for as a reduction in equity upon the completion of the Global Offering. We expect to incur additional listing expenses of approximately RMB69.5 million, of which approximately RMB3.5 million is expected to be recognised as administrative expenses and approximately RMB66.0 million is expected to be recognised as a deduction in equity directly. The listing expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

## DIVIDEND

No dividends have been paid or declared by our Company during the Track Record Period. Our Board may declare dividends in the future after taking into account our results of operations, financial condition, cash requirements and availability, legal requirements and other factors as it may deem relevant at such time. PRC laws require that dividends be paid by PRC companies only out of the profit for the year calculated according to PRC accounting principles. PRC laws also require a PRC company to set aside at least 10% of its after-tax profits, if any, to fund its statutory reserves, which are not available for distribution as cash dividends. As advised by our PRC Legal Advisers, according to the PRC Company Law, each of the PRC subsidiaries of the Company can pay dividend from the after-tax profit once (i) it sets aside as statutory reserves at least 10% of its after-tax profit until the cumulative amount of its reserves reaches 50% of its registered capital, and (ii) any losses of the PRC subsidiaries from prior fiscal years have been offset. Based on the above, and considering that we incurred accumulated losses as of 31 May 2023, we are not able to pay any dividend before we have made up for such accumulated losses.

Our future declarations of dividends may or may not reflect our historical declarations of dividends and will be at the absolute discretion of the Board. There is no assurance that dividends of any amount will be declared or be distributed in any year. Although currently we do not have a formal dividend policy or a fixed dividend distribution ratio, our Board may declare dividends in the future after taking into account various factors including our future earnings and cash inflows, future plan for use of funds, long-term development of our business and other legal and regulatory restrictions. Dividend declaration and payment shall be proposed by our Board in accordance with our Articles of Association and relevant PRC law and regulations.

## UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted consolidated net tangible assets prepared in accordance with Rule 4.29 of the Listing Rules is set out to show the effect of the Global Offering on our net tangible assets as of 31 May 2023, as if the Global Offering had taken place on that date. The unaudited pro forma statement of adjusted consolidated net tangible assets has been prepared for illustrative purpose only and, because of its hypothetical nature, it may not give a true picture of our net tangible assets had the Global Offering been completed as of 31 May 2023 or at any future date. The unaudited pro forma statement of adjusted consolidated net tangible assets is based on the unaudited consolidated total net tangible assets of our Group attributable to the owners of the Company as of 31 May 2023 derived from the Accountant's Report set out in Appendix I to this prospectus, and adjusted as follows:

| | Audited Consolidated Net Tangible Assets of our Group attributable to the owners of the Company as of 31 May 2023 | Estimated Net Proceeds from the Global Offering | Estimated Impact to the Net Tangible Assets on the vesting of issued shares under the Share Incentive Scheme upon the Listing | Unaudited Pro Forma Adjusted Consolidated Net Tangible Assets Attributable to the Owners of the Company as of 31 May 2023 | Unaudited Pro Forma Adjusted Consolidated Net Tangible Assets per Share | |
|---|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB* | *HK$* |
| | *(Note 1)* | *(Note 2)* | *(Note 3)* | | *(Note 4)* | *(Note 5)* |
| Based on an Offer Price of HK$19.35 per Offer Share | 2,204,615 | 1,318,752 | 54,000 | 3,577,367 | 6.91 | 7.51 |
| Based on an Offer Price of HK$21.35 per Offer Share | 2,204,615 | 1,460,357 | 54,000 | 3,718,972 | 7.18 | 7.80 |

*Notes:*

(1) The audited consolidated net tangible assets of our Group attributable to the owners of the Company as of 31 May 2023 is extracted from the Accountant's Report set out in Appendix I to this prospectus, which is based on the audited consolidated net assets of our Group attributable to the owners of the Company as of 31 May 2023 of approximately RMB2,229,873,000 after deducting our Group's intangible assets attributable to the owners of the Company of approximately RMB25,258,000 as of 31 May 2023.

(2) The estimated net proceeds from the Global Offering are based on 79,520,000 Offer Shares and the indicative Offer Price of HK$19.35 per Offer Share and HK$21.35 per Offer Share, being low and high end of the indicative Offer Price range after deduction of the underwriting fees and other listing expenses (excluding the listing expenses of RMB1,117,000 which had been accounted for in the consolidated statements of profit or loss for the year ended 31 December 2022 and the five months ended 31 May 2023).

(3) Upon the Listing and the completion of the Global Offering, 18,000,000 shares issued by our Company under the Share Incentive Scheme will be unconditionally vested and our Company will have no obligation to repurchase these shares. The payables arising from these treasury shares will be derecognised with the corresponding release of the treasury shares reserve. Accordingly, for the purpose of the unaudited pro forma financial information, the unaudited pro forma adjusted net tangible assets attributable to the owners of the Company will be increased by RMB54,000,000, being the carrying amounts of the payables arising from these treasury shares as of 31 May 2023.

(4) The unaudited pro forma adjusted consolidated net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 518,041,669 Shares (representing 438,521,669 ordinary Shares as of 31 May 2023, which includes 18,000,000 issued shares under the Share Incentive Scheme to be vested upon the Listing and 79,520,000 Offer Shares to be issued upon the completion of the Global Offering) were in issue, assuming that the Global Offering had been completed on 31 May 2023 but does not take into account of any Shares which may be allotted and issued by our Company pursuant to the exercise of any options may be granted under the Pre-IPO Share Incentive Scheme or any Shares which may be allotted and issued or repurchased by our Company pursuant to the general mandates granted to our Directors as described in the section headed "Share Capital" in this prospectus.

(5) For the purpose of the unaudited pro forma statement of adjusted consolidated net tangible assets, the translation of Renminbi amounts into Hong Kong dollars was at rate of RMB0.9199 to HK$1.00. No representation is made that Renminbi amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.

(6) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets to reflect any trading results or other transactions of our Group entered into subsequent to 31 May 2023.

## SUBSEQUENT EVENTS

There is no significant subsequent event.

For more information, please refer to Note 42 of the Accountant's Report as Appendix I to this prospectus.

## DISTRIBUTABLE RESERVES

As of 31 May 2023, we did not have any distributable reserves.

## NO MATERIAL ADVERSE CHANGE

After due and careful consideration, our Directors confirm that, up to the date of this prospectus, there has not been any material adverse change in our financial or trading position or prospects since 31 May 2023, and there has not been any event since 31 May 2023 which would materially affect the information shown in the Accountant's Report as Appendix I to this prospectus.

## DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors have confirmed that as of the Latest Practicable Date, there were no circumstances that would give rise to a disclosure required under Rules 13.13 to 13.19 of the Listing Rules.

We estimate the net proceeds of the Global Offering which we will receive, assuming an Offer Price of HK$20.35 per Offer Share (being the mid-point of the Offer Price range stated in this prospectus), will be approximately HK$1,509.4 million, after deduction of underwriting fees and commissions and other estimated expenses in connection with the Global Offering and without taking into account any Shares to be issued under the Pre-IPO Share Incentive Scheme. We intend to use the net proceeds of the Global Offering for the following purposes:

(a) Approximately HK$603.8 million, or approximately 40.0% of our total estimated net proceeds, is intended to be used to expand the production capabilities of our hydrogen fuel cell stacks and hydrogen fuel cell systems. In particular, we intend to expand our nation-wide footprint through the construction of new production plants in accordance with the governmental hydrogen industry development policies and guidance at various key areas of the hydrogen industry across the country, building various hydrogen energy industry partnerships together with upstream and downstream participants. Our production expansion projects planned or in-progress that we intend to use our net proceeds on include:

i. we expect to use approximately HK$289.8 million, or approximately 19.2% of our total estimated net proceeds for the construction of a production plant in Jiaxing, Zhejiang Province through entering into a series of cooperation and support agreements with the local government. Upon completion, the Jiaxing new production plant will mainly produce hydrogen fuel cell stacks and hydrogen fuel cell systems with the added annual production capacity of 500,000kW of hydrogen fuel cell stacks and 5,000 units of hydrogen fuel cell systems; and

ii. we expect to use approximately HK$314.0 million, or approximately 20.8% of our total estimated net proceeds for the continued construction of production plants (including but not limited to renovation, upgraded equipment and software) in Chongqing, Ordos, Inner Mongolia and Puyang, Henan Province. Upon completion, (i) the Chongqing plant will mainly produce hydrogen fuel cell stacks and hydrogen fuel cell systems with the added annual production capacity of 150,000kW and 2,000 units, respectively; (ii) the Ordos plant will utilize automated production processes, such as stack assembly robots and production line robots, to mainly produce hydrogen fuel cell systems with the added annual production capacity of 5,000 units; and (iii) the Puyang plant will mainly produce hydrogen fuel cell systems with the added annual production capacity of 5,000 units.

We expect to incur approximately RMB1,451.2 million for the expansion of our production capabilities. We expect to finance the remaining capital expenditure to be incurred for our expansion plans primarily through banking facilities. We have successfully obtained credit facilities from banks for our utilization so far, and we believe that we can continue to obtain the credit facilities with our effective cash flow management and growing business. As of 30 September 2023, we had unutilized banking facilities of RMB353.9 million, all of which were committed and unrestricted. In addition, we will use those banking facilities first according to the actual needs of expansion plans when necessary until the net proceeds of the Global Offering are in place. Once such net proceeds are in place, the advanced investment will be replaced in accordance with the relevant regulations. For details of the above-mentioned expansion plans, please refer to "Business – Our Production – Production Expansion Plan" in this prospectus.

(b) Approximately HK$302.0 million, or approximately 20.0% of our total estimated net proceeds, is intended to be used to fund the research and development of hydrogen fuel cell stacks, hydrogen fuel cell systems and hydrogen production equipment in order to expand our product portfolio and increase our penetration of the hydrogen energy market, thereby maintaining our competitive advantages. In particular, we intend to enhance our research and development capabilities, upgrade our technologies and know-hows, and drive production innovation and rapid iteration in various aspects including:

i. we expect to use approximately HK$66.1 million, or approximately 4.4% of our total estimated net proceeds in terms of hydrogen fuel cell stacks, and we will invest in (i) technology development of high-powered hydrogen fuel cell stacks for transit applications, enabling mass-produced, long-life, high single stack power next-generation products; and (ii) technology development for high efficiency and long-life hydrogen fuel cell stacks for power generation and its mass-production process;

ii. we expect to use approximately HK$94.4 million, or approximately 6.2% of our total estimated net proceeds in terms of hydrogen fuel cell systems, and we will continue to drive product innovation and expand market applications. Specifically, we plan to (i) continue to upgrade our products portfolio including the SynRoad H series hydrogen fuel cell systems, (ii) design and customize digital tram projects with our partners and build more reliable and stable hydrogen fuel cell systems, (iii) develop high single stack power, rapid dynamic response and high power density next-generation hydrogen fuel cell systems for the applications in heavy-duty trucks and ships, optimized for all working conditions, (iv) develop cabinet data center hydrogen fuel cell systems and power generation modules enabling various levels of power supply and emergency power generation, (v) develop high efficiency stationary power generation fuel modules and megawatt level stationary power generation systems with our multi-module technology, which also features reliability and long lifespan, (vi) develop mobile fuel cell trailer power supply for the application of emergency power generation and main power supply, and (vii) continue to develop applications of our hydrogen fuel cell system products in new categories of vehicles such as sanitation vehicles and dump trucks;

iii. we expect to use approximately HK$28.3 million, or approximately 1.9% of our total estimated net proceeds in terms of graphite bipolar plates, and we aim to optimize the structure of bipolar plates and the production technologies to improve pliability, so as to further reduce the thickness of the graphite bipolar plates, which would allow us to increase the volumetric energy density and reduce costs. We would also invest in the mass-production techniques of the graphite bipolar plates to improve our production efficiency, reduce production costs and develop graphite plate raw materials and impregnated resin materials while ensuring the deliveries of superior and reliable performance bipolar plate products;

iv. we expect to use approximately HK$61.3 million, or approximately 4.1% of our total estimated net proceeds in terms of hydrogen production equipment, and we will continue to focus on the design and development of electrolysis of water hydrogen production equipment. Specifically, we plan to engage in the research and development of PEM electrolyzer and alkaline electrolyzer in order to (i) achieve mass-production of PEM electrolyzer, develop our own intellectual property rights with respect to such technologies, achieve the production of "green" hydrogen through wind or solar energy and achieve hydrogen storage, and (ii) achieve the mass-production of alkaline electrolyzer and utilize such technologies for applications including the storage of hydrogen; and

v. we expect to use approximately HK$51.9 million, or approximately 3.4% of our total estimated net proceeds in terms of laboratory construction, and we plan to focus on building several laboratories and install state-of-the-art facilities for research and development, such as building product test platform, electrochemical test platform, failure analysis platform, big data collection platform, and vibration, salt spray, high and low temperature, low pressure and Electromagnetic Compatibility (EMC) laboratories, among others.

(c) Approximately HK$150.9 million, or approximately 10.0% of our total estimated net proceeds, is intended to be used to fund the investment in, the potential acquisition of, or the alliance with companies in our upstream industry in order to consolidate and strengthen our supply chain. Specifically, we intend to strengthen our supply chain through investment in upstream raw materials and components companies such as those engaged in the development or production of graphite sheets, catalyst, MEAs, and bipolar plates.

For the targets for cooperation or investment opportunities, we value their research and development capabilities and technology advancement more than their current valuation, and we look for the following criteria: (i) the target shall possess mature and commercializable techniques or know-hows that will diversify or benefit our supply chain through cost reductions, more stable supply or superior raw materials and components quality compared with our current operation. In particular, companies engaged in the upstream raw materials business, such as graphite sheets, catalyst, resin adhesives, as well as air compressors, hydrogen circulation pumps will be the main potential acquisition targets, (ii) the target's research and development team shall have more than 20 personnel and possess domestically or internationally leading technologies, and (iii) the target shall have an operation of more than three years or its core management personnel have more than ten years' industry experience as well as a proven track record of operation, research and development, and management experience. There are sufficient number of companies in the market that meet our criteria.

As of the Latest Practicable Date, we had not determined the exact number of companies to be acquired, and we would actively monitor the market and seek for potential targets that meet our above-mentioned criteria. In case where our expected use of net proceeds is insufficient to cover the acquisition costs, we would actively seek for other means of financing, such as through banking facilities. In addition, whether we would obtain a majority interest or minority interest in the targets is determined case by case, subject to our negotiation with those potential targets.

As of the Latest Practicable Date, we had not entered into any binding commitment, whether oral or written, for any business acquisitions and did not expect to pursue any imminent acquisitions or investments.

(d) Approximately HK$150.9 million, or approximately 10.0% of our total estimated net proceeds, is intended to be used for the (i) joint development of downstream transit and stationary applications of our product portfolios including for medium- and heavy-duty trucks, buses, rail transit, forklifts, logistics vehicles, ships and other transit markets, as well as for stationary power applications such as hydrogen power stations, data center backup power, backup outages, integration of wind-solar-hydrogen energy storage (風光氫儲能一體化) and energy storage with downstream players in order to increase the downstream demand for our products, and (ii) further development of domestic applications and the increase of local demands for our products by establishing joint ventures with the local governments and companies from both upstream and downstream participants of our industry.

As of the Latest Practicable Date, we had not yet identified any particular upstream or downstream business partner for the development of downstream transit and stationary applications or the domestic applications.

(e) Approximately HK$150.9 million, or approximately 10.0% of our total estimated net proceeds, is intended to be used for team building, talents recruitment and training, enhanced compensation and incentives to key personnel, as well as the upgrade of IT infrastructure to support our growth and expansion and to further improve management and operational efficiency:

i. we expect to use approximately HK$66.6 million, or approximately 4.4% of our total estimated net proceeds to actively seek research and development talents in order to expand our research and development team and strengthen our technological advantages. We plan to recruit around 400 research and development personnel over a period of three years focusing on areas including structural design, electrical design, commissioning, testing and production of hydrogen fuel cell stacks and hydrogen fuel cell systems. Such personnel should have appropriate education background or qualifications. For instance, we plan to recruit (i) fresh graduates with bachelor degree or above majored in hydrogen fuel cell or related majors, (ii) junior engineers with more than three years of work experience in the hydrogen fuel cell industry, (iii) mid-level senior engineers with more than six years of work experience in the hydrogen fuel cell industry, and (iv) senior experts with more than eight years of work experience in the hydrogen fuel cell industry;

ii. we expect to use approximately HK$49.6 million, or approximately 3.3% of our total estimated net proceeds to hire additional production, operation, finance, and public affairs personnel of approximately 780 personnel over a period of three years, among others, to ensure the ordered operation of our planned/in-construction production facilities expansions in various areas nation-wide;

iii. we expect to use approximately HK$23.9 million, or approximately 1.6% of our total estimated net proceeds to create more attractive compensation schemes in order to incentivize and retain the existing management, research and development and operational talents that have contributed to our growth; and

iv. we expect to use approximately HK$10.8 million, or approximately 0.7% of our total estimated net proceeds to invest in IT infrastructure. Through independent in-house development and external procurement over the next three years, we will further improve our IT advancement level in terms of production and operation systems, financial systems, research and development systems and human resources systems, among others, so as to enhance overall management and operational efficiency.

(f) Approximately HK$150.9 million, or approximately 10.0% of our total estimated net proceeds, will be used for working capital and other general corporate purposes.

The above allocation of the proceeds will be adjusted on a pro rata basis in the event that the Offer Price is fixed at a higher or lower level compared to the mid-point of the proposed Offer Price range.

If the Offer Price is fixed at HK$21.35 per Offer Share (being the high end of the Offer Price range stated in this prospectus), we will receive additional net proceeds of approximately HK$77.0 million, without taking into account any Shares to be issued under the Pre-IPO Share Incentive Scheme. If the Offer Price is fixed at HK$19.35 per Offer Share (being the low end of the Offer Price range states in this prospectus), the net proceeds we receive will be reduced by approximately HK$77.0 million, without taking into account any Shares to be issued under the Pre-IPO Share Incentive Scheme.

To the extent that the net proceeds are not immediately applied to the above purposes or if we are unable to put into effect any part of our plan as aforementioned, we intend to deposit the net proceeds into short-term deposits with licensed banks or authorized financial institutions (as defined under the Securities and Futures Ordinance for Hong Kong based deposits or the applicable laws in the relevant jurisdiction for non-Hong Kong based deposits). We will comply with the PRC laws relating to foreign exchange registration and proceeds remittance. We will make an appropriate announcement if there is any change to the above proposed use of proceeds.

## HONG KONG UNDERWRITERS

Huatai Financial Holdings (Hong Kong) Limited
CMB International Capital Limited
GF Securities (Hong Kong) Brokerage Limited
Haitong International Securities Company Limited
Livermore Holdings 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 on the terms and conditions set out in this prospectus and the Hong Kong Underwriting Agreement. The International Offering is expected to be fully underwritten by the International Underwriters. If, for any reason, the Offer Price is not agreed upon between our Company and the Overall Coordinator (on behalf of the Underwriters), the Global Offering will not proceed and will lapse.

The Global Offering comprises the Hong Kong Public Offering of initially 7,952,000 Hong Kong Offer Shares and the International Offering of initially 71,568,000 International Offer Shares, subject, in each case, to reallocation on the basis as described in the section headed "Structure of the Global Offering" in this prospectus.

## UNDERWRITING ARRANGEMENTS AND EXPENSES

### The Hong Kong Public Offering

***Hong Kong Underwriting Agreement***

Pursuant to the Hong Kong Underwriting Agreement, we are offering the Hong Kong Offer Shares (subject to re-allotment) for subscription by the public in Hong Kong in accordance with the terms and conditions of this prospectus.

Subject to:

(i) the Listing Committee granting approval for the listing of, and permission to deal in, the H Shares to be offered as mentioned in this prospectus pursuant to the Global Offering, and

(ii) certain other conditions set out in the Hong Kong Underwriting Agreement (including but not limited to the Offer Price being agreed upon among us and the Overall Coordinator and (for itself and on behalf of the Underwriters), the Hong Kong Underwriters have agreed severally and not jointly to subscribe or procure subscribers for their respective applicable proportions of the Hong Kong Offer Shares now being offered, which are not taken up under the Hong Kong Public Offering, on the terms and conditions of this prospectus and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional upon and subject to, amongst others, the execution and delivery of the International Underwriting Agreement and the obligations of the International Underwriters thereunder having become unconditional and not having been terminated in accordance with its terms.

***Grounds for Termination***

The obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Hong Kong Offer Shares are subject to termination by written notice from the Sole Sponsor and the Overall Coordinator, if any of the events set forth below occur at any time prior to 8:00 a.m. on the Listing Date:

(1) there develops, occurs, exists or comes into force:

(i) any event or circumstance in the nature of force majeure (including, without limitation, any acts of government, declaration of a regional, national or international emergency or war, calamity, crisis, epidemic, pandemic, outbreak or escalations of infectious disease (including, without limitation, COVID-19 and Severe Acute Respiratory Syndrome (SARS)), economic sanctions, strikes, labour disputes, other industrial actions, lock-outs, fire, explosion, flooding, earthquake, tsunami, volcanic eruption, civil commotion, riots, severe transport disruption, paralysis in government operation, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism in or affecting Hong Kong, the PRC, Singapore, the United States, the United Kingdom, any member of the European Union, Australia, Japan or any other jurisdictions relevant to any member of our Group or the Global Offering (collectively, the "**Relevant Jurisdictions**"); or

(ii) any change, or any development involving a prospective change (whether or not permanent), or any event or circumstance likely to result in any change or development involving a prospective change in local, national, regional or international financial, economic, political, military, industrial, legal, fiscal, regulatory, currency, credit or market conditions, equity securities or exchange control or any monetary or trading settlement system or other financial markets (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets) in or affecting any of the Relevant Jurisdictions; or

(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 Singapore Stock Exchange, the Shanghai Stock Exchange or the Shenzhen Stock Exchange; or

(iv) any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent Authority), New York (imposed at Federal or New York State level or other competent Authority), London, the PRC, the European Union or any other Relevant Jurisdictions, or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in any of the Relevant Jurisdictions; or

(v) any new laws, or any change or development involving a prospective change or any event or circumstance likely to result in a change or development involving a prospective change in, or in the interpretation or application by any court or other competent authorities of, existing laws, in each case, in or affecting any of the Relevant Jurisdictions; or

(vi) the imposition of economic sanctions, or the withdrawal of trading privileges, in whatever form, directly or indirectly, by, or for, any of the Relevant Jurisdiction; or

(vii) a change or development involving a prospective change in or affecting taxation or exchange control, currency exchange rates or foreign investment regulations (including, without limitation, a material devaluation of the Hong Kong dollar or the Renminbi against any foreign currencies, a change in the system under which the value of the Hong Kong dollar is linked to that of the United States dollar, or Renminbi is linked to any foreign currency), or the implementation of any exchange control, in any of the Relevant Jurisdictions; or

(viii) any proceedings of any third party being threatened or instigated against any Director, Supervisor, member of our Group or the Warranting Shareholders (as defined below); or

(ix) a contravention by any member of our Group or any Director or any Supervisor of the Listing Rules or applicable laws; or

(x) a valid demand by any creditor for repayment or payment of any indebtedness of any member of our Group or in respect of which any member of our Group is liable prior to its stated maturity; or

(xi) any change or development or event involving a prospective change, or a materialisation of, any of the risks set out in the section headed "Risk Factors" in this prospectus; or

(xii) non-compliance of this prospectus (or any other documents used in connection with the contemplated offer and sale of the H Shares), the CSRC filings or any aspect of the Global Offering with the Listing Rules, the CSRC rules or any other applicable laws; or

(xiii) except with the prior written consent of the Sole Sponsor, the issue or requirement to issue by our Company of any supplement or amendment to this prospectus (or to any other documents used in connection with the contemplated offer and sale of the H Shares) pursuant to the Companies Ordinance, the Companies (Wingding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or any requirement or request of the Stock Exchange and/or the SFC; or

which, individually or in the aggregate, in the sole and absolute opinion of the Overall Coordinator and the Sole Sponsor:

(a) has or will have or may have a material adverse effect on 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; or

(b) has or will have or may have a material adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of interest under the International Offering; or

(c) makes or will make or may make it inadvisable or inexpedient or impracticable for the Global 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 this prospectus or any other documents in connection with the offering and sale of the Offer Shares; or

(d) has or will have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing or delaying the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

(2) there has come to the notice of the Overall Coordinator and the Sole Sponsor:

(a) a Director or a Supervisor or a member of our Company's senior management as named in the Hong Kong Prospectus being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management or take Directorship/Supervisorship of a company; or

(b) any Director, Supervisor, the chairman, chief executive officer or the chief financial officer of our Company vacating his/her office; or

(c) an authority or a political body or organisation in any of the Relevant Jurisdictions (including, in particular, the CSRC and its local branches and representative offices) commencing any investigation or other action, or announcing an intention to investigate or take other action, against any member of our Group, any Director, or any Supervisor; or

(d) a contravention by any member of our Group, any Director or Supervisor of the Listing Rules or applicable Laws; or

(e) a prohibition on our Company for whatever reason from offering, allotting, issuing, selling or delivering any of the Offer Shares pursuant to the terms of the Global Offering; or

(f) any material litigation, dispute, legal action or claim or regulatory investigation or action being threatened, instigated or announced against any member of our Group or any Director or Supervisor or senior management of our Company; or

(g) an order or petition for the winding up 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 material assets or undertaking of any member of our Group or anything analogous thereto occurring in respect of any member of our Group; or

(h) that any statement contained in any of the Hong Kong Public Offering Documents and/or in any notices or announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) was, when it was issued, or has become, untrue, incorrect, inaccurate or misleading in any material respect, or that any forecast, estimate, expression of opinion, intention or expectation contained in any of the Hong Kong Public Offering Documents and/or any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) is not fair and honest and based on reasonable assumptions; or

(i) that any matter has arisen or has been discovered that would, had it arisen or been discovered immediately before the date of this prospectus, constitute a material misstatement or omission from any of the Hong Kong Public Offering Documents and/or any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with this prospectus; or

(j) any material breach of any of the obligations imposed upon any party to the Hong Kong Underwriting Agreement or the International Underwriting Agreement (other than upon any of the Hong Kong Underwriters or the International Underwriters); or

(k) any event, act or omission that gives or is likely to give rise to any material liability of our Company or the Warranting Shareholders pursuant to the indemnity clause in the Hong Kong Underwriting Agreement; or

(l) any material adverse change, or any development involving a prospective material adverse change, in or affecting the assets, liabilities, business, research & development, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of any member of our Group; or

(m) any breach of, or any event or circumstance rendering untrue or incorrect or misleading in any respect, any of the warranties; or

(n) approval by the Listing Committee of the Stock Exchange of the listing of, and permission to deal in, the H Shares in issue or to be issued pursuant to the Global Offering 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, qualified (other than by customary conditions) or withheld; or

(o) our Company withdraws this prospectus (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering; or

(p) any expert named in this prospectus (other than the Sole Sponsor) has withdrawn or is subject to withdrawal of its consent to the inclusion of its reports, letters and/or opinions (as the case may be) and being named in this prospectus or any other documents issued, given or used in connection with the contemplated offering and sale of the Offer Shares or otherwise in connection with the Global Offering or to the issue thereof.

***Undertaking to the Hong Kong Stock Exchange pursuant to the Listing Rules***

*Undertaking by our Company*

Pursuant to Rule 10.08 of the Listing Rules, no further H Shares or securities convertible into equity securities of our Company (whether or not of a class already listed) may be issued by us or form the subject of any agreement to such an issue by us within six months from the Listing Date (whether or not such issue of H Shares or securities will be completed within six months from the Listing Date), except:

(a) under certain circumstances prescribed by Rule 10.08 of the Listing Rules; or

(b) pursuant to the Global Offering.

***Undertakings pursuant to the Hong Kong Underwriting Agreement***

*(A) Undertaking by our Company*

Pursuant to the Hong Kong Underwriting Agreement, we have undertaken to each of the Sole Sponsor, Overall Coordinator and the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries, and the Hong Kong Underwriters that during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on and including, the date that is six months after the Listing Date (the "**First Six-month Period**"), except for the offer, allotment and issue of the Offer Shares pursuant to the Global Offering, we will not without the prior written consent of the Sole Sponsor and the Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

(a) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, hedge, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create a mortgage, charge, pledge, lien or other security interest or any option, restriction, right of first refusal, right of pre-emption or other third party claim, right, interest or preference or any other encumbrance of any kind (the "**Encumbrance**") over, or contract or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any H Shares or other equity securities of our Company, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to subscribe or purchase, any H Shares or any equity securities of our Company, as applicable or any interest in any of the foregoing), or deposit any H Shares or other securities of our Company, as applicable, with a depositary in connection with the issue of depositary receipts; or

(b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any H Shares or other securities of our Company, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any H Shares or other securities of our Company, as applicable, or any interest in any of the foregoing); or

(c) enter into any transaction with the same economic effect as any transaction specified in paragraph (a) or (b) above; or

(d) offer to or agree to or announce any intention to effect any transaction specified in paragraphs (a), (b) or (c) above,

in each case, whether any of the transactions specified in paragraphs (a), (b) or (c) above is to be settled by delivery of any H Shares or other equity securities of our Company, as applicable, or in cash or otherwise (whether or not the issue of such H Shares or other securities will be completed within the First Six-month Period).

In the event that, at any time during the period of six months immediately following the expiry of the First Six-month Period (the "**Second Six-month Period**"), we enter into any of the transactions specified in paragraph (a), (b) or (c) above or offer to or agree to or announce any intention to effect any such transaction, we have undertaken to take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of our Company.

*(B) Undertaking by the warranting shareholders*

Each of Hongyun Hydrogen Energy, Huahui Technology and Mr. Chen (the "**Warranting Shareholders**") has undertaken to each of our Company, the Sole Sponsor, the Overall Coordinator, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters and the Capital Market Intermediaries that, except as pursuant to the Global Offering without the prior written consent of the Sole Sponsor and the Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules and the PRC law:

(a) he/it will not, at any time during the First Six-month Period,

(i) sell, offer to 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, or otherwise transfer or dispose of or create an Encumbrance over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any Share or other securities of our Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any such other securities, as applicable or any interest in any of the foregoing) beneficially owned by him/it as at the Listing Date (the "**Locked-up Securities**"), or deposit any Shares or other securities of our Company with a depositary in connection with the issue of depositary 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 of any Locked-up Securities; or

(iii) enter into any transaction with the same economic effect as any transaction described in subparagraphs (i) or (ii) above; or

(iv) offer to or agree to or announce any intention to effect any transaction specified in subparagraphs (i), (ii) or (iii) above,

in each case, whether any of the transaction described in subparagraphs (i), (ii) or (iii) above is to be settled by delivery of H Shares or other securities of our Company or in cash or otherwise (whether or not the issue of such H Shares or other securities will be completed within the First Six-month Period); and

(b) until the expiry of the Second Six-month Period, he/it will comply with the lock-up requirement under the PRC law and in the event that he/it enters into any of the transactions specified in subparagraphs (i), (ii) or (iii) above or offer to or agrees to announces any intention to effect any such transaction, he/it will take all reasonable steps to ensure that he/it will not create a disorderly or false market in the securities of our Company.

***Indemnity***

We have agreed to indemnify the Sole Sponsor, the Sole Global Coordinator, the Overall Coordinator, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters for certain losses which they may suffer, including losses arising from the performance of their obligations under the Hong Kong Underwriting Agreement and any breach by our Company of the Hong Kong Underwriting Agreement.

***Hong Kong Underwriters' Interests in our Company***

Except for its obligations under the Hong Kong Underwriting Agreement and save as disclosed in this prospectus, none of the Hong Kong Underwriters has any shareholding interest in our Company or any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for securities in 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 obligations under the Hong Kong Underwriting Agreement.

**The International Offering**

***International Underwriting Agreement***

In connection with the International Offering, it is expected that we will enter into the International Underwriting Agreement with, among others, the International Underwriters. Under the International Underwriting Agreement, subject to the conditions set out therein, it is expected that the International Underwriters would, severally and not jointly, agree to procure purchasers for, or to purchase, their respective proportions of the International Offer Shares being offered pursuant to the International Offering.

It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors are reminded that in the event that the International Underwriting Agreement is not entered into, the Global Offering will not proceed.

**Commissions and Expenses**

The Underwriters and the Capital Market Intermediaries will receive an underwriting commission equal to 2% of the aggregate Offer Price of all the Offer Shares (the "**Fixed Fees**"). Our Company may, at our sole and absolute discretion, pay to one or more Underwriters or Capital Market Intermediaries an incentive fee up to but not exceeding 1.2% of the Offer Price of all the Offer Shares (the "**Discretionary Fees**"). For the purpose of disclosure of the ratio of fixed and discretionary fees paid or payable to all syndicate members (the "**Fee Split Ratio**") as required under paragraph 3B of Appendix 1A to the Listing Rules, the Fee Split Ratio is expected to be 50:50, assuming the discretionary fees (including the unallocated 20% of the Fixed Fees) will be paid in full. For unsubscribed Hong Kong Offer Shares reallocated to the International Offering, we will pay an underwriting commission at the rate applicable to the International Offering and such commission will be paid to the relevant International Underwriters and not the Hong Kong Underwriters.

The aggregate commissions and incentive fees (if any), together with Hong Kong Stock Exchange listing fees, SFC transaction levy and Hong Kong Stock Exchange trading fee, AFRC transaction levy, legal and other professional fees and printing and all other expenses relating to the Global Offering, which are estimated to amount in aggregate to approximately HK$108.9 million (assuming an Offer Price of HK$20.35 per Offer Share (being the mid-point of the indicative Offer Price range stated in this prospectus)), are payable and borne by our Company.

## INDEPENDENCE OF THE SOLE SPONSOR

The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

## 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, brokerage, fund management, trading, hedging, investing and other activities for their own account and for the account of others. Such activities may involve or relate to assets, securities and/or instruments of our Company and/or persons and entities with relationship with the company and may also include swaps and other financial instruments entered into for hedging purposes in connection with our Group's loans and other debt.

In relation to the H Shares, those activities 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 and 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. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the H Shares. All such activity 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 Hong Kong Stock Exchange or on any other stock exchange, the relevant rules of the 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" in this prospectus. 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 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, derivative and other services to us, our affiliates or our shareholders for which such Syndicate Members or their respective affiliates have received or will receive customary fees and commissions.

## THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises (subject to reallocation):

(i) the Hong Kong Public Offering of initially 7,952,000 H Shares in Hong Kong as described in "– The Hong Kong Public Offering" below; and

(ii) the International Offering of an aggregate of initially 71,568,000 H Shares to be offered to the buyers outside the United States in reliance on Regulation S.

Investors may apply for Hong Kong Offer Shares under the Hong Kong Public Offering or 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 15.35% of the enlarged issued share capital of our Company immediately after completion of the Global Offering.

The number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering may be subject to reallocation as described in "– The Hong Kong Public Offering – Reallocation and Clawback" below.

## THE HONG KONG PUBLIC OFFERING

### Number of Offer Shares initially offered

Our Company is initially offering 7,952,000 H Shares for subscription by the public in Hong Kong at the Offer Price, representing 10% of the total number of Offer Shares initially available under the Global Offering. The Hong Kong Offer Shares will represent approximately 1.54% of our Company's registered share capital immediately after completion of the Global Offering.

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions as set out in "– Conditions of the Global Offering" below.

**Allocation**

Allocation of the Hong Kong Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications to be 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 would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

The total number of the Hong Kong Offer Shares available under the Hong Kong Public Offering (after taking account of any reallocation referred to below) is to be divided into two pools for allocation purposes: pool A and pool B. The Hong Kong Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for the Hong Kong Offer Shares with an aggregate price of HK$5 million (excluding the brokerage, SFC transaction levy, AFRC transaction levy and Hong Kong 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 the Hong Kong Offer Shares with an aggregate price of more than HK$5 million (excluding the brokerage, SFC transaction levy, AFRC transaction levy and Hong Kong 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 the Hong Kong Offer Shares in one (but not both) of the pools are undersubscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in this other pool and be allocated accordingly. For the purpose of this paragraph only, the "price" for 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 Offer Shares from either pool A or pool B but not from both pools. Multiple or suspected multiple applications and any application for more than 3,976,000 Hong Kong Offer Shares, being 50% of the Offer Shares initially allocated in the Hong Kong Public Offering, are liable to be rejected.

**Reallocation and Clawback**

The allocation of the Offer Shares between the Hong Kong Public Offering and the International Offering is subject to reallocation under the Listing Rules. 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 as further described below:

- if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 15 times or more but less than 50 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering so that the total number of Offer Shares available under the Hong Kong Public Offering will be 23,856,000 Offer Shares, representing 30% of the Offer Shares initially available under the Global Offering;

- if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 50 times or more but less than 100 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of Offer Shares available under the Hong Kong Public Offering will be 31,808,000 Offer Shares, representing 40% of the Offer Shares initially available under the Global Offering; and

- if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 100 times or more the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of Offer Shares available under the Hong Kong Public Offering will be 39,760,000 Offer Shares, representing 50% of the Offer Shares initially available under the Global Offering.

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between Pool A and Pool B in equal proportion and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as Overall Coordinator deems appropriate.

The Offer Shares to be offered in the Hong Kong Public Offering and the International Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Overall Coordinator. If the Hong Kong Offer Shares are not fully subscribed, the Overall Coordinator will have the discretion (but shall not be under any obligation) to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering in such amount as the Overall Coordinator deems appropriate.

In addition, the Overall Coordinator may reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering in accordance with Guidance Letter HKEX-GL91-18. In particular, in the event that (i) the International Offer Shares are undersubscribed and the Hong Kong Offer Shares are fully subscribed or oversubscribed irrespective of the number of times; or (ii) the International Offer Shares are fully subscribed or oversubscribed and the Hong Kong Offer Shares are fully subscribed or oversubscribed as to less than 15 times of the number of Hong Kong Offer Shares initially available under the Hong Kong Public Offering, provided that the Offer Price would be set at HK$19.35 (low-end of the indicative Offer Price range), up to 7,952,000 Offer Shares may be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be increased to 15,904,000 Offer Shares, representing 20% of the number of the Offer Shares initially available under the Global Offering.

Details of any reallocation of Offer Shares between the Hong Kong Public Offering and the International Offering will be disclosed in the results announcement of the Hong Kong Public Offering, which is expected to be published on Monday, 4 December 2023.

### Applications

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the application submitted by him/her/it that he/she/it and any person(s) for whose benefit he/she/it is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or he/she/it has been or will be placed or allocated Offer Shares under the International Offering.

The listing of the H Shares on the Hong Kong Stock Exchange is sponsored by the Sole Sponsor. Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum price of HK$21.35 per Hong Kong Offer Share in addition to any brokerage, SFC transaction levy, AFRC transaction levy and Hong Kong Stock Exchange trading fee payable on each Hong Kong Offer Share. If the Offer Price, as finally determined in the manner described in "– Pricing of the Global Offering" below, is less than the maximum price of HK$21.35 per Hong Kong Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy, AFRC transaction levy and Hong Kong Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out below in the section headed "How to Apply for Hong Kong Offer Shares."

References in this prospectus to applications, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

## THE INTERNATIONAL OFFERING

### Number of Offer Shares offered

Subject to reallocation as described above, the International Offering will consist of an initial offering of 71,568,000 International Offer Shares representing 90% of the Offer Shares under the Global Offering and approximately 13.82% of our Company's enlarged share capital immediately after the completion of the Global Offering.

**Allocation**

The International Offering will include selective marketing of the International Offer Shares to institutional and professional investors and other investors in reliance on Regulation S anticipated to have a sizeable demand for such International Offer Shares. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of the International Offer Shares pursuant to the International Offering will be effected in accordance with the "book-building" process described in "– Pricing of the Global Offering" 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 Offer Shares, and/or hold or sell the Offer Shares, after the listing of the Offer Shares on the Hong Kong Stock Exchange. Such allocation is intended to result in a distribution of the Offer Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and our Shareholders as a whole.

The Overall Coordinator may require any investor who has been offered the International Offer Shares under the International Offering, and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Overall Coordinator so as to allow it to identify the relevant application under the Hong Kong Public Offering and to ensure that he/she/it is excluded from any application of the Hong Kong Offer Shares under the Hong Kong Public Offering.

**Reallocation**

The total number of the Offer Shares to be issued or sold pursuant to the International Offering may change as a result of the clawback arrangement described in "– The Hong Kong Public Offering – Reallocation and Clawback" above and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering.

## PRICING OF THE GLOBAL OFFERING

The International Underwriters will be soliciting from prospective investors' indications of interest in acquiring the International Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of the International 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 around, the last day for lodging applications under the Hong Kong Public Offering.

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 around Friday, 1 December 2023, and in any event no later than 12:00 noon on Friday, 1 December 2023, by agreement between the Overall Coordinator (on behalf of the Underwriters) and our Company. The number of Offer Shares to be allocated under various offerings will be determined shortly thereafter.

The Offer Price will not be more than HK$21.35 per Offer Share and is expected to be not less than HK$19.35 per Offer Share unless to be otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. **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 indicative Offer Price range stated in this prospectus.**

The Overall Coordinator, on behalf of the Underwriters, may, where considered appropriate, based on the level of interest expressed by prospective professional and institutional investors during the book-building process, and with the consent of our Company, reduce the number of Offer Shares offered in the Global Offering and/or the indicative Offer Price stated below 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 day which is the last day for lodging applications under the Hong Kong Public Offering, cause there to be posted on the website of the Hong Kong Stock Exchange (**www.hkexnews.hk**) and on the website of our Company (**www.sinosynergypower.com**) notices of the reduction. Our Company will also, as soon as practicable following the decision to make such change, issue a supplemental prospectus updating investors of the change in the number of Offer Shares being offered under the Global Offering and/or the Offer Price, extend the period under which the Hong Kong Public Offering was opened for acceptance to allow potential investors sufficient time to consider their subscriptions or reconsider their submitted subscriptions, and require investors who had applied for the Hong Kong Offer Shares to positively confirm their applications for Offer Shares in light of the change in the number of Offer Shares and/or the Offer Price. Upon issue of such a notice and supplemental prospectus, the revised number of Offer Shares and/or the revised Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Overall Coordinator, on behalf of the Underwriters, and our Company, will be fixed within such revised Offer Price range.

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 being offered under the Global Offering and/or the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering. Such notice will also include confirmation or revision, as appropriate, of the Global Offering statistics as currently set out in this prospectus, and any other financial information which may change as a result of such reduction. In the absence of any such notice so published, the Offer Price, if agreed upon with our Company and Overall Coordinator, will under no circumstances be set outside the Offer Price range as stated in this prospectus.

In the event of a reduction in the number of Offer Shares being offered under the Global Offering, the Overall Coordinator may at its discretion reallocate the number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering, 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. The International Offer Shares to be offered in the International Offering and the Offer Shares to be offered in the Hong Kong Public Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Overall Coordinator.

The Offer Price under the Global Offering is expected to be announced on Monday, 4 December 2023. The indications of interest in the Global Offering, the results of applications and the basis of allotment of the Hong Kong Offer Shares available under the Hong Kong Public Offering, are expected to be posted on the website of the Hong Kong Stock Exchange (**www.hkexnews.hk**) and on the website of our Company (**www.sinosynergypower.com**).

## HONG KONG UNDERWRITING AGREEMENT

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is conditional upon the International Underwriting Agreement being signed and becoming unconditional.

Our Company expects to enter into the International Underwriting Agreement relating to the International Offering on or around the Price Determination Date.

These underwriting arrangements, and the respective Underwriting Agreements, are summarised in the section headed “Underwriting”.

## ADMISSION OF THE H SHARES INTO CCASS

All necessary arrangements have been made enabling the H Shares to be admitted into CCASS.

If the Hong Kong Stock Exchange grants the listing of, and permission to deal in, the H Shares and our Company complies 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 any other date HKSCC chooses. 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.

## DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Tuesday, 5 December 2023, it is expected that dealings in the H Shares on the Hong Kong Stock Exchange will commence at 9:00 a.m. on Tuesday, 5 December 2023. The H Shares will be traded in board lots of 500 H Shares each and the stock code of the H Shares will be 9663.

## CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Hong Kong Offer Shares pursuant to the Hong Kong Public Offering will be conditional on:

(i) the Listing Committee of the Hong Kong Stock Exchange granting listing of, and permission to deal in, the Offer Shares being offered pursuant to the Global Offering, and such listing and permission not subsequently having been revoked prior to the commencement of dealings in the H Shares on the Hong Kong Stock Exchange;

(ii) the Offer Price having been fixed on or around the Price Determination Date;

(iii) the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; and

(iv) the obligations of the Underwriters under each of the respective Underwriting Agreements 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) and in any event not later than the date which is 30 days after the date of this prospectus.

**If, for any reason, the Offer Price is not agreed between our Company and the Overall Coordinator (on behalf of the Underwriters) on or before Friday, 1 December 2023, 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 times and dates specified, the Global Offering will lapse and the Hong Kong Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by our Company on the website of the Stock Exchange (**www.hkexnews.hk**) and the website of our Company (**www.sinosynergypower.com**) on the next day following such lapse. In such eventuality, 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." In the meantime, all application monies will be held in (a) separate bank account(s) with the receiving bank(s) or other licensed bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

H Share certificates for the Offer Shares are expected to be issued on Monday, 4 December 2023 but will only become valid evidence of title at 8:00 a.m. on Tuesday, 5 December 2023 provided that (i) the Global Offering has become unconditional in all respects and (ii) the right of termination as described in the section headed "Underwriting – Underwriting Arrangements and Expenses – The Hong Kong Public Offering – Grounds for Termination" has not been exercised. Investors who trade the Offer Shares 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.

**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 Offer 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.sinosynergypower.com.**

The contents of this prospectus are identical to the prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

## A. APPLICATION FOR HONG KONG OFFER SHARES

### 1. Who can apply

You can apply for Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying for:

- are 18 years of age or older; and
- have a Hong Kong address *(for the **eWhite Form** 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 any of his/ her close associates.

## 2. Application channels

**The Hong Kong Public Offer period will begin at 9:00 a.m. on Monday, 27 November 2023 and end at 12:00 noon on Thursday, 30 November 2023 (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 |
|---|---|---|---|
| **eWhite Form service** | www.ewhiteform.com.hk<br>Enquiries: +852 2153 1688 | Investors 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 Monday, 27 November 2023 to 11:30 a.m. on Thursday, 30 November 2023, Hong Kong time.<br><br>The latest time for completing full payment of application monies will be 12:00 noon on Thursday, 30 November 2023, Hong Kong time. |
| **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 | Investors 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 **eWhite Form** 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 **eWhite Form** service, once you complete payment in respect of any application instructions given by you or for your benefit through the **eWhite Form** 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 **eWhite Form** service more than once and obtaining different payment reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you apply through the **eWhite Form** service, you are deemed to have authorized the **eWhite Form** service provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **eWhite Form** 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 Offer.

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 Applicants**

- Full name(s) as shown on your identity document
- Identity document's issuing country or jurisdiction
- Identity document type, with order of priority:
  - i. HKID card; or
  - ii. National identification document; or
  - iii. Passport; and
- Identity document number

**For Corporate Applicants**

- Full name(s) as shown on your identity document
- Identity document's issuing country or jurisdiction
- Identity document type, with order of priority:
  - i. LEI registration document; or
  - ii. Certificate of incorporation; or
  - iii. Business registration certificate; or
  - iv. Other equivalent document; and
- Identity document number

*Notes:*

1. If you are applying through the **eWhite Form** 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 shares in a public offer. 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 four[(1)] 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.

(1) Subject to change, if the Company's Articles of Incorporation and applicable company law prescribe a lower cap.

"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, the and the Overall Coordinator, 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** | : | 500 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.<br><br>The maximum Offer Price is HK$21.35 per Share.<br><br>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.<br><br>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 **eWhite Form** 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 | Maximum Amount payable(2) on application/ successful allotment *HK$* | No. of Hong Kong Offer Shares applied for | Maximum Amount payable(2) on application/ successful allotment *HK$* | No. of Hong Kong Offer Shares applied for | Maximum Amount payable(2) on application/ successful allotment *HK$* | No. of Hong Kong Offer Shares applied for | Maximum Amount payable(2) on application/ successful allotment *HK$* |
|---|---|---|---|---|---|---|---|
| 500 | 10,782.66 | 7,500 | 161,739.86 | 45,000 | 970,439.16 | 500,000 | 10,782,657.38 |
| 1,000 | 21,565.32 | 10,000 | 215,653.14 | 50,000 | 1,078,265.73 | 1,000,000 | 21,565,314.76 |
| 1,500 | 32,347.97 | 12,500 | 269,566.44 | 100,000 | 2,156,531.48 | 1,500,000 | 32,347,972.13 |
| 2,000 | 43,130.62 | 15,000 | 323,479.72 | 150,000 | 3,234,797.21 | 2,000,000 | 43,130,629.50 |
| 2,500 | 53,913.29 | 17,500 | 377,393.01 | 200,000 | 4,313,062.96 | 2,500,000 | 53,913,286.88 |
| 3,000 | 64,695.95 | 20,000 | 431,306.30 | 250,000 | 5,391,328.69 | 3,000,000 | 64,695,944.26 |
| 3,500 | 75,478.60 | 25,000 | 539,132.87 | 300,000 | 6,469,594.43 | 3,500,000 | 75,478,601.63 |
| 4,000 | 86,261.27 | 30,000 | 646,959.44 | 350,000 | 7,547,860.17 | 3,976,000(1) | 85,743,691.45 |
| 4,500 | 97,043.91 | 35,000 | 754,786.02 | 400,000 | 8,626,125.90 | | |
| 5,000 | 107,826.57 | 40,000 | 862,612.59 | 450,000 | 9,704,391.63 | | |

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

(2) This is 50% of the Hong Kong Offer Shares initially offered, and 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) or to the **eWhite Form** Services Provider (for applications made through the application channel of the **eWhite Form** Services) while the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy will be paid to the SFC, the Stock Exchange and the AFRC, respectively.

### 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. Applications 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 **eWhite Form** service; (ii) **HKSCC EIPO** channel, or (iii) both channels concurrently are prohibited and will be rejected. If you have made an application through the **eWhite Form** 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 **eWhite Form** service or **HKSCC EIPO** channel, you (or as the case may be, HKSCC Nominees will do the following things on your behalf):

(i) undertake to execute all relevant documents and instruct and authorise us and/or the Overall Coordinator, 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 **eWhite Form** service (or as the case may be, the agreement you entered into with your broker or custodian), and agree to be bound by them;

(iii) (if you are applying through the **HKSCC EIPO** channel) agree to the arrangements, undertakings and warranties under the participant agreement between your broker or custodian and HKSCC and observe the General Rules of HKSCC and the HKSCC Operational Procedures for giving application instructions to apply for Hong Kong Offer Shares;

(iv) confirm that you are aware of the restrictions on offers and sales of shares set out in this prospectus and they do not apply to you, or the person(s) for whose benefit you have made the application;

(v) confirm that you have read this prospectus and any supplement to it and have relied only on the information and representations contained therein in making your application (or as the case may be, causing your application to be made) and will not rely on any other information or representations;

(vi) agree that the Sole Sponsor, the Sole Global Coordinator, the Sole Bookrunner, the Sole Lead Managers, the Underwriters, any of their or our Company's respective directors, 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 our Company nor the Relevant Persons will breach any law inside and/ or outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus;

(xiii) confirm that (a) your application or HKSCC Nominees' application on your behalf is not financed directly or indirectly by our Company, any of the Directors, chief executives, substantial Shareholder(s) or existing shareholder(s) of our Company or any of its subsidiaries or any of their respective close associates; and (b) you are not accustomed or will not be accustomed to taking instructions from our Company, any of the Directors, chief executives, substantial shareholder(s) or existing shareholder(s) of our Company or any of its subsidiaries or any of their respective close associates in relation to the acquisition, disposal, voting or other disposition of the 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 our Company and the Overall Coordinator 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 **eWhite Form** service or **HKSCC EIPO** channel: | | |
| Website | The designated results of allocation at **www.ewhiteform.com.hk/results** with a "search by ID Number" function.<br><br>The full list of (i) wholly or partially successful applicants using the **eWhite Form** Services 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 "IPO Allotment Results" page of the **www.ewhiteform.com.hk/results**. | 24 hours, from 11:00 p.m. on Monday, 4 December 2023 to 12:00 midnight on Sunday, 10 December 2023 (Hong Kong time) |

| Platform | | Date/ Time |
|---|---|---|
| | The Stock Exchange's website at **www.hkexnews.hk** and our website at **www.sinosynergypower.com** which will provide links to the above mentioned websites of the H Share Registrar. | No later than 11:00 p.m. on Monday, 4 December 2023 (Hong Kong time) |
| Telephone | +852 2153 1688 – the allocation results telephone enquiry line provided by H Share Registrar. | between 9:00 a.m. and 6:00 p.m., from Tuesday, 5 December 2023 to Friday, 8 December 2023 (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 Friday, 1 December 2023 (Hong Kong time)

HKSCC Participants can log into FINI and review the allotment results from 6:00 p.m. on Friday, 1 December 2023 (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 Global Offering, the level of applications in the Hong Kong Public Offer 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.sinosynergypower.com** by no later than 11:00 p.m. on Monday, 4 December 2023 (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:

Our Company, the Overall Coordinator, 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;
- our Company or the Overall Coordinator 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 Public 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 Global Offer. 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 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 Offer (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 at 8:00 a.m. on Tuesday, 5 December 2023 (Hong Kong time), provided that the Global Offering has become unconditional and the right of termination described in the section headed "Underwriting" has not been exercised. Investors who trade 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:

| | **eWhite Form service** | **HKSCC EIPO channel** |
|---|---|---|
| **Despatch of H Share certificate*(Note)*** | | |
| **For application of Hong Kong Offer Shares** | Your H Share certificate(s) will be sent to the address specified in your application instructions by ordinary post at your own risk<br><br>Date: on or before Monday, 4 December 2023 | 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<br><br>No action by you is required |

*Note:* Except in the event of a tropical cyclone warning signal number 8 or above, a black rainstorm warning and/or Extreme Conditions in force on the day before Listing Date rendering it impossible for the relevant H Share certificates to be dispatched to HKSCC in a timely manner, our Company shall procure the H Share Registrar to arrange for delivery of the supporting documents and H Share certificates in accordance with the contingency arrangements as agreed between them. You may refer to "– E. Severe Weather Arrangements" in this section.

| | eWhite Form service | HKSCC EIPO channel |
|---|---|---|
| **Refund mechanism for surplus application monies paid by you** | | |
| **Date** | Tuesday, 5 December 2023 | 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** | e-Refund payment instructions to your designated bank account | Your broker or custodian will arrange refund to your designated bank account subject to the arrangement between you and it |
| **Application monies paid through multiple bank accounts** | Refund cheque(s) will be despatched to the address as specified in your application instructions by ordinary post at your own risk | |

## E. SEVERE WEATHER ARRANGEMENTS

**The Opening and Closing of the Application Lists**

The application lists will not open or close on Thursday, 30 November 2023 if, there is:

- a tropical cyclone warning signal number 8 or above;
- a black rainstorm warning; and/or
- an "extreme conditions" announcement issued after a super typhoon ("**Extreme Conditions**"),

(collectively, "**Severe Weather Signals**"),

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, 30 November 2023.

Instead they will open between 11:45 a.m. and 12:00 noon and/or close at 12:00 noon on the next business day which does not have Severe Weather Signals in force at any time between 9:00 a.m. and 12:00 noon.

Prospective investors should be aware that a postponement of the opening/closing of the application lists may result in a delay in the listing date. Should there be any changes to the dates mentioned in the section headed "Expected Timetable" in this prospectus, an announcement will be made and published on the Stock Exchange's website at **www.hkexnews.hk** and our website at **www.sinosynergypower.com** of the revised timetable.

If a **Severe** Weather Signal is hoisted on Monday, 4 December 2023, the H Share Registrar will make appropriate arrangements for the delivery of the H Share certificates to the CCASS Depository's service counter so that they would be available for trading on Tuesday, 5 December 2023.

If a **Severe** Weather Signal is hoisted on Monday, 4 December 2023:

- for physical H Share certificates of Hong Kong Offer Shares issued under your own name, despatch will be made by ordinary post when the post office re-opens after the **Severe** Weather Signal is lowered or cancelled (e.g. in the afternoon of Monday, 4 December 2023 or on Tuesday, 5 December 2023).

**Prospective investors should be aware that if they choose to receive physical H Share certificates issued in their own name, there may be a delay in receiving the H Share certificates.**

## F. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares on the Stock Exchange and we comply with the stock admission requirements of HKSCC, the 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 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 Shares to be admitted into CCASS.

You should seek the advice of your broker or other professional advisor for details of the settlement arrangement as such arrangements may affect your rights and interests.

## G. PERSONAL DATA

The following Personal Information Collection Statement applies to any personal data collected and held by our Company, the H Share Registrar, the receiving bank and the Relevant Persons about you in the same way as it applies to personal data about applicants other than HKSCC Nominees. This personal data may include client identifier(s) and your identification information. By giving application instructions to HKSCC, you acknowledge that you have read, understood and agree to all of the terms of the Personal Information Collection Statement below.

### 1. Personal Information Collection Statement

This Personal Information Collection Statement informs the applicant for, and holder of, Hong Kong Offer Shares, of the policies and practices of our Company and the H Share Registrar in relation to personal data and the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

### 2. Reasons for the collection of your personal data

It is necessary for applicants and registered holders of Hong Kong Offer Shares to ensure that personal data supplied to our Company or its agents and the H Share Registrar is accurate and up-to-date when applying for Hong Kong Offer Shares or transferring Hong Kong Offer Shares into or out of their names or in procuring the services of the H Share Registrar.

Failure to supply the requested data or supplying inaccurate data may result in your application for Hong Kong Offer Shares being rejected, or in the delay or the inability of our Company or the H Share Registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfers of Hong Kong Offer Shares which you have successfully applied for and/or the despatch of H Share certificate(s) to which you are entitled.

It is important that applicants for and holders of Hong Kong Offer Shares inform our Company and the H Share Registrar immediately of any inaccuracies in the personal data supplied.

**3. Purposes**

Your personal data may be used, held, processed, and/or stored (by whatever means) for the following purposes:

- processing your application and refund cheque and 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 Shares and identifying any duplicate applications for the Shares;
- facilitating Hong Kong Offer Shares balloting;
- establishing benefit entitlements of holders of the Shares, such as dividends, rights issues, bonus issues, etc.;
- distributing communications from our Company and its subsidiaries;
- compiling statistical information and profiles of the holder of the 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 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 bank 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 the company secretary, or the H Share Registrar for the attention of the privacy compliance officer.

*The following is the text of a report set out on pages I-1 to I-3, received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus. It is prepared and addressed to the directors of the Company and to the Sole Sponsor pursuant to the requirements of HKSIR 200, Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.*

pwc 羅兵咸永道

**ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SINO-SYNERGY HYDROGEN ENERGY TECHNOLOGY (JIAXING) CO., LTD. (國鴻氫能科技(嘉興)股份有限公司) AND HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED**

**Introduction**

We report on the historical financial information of Sino-Synergy Hydrogen Energy Technology (Jiaxing) Co., Ltd. (國鴻氫能科技(嘉興)股份有限公司) (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-118, which comprises the consolidated statements of financial position as at 31 December 2020, 2021 and 2022 and 31 May 2023, the statements of financial position of the Company as at 31 December 2020, 2021 and 2022 and 31 May 2023, and the consolidated statements of profit or loss, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended 31 December 2020, 2021 and 2022 and the five months ended 31 May 2023 (the "Track Record Period") and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-118 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 27 November 2023 (the "Prospectus") in connection with the initial listing of H Shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

**Directors' responsibility for the Historical Financial Information**

The directors of the Company are responsible for the preparation of 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 Historical Financial Information that is free from material misstatement, whether due to fraud or error.

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**Reporting accountant's 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 accountant's 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 accountant considers internal control relevant to the entity's preparation of 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 accountant's report, a true and fair view of the financial position of the Company as at 31 December 2020, 2021 and 2022 and 31 May 2023 and the consolidated financial position of the Group as at 31 December 2020, 2021 and 2022 and 31 May 2023 and of its consolidated financial performance and its consolidated cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information.

**Review of stub period comparative financial information**

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the five months ended 31 May 2022 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the presentation and preparation of the Stub Period 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 Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the International Auditing and Assurance Standards Board ("IAASB"). 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 International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountant's 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 OF HONG KONG LIMITED (THE "LISTING RULES") 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-4 have been made.

**Dividends**

We refer to note 16 to the Historical Financial Information which states that no dividends have been paid by Sino-Synergy Hydrogen Energy Technology (Jiaxing) Co., Ltd. (國鴻氫能科技(嘉興)股份有限公司) in respect of the Track Record Period.

**PricewaterhouseCoopers**
Certified Public Accountants
Hong Kong
27 November 2023

## I. HISTORICAL FINANCIAL INFORMATION OF THE GROUP

### Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountant's report.

The financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by PricewaterhouseCoopers in accordance with International Standards on Auditing issued by the IAASB ("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

| | Note | Year ended 31 December 2020 RMB'000 | Year ended 31 December 2021 RMB'000 | Year ended 31 December 2022 RMB'000 | Five months ended 31 May 2022 RMB'000 (Unaudited) | Five months ended 31 May 2023 RMB'000 |
|---|---|---|---|---|---|---|
| Revenue | 6 | 226,883 | 457,138 | 748,475 | 57,698 | 142,798 |
| Cost of sales | 9 | (218,901) | (329,610) | (589,672) | (55,979) | (122,647) |
| – Cost of sales of goods and services | | (152,181) | (306,219) | (546,365) | (44,508) | (107,806) |
| – Impairment loss of inventory and licences | | (66,720) | (23,391) | (43,307) | (11,471) | (14,841) |
| **Gross profit** | | **7,982** | **127,528** | **158,803** | **1,719** | **20,151** |
| Other income | 7 | 7,490 | 7,026 | 14,424 | 5,585 | 4,955 |
| Other losses – net | 8 | (213) | (3,526) | (19,506) | (19,420) | (675) |
| Net impairment losses on financial assets and contract assets | 3.1(b) | (19,984) | (92,402) | (98,144) | (23,858) | (1,717) |
| Selling expenses | 9 | (8,007) | (22,995) | (49,279) | (9,961) | (13,910) |
| Research and development expenses | 9 | (35,945) | (72,192) | (91,815) | (43,629) | (35,469) |
| Administrative expenses | 9 | (150,283) | (616,251) | (181,385) | (63,691) | (65,703) |
| **Operating loss** | | **(198,960)** | **(672,812)** | **(266,902)** | **(153,255)** | **(92,368)** |
| Finance income | 11 | 803 | 9,503 | 10,320 | 2,716 | 4,482 |
| Finance costs | 11 | (25,152) | (25,032) | (17,111) | (8,132) | (4,377) |
| **Finance (costs)/income – net** | | **(24,349)** | **(15,529)** | **(6,791)** | **(5,416)** | **105** |
| Share of losses of joint ventures and associates accounted for using the equity method | 12 | (723) | (6,606) | (19,986) | (143) | – |
| **Loss before income tax** | | **(224,032)** | **(694,947)** | **(293,679)** | **(158,814)** | **(92,263)** |
| Income tax credit/(expense) | 14 | 2,673 | (8,096) | 13,452 | 44 | 4,005 |
| **Loss for the year/period** | | **(221,359)** | **(703,043)** | **(280,227)** | **(158,770)** | **(88,258)** |
| **(Loss)/income for the year/period attributable to:** | | | | | | |
| – Owners of the Company | | (214,826) | (703,076) | (273,416) | (157,072) | (86,079) |
| – Non-controlling interests | | (6,533) | 33 | (6,811) | (1,698) | (2,179) |
| | | **(221,359)** | **(703,043)** | **(280,227)** | **(158,770)** | **(88,258)** |
| **Losses per share attributable to owners of the Company for the year/period** | | | | | | |
| Basic and diluted losses per share (expressed in RMB per share) | 15 | (1.04) | (2.23) | (0.72) | (0.44) | (0.20) |

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

| | | Year ended 31 December | | | Five months ended 31 May | |
|---|---|---|---|---|---|---|
| | *Note* | **2020** | **2021** | **2022** | **2022** | **2023** |
| | | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| | | | | | *(Unaudited)* | |
| **Loss for the year/period** | | **(221,359)** | **(703,043)** | **(280,227)** | **(158,770)** | **(88,258)** |
| **Other comprehensive (loss)/income** | | | | | | |
| *Item that may be subsequently reclassified to profit or loss* | | | | | | |
| – Currency translation differences | | (262) | 312 | (318) | (59) | 146 |
| **Total comprehensive loss for the year/period** | | (221,621) | (702,731) | (280,545) | (158,829) | (88,112) |
| **Total comprehensive (loss)/income for the year/period attributable to:** | | | | | | |
| – Owners of the Company | | (215,088) | (702,764) | (273,734) | (157,131) | (85,933) |
| – Non-controlling interests | | (6,533) | 33 | (6,811) | (1,698) | (2,179) |
| | | (221,621) | (702,731) | (280,545) | (158,829) | (88,112) |

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

| | Note | As at 31 December 2020 RMB'000 | As at 31 December 2021 RMB'000 | As at 31 December 2022 RMB'000 | As at 31 May 2023 RMB'000 |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| **Non-current assets** | | | | | |
| Property, plant and equipment | *17* | 188,866 | 238,859 | 474,566 | 638,927 |
| Right-of-use assets | *18(a)* | 58,122 | 78,425 | 204,355 | 197,039 |
| Intangible assets | *19* | 31,998 | 29,697 | 24,869 | 26,542 |
| Contract assets | *6(a)* | 1,941 | 18,190 | 41,128 | 42,994 |
| Deferred income tax assets | *33* | 3,058 | 640 | 16,390 | 28,131 |
| Investments accounted for using the equity method | *12* | 23,326 | 23,221 | 8,626 | 8,626 |
| Other non-current assets | *20* | 18,005 | 158,747 | 173,828 | 63,396 |
| Financial assets at fair value through other comprehensive income | *22* | – | 12,273 | 88,636 | 88,636 |
| Trade and bills receivables | *24* | – | – | 16,162 | 4,951 |
| **Total non-current assets** | | **325,316** | **560,052** | **1,048,560** | **1,099,242** |
| **Current assets** | | | | | |
| Inventories | *23* | 217,896 | 388,479 | 379,692 | 370,545 |
| Trade and bills receivables | *24* | 288,374 | 646,823 | 1,147,070 | 1,216,188 |
| Other receivables and prepayments | *25* | 68,712 | 79,851 | 125,607 | 132,696 |
| Financial assets at fair value through other comprehensive income | *22* | 290 | – | 800 | 800 |
| Restricted cash | *26* | – | 819 | – | 3,626 |
| Cash and cash equivalents | *26* | 468,384 | 711,819 | 718,183 | 683,544 |
| **Total current assets** | | **1,043,656** | **1,827,791** | **2,371,352** | **2,407,399** |
| **Total assets** | | **1,368,972** | **2,387,843** | **3,419,912** | **3,506,641** |
| **Equity** | | | | | |
| Share capital | *27* | – | – | 438,522 | 438,522 |
| Paid-in capital | *27* | 275,273 | 375,622 | – | – |
| Share premium | *27* | – | – | 2,300,891 | 2,300,891 |
| Capital reserve | *27* | 530,365 | 1,479,928 | – | – |
| Other reserves | *28* | 125,617 | 671,972 | 62,252 | 74,527 |
| Treasury shares reserve | *28* | (38,628) | (54,000) | (54,000) | (54,000) |
| Accumulated losses | | (253,742) | (956,818) | (443,988) | (530,067) |
| **Equity attributable to owners of the Company** | | **638,885** | **1,516,704** | **2,303,677** | **2,229,873** |
| Non-controlling interests | | 2,099 | 2,132 | (4,679) | (6,858) |
| **Total equity** | | 640,984 | 1,518,836 | 2,298,998 | 2,223,015 |

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)**

| | Note | As at 31 December 2020 RMB'000 | As at 31 December 2021 RMB'000 | As at 31 December 2022 RMB'000 | As at 31 May 2023 RMB'000 |
|---|---|---|---|---|---|
| **Liabilities** | | | | | |
| **Non-current liabilities** | | | | | |
| Borrowings | *32* | 198,800 | 291,200 | 82,900 | 103,600 |
| Lease liabilities | *18(c)* | 13,180 | 27,054 | 16,585 | 12,346 |
| Derivative financial instruments | *36* | 17,834 | 18,466 | – | – |
| Deferred income | *34* | 16,473 | 25,916 | 23,646 | 63,093 |
| Provisions | *35* | 6,024 | 15,342 | 15,018 | 15,853 |
| Contract liabilities | *6(b)* | 12 | – | – | – |
| **Total non-current liabilities** | | **252,323** | **377,978** | **138,149** | **194,892** |
| **Current liabilities** | | | | | |
| Trade payables | *30* | 39,466 | 101,828 | 510,726 | 556,715 |
| Other payables and accruals | *31* | 78,605 | 98,267 | 187,822 | 187,428 |
| Borrowings | *32* | 329,050 | 242,600 | 197,400 | 261,500 |
| Contract liabilities | *6(b)* | 5,432 | 3,780 | 4,695 | 1,224 |
| Current tax liabilities | | – | 5,545 | 8,486 | 6,451 |
| Lease liabilities | *18(c)* | 6,307 | 17,578 | 27,714 | 29,248 |
| Derivative financial instruments | *36* | 2,648 | – | 38,950 | 39,568 |
| Deferred income | *34* | 5,231 | 4,301 | 4,301 | 5,156 |
| Provisions | *35* | 8,926 | 17,130 | 2,671 | 1,444 |
| **Total current liabilities** | | **475,665** | **491,029** | **982,765** | **1,088,734** |
| **Total liabilities** | | **727,988** | **869,007** | **1,120,914** | **1,283,626** |
| **Total equity and liabilities** | | **1,368,972** | **2,387,843** | **3,419,912** | **3,506,641** |

**STATEMENTS OF FINANCIAL POSITION OF THE COMPANY**

| | Note | As at 31 December 2020 RMB'000 | As at 31 December 2021 RMB'000 | As at 31 December 2022 RMB'000 | As at 31 May 2023 RMB'000 |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| **Non-current assets** | | | | | |
| Property, plant and equipment | *17* | 86,467 | 96,695 | 149,630 | 155,252 |
| Right-of-use assets | *18(a)* | 12,266 | 19,780 | 15,210 | 14,260 |
| Intangible assets | *19* | 11,777 | 12,280 | 10,403 | 13,304 |
| Contract assets | *6(a)* | 1,941 | 14,886 | 18,342 | 18,172 |
| Investments accounted for using the equity method | *12* | 23,326 | 23,221 | 8,626 | 8,626 |
| Investment in subsidiaries | *13* | 275,683 | 560,712 | 866,426 | 871,013 |
| Other non-current assets | *20* | 5,760 | 43,251 | 15,949 | 17,404 |
| Financial assets at fair value through other comprehensive income | *22* | – | 12,273 | 88,636 | 88,636 |
| Trade and bills receivables | *24* | – | – | 16,162 | 4,951 |
| **Total non-current assets** | | **417,220** | **783,098** | **1,189,384** | **1,191,618** |
| **Current assets** | | | | | |
| Inventories | *23* | 89,063 | 181,261 | 158,360 | 204,760 |
| Trade and bills receivables | *24* | 329,223 | 783,644 | 1,408,040 | 1,518,612 |
| Other receivables and prepayments | *25* | 299,086 | 225,544 | 347,875 | 404,105 |
| Financial assets at fair value through other comprehensive income | *22* | 290 | – | 800 | 800 |
| Restricted cash | *26* | – | – | – | 3,626 |
| Cash and cash equivalents | *26* | 399,468 | 592,799 | 633,910 | 585,869 |
| **Total current assets** | | **1,117,130** | **1,783,248** | **2,548,985** | **2,717,772** |
| **Total assets** | | **1,534,350** | **2,566,346** | **3,738,369** | **3,909,390** |
| **Equity** | | | | | |
| **Equity attributable to owners of the Company** | | | | | |
| Share capital | *27* | – | – | 438,522 | 438,522 |
| Paid-in capital | *27* | 275,273 | 375,622 | – | – |
| Share premium | *27* | – | – | 2,300,891 | 2,300,891 |
| Capital reserve | *27* | 530,365 | 1,479,928 | – | – |
| Other reserves | *28* | 125,177 | 671,220 | 61,818 | 73,947 |
| Treasury shares reserves | *28* | (38,628) | (54,000) | (54,000) | (54,000) |
| Accumulated losses | | (221,420) | (878,487) | (211,706) | (221,468) |
| **Total equity** | | **670,767** | **1,594,283** | **2,535,525** | **2,537,892** |

**STATEMENTS OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)**

| | *Note* | As at 31 December 2020 *RMB'000* | As at 31 December 2021 *RMB'000* | As at 31 December 2022 *RMB'000* | As at 31 May 2023 *RMB'000* |
|---|---|---|---|---|---|
| **Liabilities** | | | | | |
| **Non-current liabilities** | | | | | |
| Borrowings | *32* | 78,800 | 206,200 | 7,800 | – |
| Lease liabilities | | 2,862 | 9,481 | 5,787 | 4,038 |
| Derivative financial instruments | *36* | 55,071 | 34,198 | – | – |
| Deferred income | | 8,721 | 17,198 | 13,174 | 10,654 |
| Provisions | *35* | 4,402 | 11,322 | 3,289 | 2,274 |
| **Total non-current liabilities** | | **149,856** | **278,399** | **30,050** | **16,966** |
| **Current liabilities** | | | | | |
| Trade payables | *30* | 192,655 | 300,023 | 714,604 | 851,637 |
| Other payables and accruals | *31* | 171,857 | 184,679 | 236,098 | 252,998 |
| Borrowings | *32* | 328,750 | 172,600 | 130,400 | 167,000 |
| Contract liabilities | | 4,754 | 3,410 | 24,888 | 21,703 |
| Lease liabilities | | 1,831 | 2,681 | 2,039 | 2,764 |
| Derivative financial instruments | *36* | 2,648 | 11,981 | 58,478 | 53,370 |
| Deferred income | | 4,762 | 3,616 | 3,616 | 3,616 |
| Provision | *35* | 6,470 | 14,674 | 2,671 | 1,444 |
| **Total current liabilities** | | **713,727** | **693,664** | **1,172,794** | **1,354,532** |
| **Total liabilities** | | **863,583** | **972,063** | **1,202,844** | **1,371,498** |
| **Total equity and liabilities** | | **1,534,350** | **2,566,346** | **3,738,369** | **3,909,390** |

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

| | Equity attributable to owners of the Company | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Paid-in capital *RMB'000* | Capital reserve *RMB'000* | Other reserves *RMB'000* | Treasury shares reserve *RMB'000* | Accumulated losses *RMB'000* | Subtotal *RMB'000* | Non-controlling interests *RMB'000* | Total equity *RMB'000* |
| **As at 1 January 2020** | 200,000 | – | 7,590 | – | (38,916) | 168,674 | 8,632 | 177,306 |
| **Comprehensive loss** | | | | | | | | |
| Loss for the year | – | – | – | – | (214,826) | (214,826) | (6,533) | (221,359) |
| Currency translation differences | – | – | (262) | – | – | (262) | – | (262) |
| **Total comprehensive loss** | – | – | (262) | – | (214,826) | (215,088) | (6,533) | (221,621) |
| **Transactions with owners** | | | | | | | | |
| Capital injection | 75,273 | 530,365 | – | – | – | 605,638 | – | 605,638 |
| Shares held under Share Incentive Scheme (note 28) | – | – | – | (38,628) | – | (38,628) | – | (38,628) |
| Share-based payment (note 29) | – | – | 118,289 | – | – | 118,289 | – | 118,289 |
| **Total transactions with owners** | 75,273 | 530,365 | 118,289 | (38,628) | – | 685,299 | – | 685,299 |
| **As at 31 December 2020** | 275,273 | 530,365 | 125,617 | (38,628) | (253,742) | 638,885 | 2,099 | 640,984 |
| **As at 1 January 2021** | 275,273 | 530,365 | 125,617 | (38,628) | (253,742) | 638,885 | 2,099 | 640,984 |
| **Comprehensive loss** | | | | | | | | |
| (Loss)/profit for the year | – | – | – | – | (703,076) | (703,076) | 33 | (703,043) |
| Currency translation differences | – | – | 312 | – | – | 312 | – | 312 |
| **Total comprehensive income/(loss)** | – | – | 312 | – | (703,076) | (702,764) | 33 | (702,731) |
| **Transactions with owners** | | | | | | | | |
| Capital injection | 100,349 | 949,563 | – | – | – | 1,049,912 | – | 1,049,912 |
| Shares held under Share Incentive Scheme (note 28) | – | – | – | (15,372) | – | (15,372) | – | (15,372) |
| Share-based payment (note 29) | – | – | 546,043 | – | – | 546,043 | – | 546,043 |
| **Total transactions with owners** | 100,349 | 949,563 | 546,043 | (15,372) | – | 1,580,583 | – | 1,580,583 |
| **As at 31 December 2021** | 375,622 | 1,479,928 | 671,972 | (54,000) | (956,818) | 1,516,704 | 2,132 | 1,518,836 |

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

| | Equity attributable to owners of the Company | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital<br>*RMB'000* | Paid-in capital<br>*RMB'000* | Share premium<br>*RMB'000* | Capital reserve<br>*RMB'000* | Other reserves<br>*RMB'000* | Treasury shares reserve<br>*RMB'000* | Accumulated losses<br>*RMB'000* | Subtotal<br>*RMB'000* | Non-controlling interests<br>*RMB'000* | Total equity<br>*RMB'000* |
| **As at 1 January 2022** | – | 375,622 | – | 1,479,928 | 671,972 | (54,000) | (956,818) | 1,516,704 | 2,132 | 1,518,836 |
| **Comprehensive loss** | | | | | | | | | | |
| Loss for the year | – | – | – | – | – | – | (273,416) | (273,416) | (6,811) | (280,227) |
| Currency translation differences | – | – | – | – | (318) | – | – | (318) | – | (318) |
| **Total comprehensive loss** | – | – | – | – | (318) | – | (273,416) | (273,734) | (6,811) | (280,545) |
| **Transactions with owners** | | | | | | | | | | |
| Conversion into a joint stock company (notes 27 and 28) | 375,622 | (375,622) | 1,357,400 | (1,479,928) | (663,718) | – | 786,246 | – | – | – |
| Issue of new shares (note 27) | 62,900 | – | 943,491 | – | – | – | – | 1,006,391 | – | 1,006,391 |
| Share-based payment (note 29) | – | – | – | – | 54,316 | – | – | 54,316 | – | 54,316 |
| **Total transactions with owners** | 438,522 | (375,622) | 2,300,891 | (1,479,928) | (609,402) | – | 786,246 | 1,060,707 | – | 1,060,707 |
| **As at 31 December 2022** | 438,522 | – | 2,300,891 | – | 62,252 | (54,000) | (443,988) | 2,303,677 | (4,679) | 2,298,998 |
| **As at 1 January 2023** | 438,522 | – | 2,300,891 | – | 62,252 | (54,000) | (443,988) | 2,303,677 | (4,679) | 2,298,998 |
| **Comprehensive loss** | | | | | | | | | | |
| Loss for the period | – | – | – | – | – | – | (86,079) | (86,079) | (2,179) | (88,258) |
| Currency translation differences | – | – | – | – | 146 | – | – | 146 | – | 146 |
| **Total comprehensive loss** | – | – | – | – | 146 | – | (86,079) | (85,933) | (2,179) | (88,112) |
| **Transactions with owners** | | | | | | | | | | |
| Share-based payment (note 29) | – | – | – | – | 12,129 | – | – | 12,129 | – | 12,129 |
| **Total transactions with owners** | – | – | – | – | 12,129 | – | – | 12,129 | – | 12,129 |
| **As at 31 May 2023** | 438,522 | – | 2,300,891 | – | 74,527 | (54,000) | (530,067) | 2,229,873 | (6,858) | 2,223,015 |

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

| | Equity attributable to owners of the Company | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital *RMB'000* | Paid-in capital *RMB'000* | Share premium *RMB'000* | Capital reserve *RMB'000* | Other reserves *RMB'000* | Treasury shares reserve *RMB'000* | Accumulated losses *RMB'000* | Subtotal *RMB'000* | Non-controlling interests *RMB'000* | Total equity *RMB'000* |
| **(Unaudited)** | | | | | | | | | | |
| **As at 1 January 2022** | – | 375,622 | – | 1,479,928 | 671,972 | (54,000) | (956,818) | 1,516,704 | 2,132 | 1,518,836 |
| **Comprehensive loss** | | | | | | | | | | |
| Loss for the period | – | – | – | – | – | – | (157,072) | (157,072) | (1,698) | (158,770) |
| Currency translation differences | – | – | – | – | (59) | – | – | (59) | – | (59) |
| **Total comprehensive loss** | – | – | – | – | (59) | – | (157,072) | (157,131) | (1,698) | (158,829) |
| **Transactions with owners** | | | | | | | | | | |
| Capital injection | – | – | – | – | – | – | – | – | – | – |
| Conversion into a joint stock company (notes 27 and 28) | 375,622 | (375,622) | 1,357,400 | (1,479,928) | (663,718) | – | 786,246 | – | – | – |
| Share-based payment (note 29) | – | – | – | – | 14,247 | – | – | 14,247 | – | 14,247 |
| **Total transactions with owners** | 375,622 | (375,622) | 1,357,400 | (1,479,928) | (649,471) | – | 786,246 | 14,247 | – | 14,247 |
| **As at 31 May 2022** | 375,622 | – | 1,357,400 | – | 22,442 | (54,000) | (327,644) | 1,373,820 | 434 | 1,374,254 |

## CONSOLIDATED STATEMENTS OF CASH FLOWS

| | Note | Year ended 31 December | | | Five months ended 31 May | |
|---|---|---|---|---|---|---|
| | | 2020 | 2021 | 2022 | 2022 | 2023 |
| | | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| | | | | | *(Unaudited)* | |
| **Cash flows from operating activities** | | | | | | |
| Cash used in operations | *37(a)* | (85,521) | (570,211) | (271,036) | (152,557) | (83,415) |
| Income tax paid | | (1,913) | – | (555) | (173) | (8,830) |
| Interest received | *11* | 803 | 9,503 | 10,320 | 2,716 | 4,482 |
| **Net cash used in operating activities** | | (86,631) | (560,708) | (261,271) | (150,014) | (87,763) |
| **Cash flows from investing activities** | | | | | | |
| Payments for property, plant and equipment | | (34,392) | (187,355) | (254,192) | (50,709) | (53,015) |
| Payments for land lease payments | | (28,679) | (26,371) | (108,606) | (108,606) | – |
| Government subsidies received for the purchase of property, plant and equipment | | – | 6,960 | – | – | 42,407 |
| Loans to related parties | *39(b)* | (12) | (6,100) | (100) | (50) | (405) |
| Repayments of loans to related parties | *39(b)* | 120 | 1,600 | 5,348 | – | 417 |
| Acquisition of a joint venture | | (2,000) | (3,300) | – | – | – |
| Investment in an associate | *12* | – | (250) | (25,642) | – | – |
| Payment for derivative financial instruments | | – | (4,414) | – | – | – |
| Payments for intangible assets | | (927) | (2,783) | (596) | (57) | (4,041) |
| Proceeds from disposals of property, plant and equipment | *37(b)* | 111 | 2,372 | 248 | 330 | – |
| Proceeds from disposal of financial assets at fair value through other comprehensive income | | – | 290 | – | – | – |
| Investments in financial assets at fair value through other comprehensive income | | – | (12,273) | (77,163) | (76,363) | – |
| Disposal of a joint venture | | – | – | 14,100 | – | – |
| **Net cash used in investing activities** | | (65,779) | (231,624) | (446,603) | (235,455) | (14,637) |

## CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

| | Note | Year ended 31 December 2020 RMB'000 | 2021 RMB'000 | 2022 RMB'000 | Five months ended 31 May 2022 RMB'000 (Unaudited) | 2023 RMB'000 |
|---|---|---|---|---|---|---|
| **Cash flows from financing activities** | | | | | | |
| Issue of new shares | | – | – | 1,006,391 | – | – |
| Capital injection from the Company's shareholders | | 547,010 | 1,034,540 | – | – | – |
| Capital injection from Share Incentive Scheme | | 22,398 | 31,602 | – | – | – |
| (Increase)/decrease in restricted cash | *26* | – | (819) | 819 | 719 | (3,626) |
| Proceeds from banks borrowings | | 14,000 | 343,000 | 195,300 | 57,000 | 117,000 |
| Repayment of bank borrowings | | (18,050) | (21,550) | (300,000) | (2,600) | (32,200) |
| Repayment of loans from third parties | | – | (315,660) | (148,800) | (78,800) | – |
| Loans from other third parties | | 300 | 160 | – | – | – |
| Interest paid | | (24,269) | (23,864) | (14,777) | (4,704) | (3,947) |
| Payments for listing related expenses | | – | (6,633) | (17,435) | (3,493) | (5,841) |
| Payments of lease liabilities | | (5,366) | (4,949) | (7,604) | (2,553) | (3,631) |
| **Net cash generated from/(used in) financing activities** | | 536,023 | 1,035,827 | 713,894 | (34,431) | 67,755 |
| **Net increase/(decrease) in cash and cash equivalents** | | 383,613 | 243,495 | 6,020 | (419,900) | (34,645) |
| Cash and cash equivalents at the beginning of the year/period | | 85,033 | 468,384 | 711,819 | 711,819 | 718,183 |
| Effect of foreign exchange rate changes | | (262) | (60) | 344 | 88 | 6 |
| **Cash and cash equivalents at the end of the year/period** | | 468,384 | 711,819 | 718,183 | 292,007 | 683,544 |

## II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

### 1 GENERAL INFORMATION

Sino-Synergy Hydrogen Energy Technology (Jiaxing) Co., Ltd., formerly known as Guangdong Sino-Synergy Hydrogen Energy Technology Co., Ltd. ("the Company") was incorporated as a limited liability company on 30 June 2015 in Yunfu City, Guangdong Province, the People's Republic of China (the "PRC"). The registered office of the Company is Room 501-2, Block No.37, Hangzhou Bay New Economic Park, Port District, Jiaxing City, Zhejiang Province, PRC. On 22 March 2022, the Company was converted into a joint stock company with limited liability.

The Company and its subsidiaries (collectively, the "Group") are principally engaged in the research and development, production and sale of hydrogen fuel cell stacks and systems in the PRC. The single largest shareholder of the Company is Guangdong Hongyun Hydrogen Energy Technology Co., Ltd. ("Hongyun Hydrogen Energy") which is controlled by the Mr. Chen Xiaomin ("Mr. Chen") through Foshan Huahui Technology Investment Partnership (Limited Partnership) ("Huahui Technology") holding 99.99% equity interest in Hongyun Hydrogen Energy.

### 2 SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the Historical Financial Information are set out below. These policies have been consistently applied throughout the Track Record Period, unless otherwise stated.

### 2.1 Basis of preparation

The principal accounting policies applied in the preparation of Historical Financial Information which are in accordance with IFRS Accounting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). The Historical Financial Information has been prepared under the historical cost convention, except for certain financial assets and liabilities that are measured at fair value.

The preparation of Historical Financial Information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in note 4.

***New and amended standards adopted by the Group***

All effective standards, amendments to standards and interpretations are consistently applied to the Group for the Track Record Period.

***New standards and interpretations not yet adopted***

The following new standards and amendments to standards have been issued but are not effective, and have not been early adopted by the Group during the Track Record Period in preparing the Historical Financial Information. None of these new standards and amendments to standards is expected to have a significant effect on the Historical Financial Information of the Group.

| | | **Effective for annual periods beginning on or after** |
|---|---|---|
| Amendments to IAS 28 and IFRS 10 | Sale or contribution of assets between an investor and its associate or joint venture | To be determined |
| IAS 1 (amendments) | Non-current liabilities with covenants | 1 January 2024 |
| IAS 1 (amendments) | Classification of Liabilities as Current or Non-current | 1 January 2024 |
| Amendments to IFRS 16 | Lease liability in a Sale and Leaseback | 1 January 2024 |
| IFRS 7 (amendment) and IAS 7 (amendment) | Supplier Finance Arrangements | 1 January 2024 |

The Group has already commenced an assessment of the impact of these new or revised standards and amendments, which are relevant to the Group's operations. According to the preliminary assessment made by the directors, no significant impact on the financial performance and positions of the Group is expected when they become effective.

**2.2 Principles of consolidation and equity accounting**

***2.2.1 Subsidiaries***

Subsidiaries are all entities over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group except for business combination under common control (refer to note 2.3).

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statements of profit or loss, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of financial positions respectively.

***2.2.2 Associates***

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (note 2.2.4), after initially being recognised at cost.

***2.2.3 Joint ventures***

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Interests in joint ventures are accounted for using the equity method (Note 2.2.4), after initially being recognised at cost in the consolidated statements of financial position.

***2.2.4 Equity method***

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 2.10.

***2.2.5 Changes in ownership interests in subsidiaries without change of control***

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

**2.3 Business combinations**

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

– fair values of the assets transferred

– liabilities incurred to the former owners of the acquired business

– equity interests issued by the Group

– fair value of any asset or liability resulting from a contingent consideration arrangement, and

– fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity, and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquire is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

**2.4 Separate financial statements**

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable. Investments in joint ventures and associates are initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor's share of the investee's net assets. The investor's profit or loss includes its share of the investee's profit or loss and the investor's other comprehensive income includes its share of the investee's other comprehensive income.

Impairment testing of the investments in subsidiaries is required upon receiving dividend from these investments if the dividend exceeds the total comprehensive income of the investment in the period the dividend is declared or if the carry amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial information of the investee's net assets including goodwill.

**2.5 Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The chief operating decision-maker ("CODM"), who is responsible for allocating resources and assessing performance of the operating segments, has been identified as executive directors of the Company that makes strategic decisions.

**2.6 Foreign currency translation**

***(i) Functional and presentation currency***

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). Since the majority of the assets and operations of the Group are located in the PRC, the Historical Financial Information are presented in RMB, which is the Company's functional and the Group's presentation currency.

***(ii) Transactions and balances***

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statements of comprehensive income, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statements of comprehensive income on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognised in other comprehensive income.

**2.7 Property, plant and equipment**

Property, plant and equipment are stated at historical cost less depreciation and accumulated impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statements of profit or loss during the periods in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their costs, net of their residual values, over their estimated useful lives as follows:

| | |
|---|---|
| Buildings and building improvements | 3-20 years |
| Machinery | 5-10 years |
| Vehicles | 4-5 years |
| Furniture, fittings and equipment | 4-5 years |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.9).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the consolidated statements of profit or loss.

Construction in progress (the "CIP") represents buildings, machinery, furniture, fittings and equipment under construction and is stated at cost less accumulated impairment losses, if any. Cost includes the costs of construction and acquisition and capitalised borrowing costs. No provision for depreciation is made on CIP until such time as the relevant assets are completed and ready for intended use. When the assets concerned are available for use, the cost are transferred to relevant categories of property, plant and equipment and depreciated in accordance with the policy as stated above.

**2.8 Intangible assets**

***Software, Patents and Licences***

Acquired software, patents and licences are initially capitalised on the basis of the costs incurred to acquire and bring to use the specific software, patents and licences. Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Software, patents and licences are stated at historical cost less accumulated amortisation and impairment losses, if any.

Amortisation are calculated using the straight-line method to allocate the cost over their estimated useful lives as follows:

| | |
|---|---|
| Software | 10 years |
| Patents | 10 years |
| Licences | 10 years |

The length of useful life of an intangible asset is determined in accordance to the shortest of period among the three, the period during which such assets is expected to bring economic benefits to the Group, the beneficial life specified in the contract and the legal life for software, patents and licences laws and regulations of the PRC.

The amortisation period and amortisation method of intangible assets are reviewed at each reporting period. The effects of any revision are recognised as profit or loss when the changes arise.

***Research and development***

The Group incurs significant costs and efforts on research and development activities, which include expenditures on hydrogen fuel cell stacks and hydrogen fuel cell system technology. Research expenditures are charged to the profit or loss as an expense in the period the expenditures are incurred. Development costs are recognised as assets if they can be directly attributable to a newly developed hydrogen fuel cell stacks and hydrogen fuel cell system products and all the following can be demonstrated (if applicable):

– the technical feasibility of completing the intangible assets so that it will be available for use or sale;

– the intention to complete the intangible asset and use or sell it;

– the ability to use or sell the intangible assets;

– the intangible asset will generate probable future economic benefits;

– the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

– the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. No development costs met these criteria and therefore, were capitalised as intangible assets during the Track Record Period.

**2.9 Impairment of non-financial assets**

Assets that are subject to amortisation or depreciation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in profit or loss for the amount by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

**2.10 Investments and other financial assets**

***(i) Classification***

The Group classifies its financial assets in the following categories:

– those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and

– those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

***(ii) Recognition and derecognition***

Regular way purchases and sales of financial assets are recognised on trade-date, being the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

***(iii) Measurement***

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

*Debt instruments*

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

– Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statements of profit or loss.

– FVOCI: Assets that are held for collection of contractual cash flows and for sale, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income (OCI), except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses) – net. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) – net and impairment expenses are presented as separate line item in the consolidated statements of profit or loss.

– Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the consolidated statements of profit or loss within other gains/(losses) – net in the period in which it arises.

*Equity instruments*

– The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss when the Group's right to receive payments is established.

– Changes in the fair value of financial assets measured at FVPL are recognised in "other gains/(losses)-net" in profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

***(iv) Impairment of financial assets***

The Group assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 3.1 (b) details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires lifetime expected credit losses to be recognised from initial recognition of the receivables.

Impairment of other receivables and due from related parties are measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

### 2.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated financial positions where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the relevant company or the counterparty.

### 2.12 Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of

– the amount determined in accordance with the expected credit loss model under IFRS 9 Financial Instruments;

– the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15 Revenue from Contracts with Customers.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

### 2.13 Inventories

Raw materials and consumables, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

### 2.14 Contract assets and contract liabilities

When either party to a contract has performed, the Group presents the contract in the balance sheet as a contract asset or a contract liability, depending on the relationship between the Group's performance and the customer's payment.

A contract asset is the Group's right to consideration in exchange for goods and services that the Group has transferred to a customer. Contract assets of the Group represented retention receivables that are consideration withheld by customers which are unsecured, interest-free and recoverable after the completion of warranty period of the relevant contracts. The warranty period is generally the shorter of 5 years or when the vehicle that carries the Group's product travels for 200,000 kilometres after the control of goods transferred to the customers.

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a good or service to the customer, the Group presents the contract as a contract liability when the payment is received or a receivable is recorded (whichever is earlier). A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

### 2.15 Trade and other receivables

Trade receivables are amounts due from customers for products sold or services performed in the ordinary course of business, other receivables mainly include loan due from a third party and advances to employees. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade and other receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method less loss allowance.

**2.16 Cash and cash equivalents and restricted cash**

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions.

**2.17 Paid-in capital and share capital and treasury shares reserve**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Where the Company issued shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums over share capital shall be classified as share premium.

Where any company purchases the company's equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of the Company as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of the Company.

**2.18 Trade and other payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

**2.19 Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in comprehensive income over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting year.

**2.20 Borrowing costs**

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the year in which they are incurred.

### 2.21 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

***Current income tax***

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting dates in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

***Deferred income tax***

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Historical Financial Information. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

### 2.22 Employee benefits

***(i) Pension obligations***

In accordance with the rules and regulations in the PRC, the employees of the Group based in the PRC participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries, subject to certain ceiling. The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired employees based in the PRC payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in an independent fund managed by the PRC government. The Group's contributions to these plans are expensed as incurred.

***(ii) Housing funds, medical insurances and other social insurances***

The employees of the Group based in the PRC are entitled to participate in various government-supervised housing funds, medical insurance and other employee social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each year. Contributions to these funds are expensed as incurred.

***(iii) Short-term obligations***

Liabilities for wages and salaries, including non-monetary benefits and accumulated sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees rendered the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit payables in the consolidated statements of financial position.

***(iv) Employee leave entitlement***

Employee entitlement to annual leave are recognised when they have accrued to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to each reporting date. Employees entitlement to sick leave and maternity leave are not recognised until the time of leave.

***(v) Bonus plan***

The expected cost of bonuses is recognised as a liability when the Group has a present legal or constructive obligation for payment of bonus as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for bonus plans are expected to be settled within 1 year and are measured at the amounts expected to be paid when they are settled.

**2.23 Share-based payment**

***(i)*** The Group operates an equity-settled share-based payment plan, under which the Group receives service from its employees in exchange for the equity instruments of the Group. As disclosed in note 29, during the Track Record Period, certain shares were granted to certain directors, senior management and employees. The fair value of the employee service received in exchange for the grant of shares is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted:

- including any market performance conditions (e.g. the entity's share price)
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to save or hold shares for a specific period of time).

Non-market performance and service conditions are included in assumptions about the number of equity instruments that are expected to vest. The total expense is recognised over the vesting period, in which all of the specified vesting conditions are to be satisfied.

At the end of each period, the Group revises its estimates of the number of shares that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

***(ii) Share-based payment transaction among group entities***

The grant by the Company of its equity instruments to the employees of its subsidiaries is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investments in subsidiaries, with a corresponding credit to equity.

**2.24 Provisions**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

**2.25 Derivative financial instruments**

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Changes in fair value of derivative financial instruments are recognised in profit or loss.

**2.26 Revenue recognition**

The Group is engaged in the development and commercialisation of hydrogen fuel cell system. Its main products are hydrogen fuel cell stacks, hydrogen fuel cell systems and related system technology integrated services. The specific principles for the recognition of the Group's operating revenue are as follows:

***(i) Sales of goods***

The Group manufactures and sells hydrogen fuel cell stacks and hydrogen fuel cell systems in the market. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, 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.

The hydrogen fuel cell stacks are sold with retrospective volume discounts based on aggregate sales over a period. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

The Group has a significant financing component in sales contracts with some of its customers. In determining the transaction price, the Group shall adjust the promised amount of consideration for the effects of the time value of money if the timing of payments agreed to by the parties to the contract (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. An entity shall use the discount rate that would be reflected in a separate financing transaction between the entity and its customer at contract inception. That rate would reflect the credit characteristics of the party receiving financing in the contract, as well as any collateral or security provided by the customer or the entity, including assets transferred in the contract. An entity may be able to determine that rate by identifying the rate that discounts the nominal amount of the promised consideration to the price that the customer would pay in cash for the goods or services when (or as) they transfer to the customer. After contract inception, an entity shall not update the discount rate for changes in interest rates or other circumstances (such as a change in the assessment of the customer's credit risk).

The Group's obligation to repair or replace faulty products under the standard warranty terms is recognised as a provision (note 35).

***(ii) Services***

The Group recognises revenue from the system technology integrated 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 the system technology integrated 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. As at the balance sheet date, if the contract fulfilment costs is more than one year when initially recognised, the amount of the Group's contract fulfilment costs net of related provision for asset impairment is presented as other non-current assets.

**2.27 Earnings per share**

***(i) Basic earnings per share is calculated by dividing:***

- The profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares

- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

***(ii) Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:***

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and

- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

**2.28 Interest income**

Interest income on financial assets at amortised cost and financial assets at FVOCI calculated using the effective interest method is recognised in profit or loss as part of other income. Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes. Any other interest income is included in other income.

**2.29 Government grants**

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred revenue and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

**2.30 Leases**

The Group mainly leases land, office and warehouse as lessee. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

– fixed payments (including in-substance fixed payments), less any lease incentives receivable

– variable lease payment that are based on an index or a rate

– amounts expected to be payable by the lessee under residual value guarantees

– the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and

– payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate. To determine the incremental borrowing rate, the Group:

– uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received

– uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing, and

– makes adjustments specific to the lease, e.g. term, country, currency and security.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Right-of-use assets are measured at cost comprising the following:

– the amount of the initial measurement of lease liability

– any lease payments made at or before the commencement date less any lease incentives received

– any initial direct costs, and

– restoration costs.

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise small items of office furniture.

Lease income from operating leases where the Group is a lessor is recognised in other income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature.

**2.31 Dividend distribution**

Dividend distribution to the Company's shareholders is recognised as a liability in the Historical Financial Information in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

**3 FINANCIAL RISK MANAGEMENT**

**3.1 Financial risk factors**

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Risk management is carried out by the senior management of the Group.

***(a) Market risk***

*(i) Foreign exchange risk*

Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the Group entities' functional currency. The Company's functional currency is RMB. The Company's primary subsidiaries were incorporated in the mainland China, and these subsidiaries considered RMB as their functional currency.

The Group is primarily exposed to changes in RMB/United States dollars ("USD") exchange rates. As at 31 December 2020, 2021 and 2022 and 31 May 2023, if USD had strengthened/weakened by 10% against RMB with all other variables held constant, the Group's loss before tax for the year would have been RMB622,000, RMB1,780,000 and RMB492,000 and RMB93,000 respectively lower/higher as a result of foreign exchange gains/losses on translation of USD denominated cash and cash equivalents.

The Group's exposure to changes in RMB/Hong Kong dollars ("HKD") at 31 December 2020, 2021 and 2022 and 31 May 2023 was insignificant as each of the group entities did not hold significant assets or liabilities denominated in HKD.

*(ii) Cash flow and fair value interest rate risk*

The Group's interest rate risk arises from bank deposits and borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash at bank with variable interest rates. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. During the Track Record Period, the Group's borrowings bore interest both at variable rates and fixed rates.

Bank deposits carried at prevailing market interest rate expose the Group to cash flow interest rate risk. The Group closely monitors trend of interest rate and its impact on the Group's interest rate risk exposure to ensure it is within an acceptable level. The Group has not used any interest rate swap arrangements.

As at 31 December 2020, 2021 and 2022 and 31 May 2023, if interest rate on borrowings had been higher/lower by 50 basis points of current interest rate, with other variables held constant, profit for the years ended 31 December 2020, 2021 and 2022 and the five months ended 31 May 2022 and 2023 would have been approximately RMB68,000, RMB225,000, RMB502,000, RMB357,000 and RMB646,000 lower/higher, respectively.

***(b) Credit risk***

Credit risk arises from cash and cash equivalents and restricted cash, amounts due from related parties and trade receivables, contract assets, other receivables and financial guarantee obligation. The amount of each class of the above financial assets and the amount of financial guarantee obligation represents the Group's maximum exposure to credit risk in relation to the corresponding class of financial assets and financial guarantee obligation.

*(i) Credit risk of cash and cash equivalents and restricted cash*

To manage this risk, cash deposits at banks are mainly placed with state-owned and reputable financial institutions in the PRC. There has been no recent history of default in relation to these financial institutions. These instruments are considered to have low credit risk because they have a low risk of default and the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term. The identified credit losses are immaterial.

*(ii) Impairment of financial assets and loss allowance for financial guarantee obligation*

The Group has four types of assets and liabilities that are subject to the expected credit loss model:

- trade receivables
- contract assets
- other receivables
- financial guarantee obligation

**The Group**

**Trade receivables and contract assets**

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The contract assets represent the Group's right to consideration in exchange for goods or services that the Group has delivered to a customer. The contract assets are all not due and have different risk characteristics with trade and bills receivables. The Group has therefore concluded that the expected loss rates for trade receivables are different from the contract assets.

The expected loss rates are based on the provision ratio of comparable companies and the payment profiles of sales over a period of the year ended 31 December 2020 and probability of default of counter parties on an ongoing basis throughout the year ended 31 December 2020. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. For the years ended 31 December 2021 and 2022 and the five months ended 31 May 2022 and 2023, the expected loss rates of trade receivables are based on the payment profiles of sales before each year end and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the Gross Domestic Product (GDP) and the growth rate of the Manufacture of Motor Vehicles, Trailers and Semi-Trailers industry to be the most relevant factors, and accordingly adjusted the historical loss rates based on expected changes in these factors.

As at 31 December 2020, 2021 and 2022 and 31 May 2023, the loss allowance for the Group's trade receivables was determined as follows.

| | **Less than 1 year** *RMB'000* | **1 year to 2 years** *RMB'000* | **2 years to 3 years** *RMB'000* | **Over 3 years** *RMB'000* | **Total** *RMB'000* |
|---|---|---|---|---|---|
| **As at 31 December 2020** | | | | | |
| On collective basis: | | | | | |
| Gross carrying amount – trade receivables *(note 24)* | 126,981 | 163,241 | 29,750 | – | 319,972 |
| Expected loss rate | 5.00% | 11.01% | 24.43% | – | 9.88% |
| Loss allowance provision *(note 24)* | 6,349 | 17,980 | 7,269 | – | 31,598 |
| **As at 31 December 2021** | | | | | |
| On collective basis: | | | | | |
| Gross carrying amount – trade receivables *(note 24)* | 466,495 | 125,753 | 134,675 | 29,750 | 756,673 |
| Expected loss rate | 7.88% | 14.23% | 31.31% | 45.03% | 14.57% |
| Loss allowance provision *(note 24)* | 36,778 | 17,898 | 42,167 | 13,397 | 110,240 |
| **As at 31 December 2022** | | | | | |
| On collective basis: | | | | | |
| Gross carrying amount – trade receivables *(note 24)* | 816,856 | 416,708 | 110,981 | 34,261 | 1,378,806 |
| Expected loss rate | 10.61% | 15.61% | 41.43% | 52.51% | 15.65% |
| Loss allowance provision *(note 24)* | 86,706 | 65,064 | 45,976 | 17,991 | 215,737 |
| **As at 31 May 2023** | | | | | |
| On collective basis: | | | | | |
| Gross carrying amount – trade receivables *(note 24)* | 888,107 | 432,277 | 80,379 | 34,061 | 1,434,824 |
| Expected loss rate | 11.56% | 15.42% | 36.88% | 52.23% | 15.11% |
| Loss allowance provision *(note 24)* | 102,684 | 66,656 | 29,643 | 17,790 | 216,773 |

As at 31 December 2020, 2021 and 2022 and 31 May 2023, the loss allowance for the Group's contract assets was determined as follows.

| | **Less than 1 year** *RMB'000* | **1 year to 2 years** *RMB'000* | **2 years to 3 years** *RMB'000* | **Over 3 years** *RMB'000* | **Total** *RMB'000* |
|---|---|---|---|---|---|
| **As at 31 December 2020** | | | | | |
| Gross carrying amount – contract assets *(note 6(a))* | 1,739 | 305 | – | – | 2,044 |
| Expected loss rate | 5.00% | 5.00% | – | – | 5.00% |
| Loss allowance provision *(note 6(a))* | 88 | 15 | – | – | 103 |
| **As at 31 December 2021** | | | | | |
| Gross carrying amount – contract assets *(note 6(a))* | 17,733 | 1,739 | 305 | – | 19,777 |
| Expected loss rate | 8.03% | 8.03% | 8.03% | – | 8.03% |
| Loss allowance provision *(note 6(a))* | 1,423 | 140 | 24 | – | 1,587 |

| | Less than 1 year *RMB'000* | 1 year to 2 years *RMB'000* | 2 years to 3 years *RMB'000* | Over 3 years *RMB'000* | Total *RMB'000* |
|---|---|---|---|---|---|
| **As at 31 December 2022** | | | | | |
| Gross carrying amount – contract assets *(note 6(a))* | 26,614 | 17,733 | 1,739 | – | 46,086 |
| Expected loss rate | 10.76% | 10.76% | 10.76% | – | 10.76% |
| Loss allowance provision *(note 6(a))* | 2,863 | 1,908 | 187 | – | 4,958 |
| **As at 31 May 2023** | | | | | |
| Gross carrying amount – contract assets *(note 6(a))* | 21,061 | 24,947 | 2,633 | – | 48,641 |
| Expected loss rate | 11.61% | 11.61% | 11.61% | – | 11.61% |
| Loss allowance provision *(note 6(a))* | 2,445 | 2,896 | 306 | – | 5,647 |

Contract assets primarily relate to the Group's right to consideration in exchange for the products that the Group has transferred to a customer. Contract assets represent retention contract consideration withheld by customers which are recoverable after the completion of warranty period of the relevant contracts, generally the shorter of five years or when the vehicle that carries the Group's product travels for 200,000 kilometres after the control of goods transferred to the customers. Therefore, the Group does not have an unconditional right to the contract consideration until the warranty period is completed, and only after the Group completes the warranty period can the Group reclassify contract assets to receivables. At each balance sheet date, where credit risk of the counterparty did not change significantly over the Track Record Period, the Group believes that for the same counterparty, the expected credit risk for contract assets under different aging bands would be similar, hence the Group decided to take the provision rate of accounts receivable aged within 1 year as a reference for the expected credit loss ratio of contract assets.

Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 5 years past due.

**Other receivables**

Impairment on other receivables is measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses. As at 31 December 2020, 2021 and 2022 and 31 May 2023, the loss allowance for the Group's other receivables excluding deductible value-added tax input were determined as follows:

| | Stage 1 12-month ECL *RMB'000* | Stage 2 Lifetime ECL *RMB'000* | Stage 3 Lifetime ECL *RMB'000* | Total *RMB'000* |
|---|---|---|---|---|
| **As at 31 December 2020** | | | | |
| Gross carrying amount – other receivables (*note 25*) | 21,778 | – | 6,855 | 28,633 |
| Expected loss rate | 2.87% | – | 100.00% | 26.12% |
| Loss allowance provision (*note 25*) | 625 | – | 6,855 | 7,480 |

| | Stage 1 12-month ECL *RMB'000* | Stage 2 Lifetime ECL *RMB'000* | Stage 3 Lifetime ECL *RMB'000* | Total *RMB'000* |
|---|---|---|---|---|
| **As at 31 December 2021** | | | | |
| Gross carrying amount – other receivables (*note 25*) | 8,275 | – | 8,456 | 16,731 |
| Expected loss rate | 2.47% | – | 100.00% | 51.76% |
| Loss allowance provision (*note 25*) | 204 | – | 8,456 | 8,660 |
| **As at 31 December 2022** | | | | |
| Gross carrying amount – other receivables *(note 25)* | 13,388 | – | 9,790 | 23,178 |
| Expected loss rate | 2.52% | – | 100.00% | 43.70% |
| Loss allowance provision *(note 25)* | 338 | – | 9,790 | 10,128 |
| **As at 31 May 2023** | | | | |
| Gross carrying amount – other receivables *(note 25)* | 12,149 | – | 9,790 | 21,939 |
| Expected loss rate | 2.72% | – | 100.00% | 46.13% |
| Loss allowance provision *(note 25)* | 330 | – | 9,790 | 10,120 |

**Financial guarantee obligation**

As at 31 December 2020, 2021 and 2022 and 31 May 2023, the loss allowance for the Group's financial guarantee obligation was determined as follows:

| | Stage 1 12-month ECL *RMB'000* | Stage 2 Lifetime ECL *RMB'000* | Stage 3 Lifetime ECL *RMB'000* | Total *RMB'000* |
|---|---|---|---|---|
| **As at 31 December 2020** | | | | |
| Gross amount – financial guarantee obligation *(note 35)* | 107,100 | – | – | 107,100 |
| Expected loss rate | 1.02% | – | – | 1.02% |
| Loss allowance provision *(note 35)* | 1,096 | – | – | 1,096 |
| **As at 31 December 2021** | | | | |
| Gross amount – financial guarantee obligation *(note 35)* | – | 25,500 | – | 25,500 |
| Expected loss rate | – | 47.81% | – | 47.81% |
| Loss allowance provision *(note 35)* | – | 12,192 | – | 12,192 |
| **As at 31 December 2022** | | | | |
| Gross amount – financial guarantee obligation *(note 35)* | – | – | – | – |
| Expected loss rate | – | – | – | – |
| Loss allowance provision *(note 35)* | – | – | – | – |
| **As at 31 May 2023** | | | | |
| Gross amount – financial guarantee obligation *(note 35)* | – | – | – | – |
| Expected loss rate | – | – | – | – |
| Loss allowance provision *(note 35)* | – | – | – | – |

The loss allowances for the Group's trade receivables, contract assets, other receivables and financial guarantees obligation as at 31 December 2020, 2021 and 2022 and 31 May 2023 reconcile to the opening loss allowances as follows:

| | Trade receivables | Contract assets | Other receivables | Financial guarantee obligation | Total |
|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **As at 1 January 2020** | 13,803 | 13 | 5,366 | 1,111 | 20,293 |
| Increase in loss allowance recognised in profit or loss | 22,202 | 90 | 2,159 | – | 24,451 |
| Reversal of impairment loss | (4,407) | – | (45) | (15) | (4,467) |
| **As at 31 December 2020** | 31,598 | 103 | 7,480 | 1,096 | 40,277 |
| **As at 1 January 2021** | 31,598 | 103 | 7,480 | 1,096 | 40,277 |
| Increase in loss allowance recognised in profit or loss | 82,538 | 1,484 | 1,784 | 11,096 | 96,902 |
| Reversal of impairment loss | (3,896) | – | (604) | – | (4,500) |
| **As at 31 December 2021** | 110,240 | 1,587 | 8,660 | 12,192 | 132,679 |
| **As at 1 January 2022** | 110,240 | 1,587 | 8,660 | 12,192 | 132,679 |
| Increase in loss allowance recognised in profit or loss | 137,404 | 3,371 | 1,621 | – | 142,396 |
| Reversal of impairment loss | (31,907) | – | (153) | (12,192) | (44,252) |
| **As at 31 December 2022** | 215,737 | 4,958 | 10,128 | – | 230,823 |
| **As at 1 January 2023** | 215,737 | 4,958 | 10,128 | – | 230,823 |
| Increase in loss allowance recognised in profit or loss | 17,710 | 689 | 31 | – | 18,430 |
| Reversal of impairment loss | (16,674) | – | (39) | – | (16,713) |
| **As at 31 May 2023** | 216,773 | 5,647 | 10,120 | – | 232,540 |
| **(Unaudited)** | | | | | |
| **As at 1 January 2022** | 110,240 | 1,587 | 8,660 | 12,192 | 132,679 |
| Increase in loss allowance recognised in profit or loss | 26,610 | 543 | 718 | 12,645 | 40,516 |
| Reversal of impairment loss | (16,613) | – | (45) | – | (16,658) |
| **As at 31 May 2022** | 120,237 | 2,130 | 9,333 | 24,837 | 156,537 |

**The Company**

**Trade receivables and contract assets**

As at 31 December 2020, 2021 and 2022 and 31 May 2023, the loss allowance for the Company's trade receivables was determined as follows.

| | **Less than 1 year** *RMB'000* | **1 year to 2 years** *RMB'000* | **2 years to 3 years** *RMB'000* | **Over 3 years** *RMB'000* | **Total** *RMB'000* |
|---|---|---|---|---|---|
| **At 31 December 2020** | | | | | |
| On collective basis: | | | | | |
| Gross carrying amount – trade receivables *(note 24)* | 178,630 | 162,841 | 16,210 | – | 357,681 |
| Expected loss rate | 3.67% | 11.02% | 24.44% | – | 7.96% |
| Loss allowance provision *(note 24)* | 6,557 | 17,940 | 3,961 | – | 28,458 |
| **At 31 December 2021** | | | | | |
| On collective basis: | | | | | |
| Gross carrying amount – trade receivables *(note 24)* | 608,055 | 125,709 | 134,275 | 16,210 | 884,249 |
| Expected loss rate | 5.55% | 14.23% | 31.31% | 45.05% | 11.42% |
| Loss allowance provision *(note 24)* | 33,755 | 17,892 | 42,046 | 7,302 | 100,995 |
| **At 31 December 2022** | | | | | |
| On collective basis: | | | | | |
| Gross carrying amount – trade receivables *(note 24)* | 1,174,667 | 261,424 | 110,981 | 28,383 | 1,575,455 |
| Expected loss rate | 3.37% | 19.47% | 41.43% | 52.72% | 9.61% |
| Loss allowance provision *(note 24)* | 39,575 | 50,902 | 45,976 | 14,963 | 151,416 |
| **At 31 May 2023** | | | | | |
| On collective basis: | | | | | |
| Gross carrying amount – trade receivables *(note 24)* | 1,269,640 | 258,758 | 80,379 | 28,183 | 1,636,960 |
| Expected loss rate | 3.55% | 18.15% | 36.88% | 52.38% | 8.34% |
| Loss allowance provision *(note 24)* | 45,108 | 46,972 | 29,643 | 14,762 | 136,485 |

As at 31 December 2020, 2021 and 2022 and 31 May 2023, the loss allowance for the Company's contract assets was determined as follows.

| | Less than 1 year *RMB'000* | 1 year to 2 years *RMB'000* | 2 years to 3 years *RMB'000* | Over 3 years *RMB'000* | Total *RMB'000* |
|---|---|---|---|---|---|
| **At 31 December 2020** | | | | | |
| Gross carrying amount – contract assets *(note 6(a))* | 1,739 | 305 | – | – | 2,044 |
| Expected loss rate | 5.00% | 5.00% | – | – | 5.00% |
| Loss allowance provision *(note 6(a))* | 88 | 15 | – | – | 103 |
| **At 31 December 2021** | | | | | |
| Gross carrying amount – contract assets *(note 6(a))* | 14,141 | 1,739 | 305 | – | 16,185 |
| Expected loss rate | 8.03% | 8.03% | 8.03% | – | 8.03% |
| Loss allowance provision *(note 6(a))* | 1,135 | 140 | 24 | – | 1,299 |
| **At 31 December 2022** | | | | | |
| Gross carrying amount – contract assets *(note 6(a))* | 4,673 | 14,141 | 1,739 | – | 20,553 |
| Expected loss rate | 10.76% | 10.76% | 10.76% | – | 10.76% |
| Loss allowance provision *(note 6(a))* | 503 | 1,521 | 187 | – | 2,211 |
| **At 31 May 2023** | | | | | |
| Gross carrying amount – contract assets *(note 6(a))* | 4,336 | 13,590 | 2,633 | – | 20,559 |
| Expected loss rate | 11.61% | 11.61% | 11.61% | – | 11.61% |
| Loss allowance provision *(note 6(a))* | 503 | 1,578 | 306 | – | 2,387 |

**Other receivables**

As at 31 December 2020, 2021 and 2022 and 31 May 2023, the loss allowance for the Company's other receivables excluding deductible value-added tax input was determined as follows:

| | Stage 1 12-month ECL *RMB'000* | Stage 2 Lifetime ECL *RMB'000* | Stage 3 Lifetime ECL *RMB'000* | Total *RMB'000* |
|---|---|---|---|---|
| **As at 31 December 2020** | | | | |
| Gross carrying amount – other receivables *(note 25)* | 280,281 | – | 6,855 | 287,136 |
| Expected loss rate | 1.95% | – | 100.00% | 4.29% |
| Loss allowance provision *(note 25)* | 5,459 | – | 6,855 | 12,314 |

| | Stage 1 12-month ECL *RMB'000* | Stage 2 Lifetime ECL *RMB'000* | Stage 3 Lifetime ECL *RMB'000* | Total *RMB'000* |
|---|---|---|---|---|
| **As at 31 December 2021** | | | | |
| Gross carrying amount – other receivables *(note 25)* | 182,018 | – | 8,456 | 190,474 |
| Expected loss rate | 1.93% | – | 100.00% | 6.28% |
| Loss allowance provision *(note 25)* | 3,514 | – | 8,456 | 11,970 |
| **As at 31 December 2022** | | | | |
| Gross carrying amount – other receivables *(note 25)* | 299,513 | – | 9,790 | 309,303 |
| Expected loss rate | 2.02% | – | 100.00% | 5.12% |
| Loss allowance provision *(note 25)* | 6,059 | – | 9,790 | 15,849 |
| **As at 31 May 2023** | | | | |
| Gross carrying amount – other receivables *(note 25)* | 349,512 | – | 9,790 | 359,302 |
| Expected loss rate | 2.09% | – | 100.00% | 4.76% |
| Loss allowance provision *(note 25)* | 7,314 | – | 9,790 | 17,104 |

**Financial guarantee obligation**

As at 31 December 2020, 2021 and 2022 and 31 May 2023, the loss allowance for the Company's financial guarantee obligation was determined as follows:

| | Stage 1 12-month ECL *RMB'000* | Stage 2 Lifetime ECL *RMB'000* | Stage 3 Lifetime ECL *RMB'000* | Total *RMB'000* |
|---|---|---|---|---|
| **As at 31 December 2020** | | | | |
| Gross amount – financial guarantee obligation *(note 35)* | 107,100 | – | – | 107,100 |
| Expected loss rate | 1.02% | – | – | 1.02% |
| Loss allowance provision *(note 35)* | 1,096 | – | – | 1,096 |
| **As at 31 December 2021** | | | | |
| Gross amount – financial guarantee obligation *(note 35)* | – | 25,500 | – | 25,500 |
| Expected loss rate | – | 47.81% | – | 47.81% |
| Loss allowance provision *(note 35)* | – | 12,192 | – | 12,192 |
| **As at 31 December 2022** | | | | |
| Gross amount – financial guarantee obligation *(note 35)* | – | – | – | – |
| Expected loss rate | – | – | – | – |
| Loss allowance provision *(note 35)* | – | – | – | – |
| **As at 31 May 2023** | | | | |
| Gross amount – financial guarantee obligation *(note 35)* | – | – | – | – |
| Expected loss rate | – | – | – | – |
| Loss allowance provision *(note 35)* | – | – | – | – |

### *(c) Liquidity risk*

To manage the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on the remaining period at the end of each reporting period to the contractual maturity date. The amounts disclosed in the tables are the contractual undiscounted cash flows.

| | **Less than 1 year** | **Between 1 and 2 years** | **Between 2 and 5 years** | **Over 5 years** | **Total** |
|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **As at 31 December 2020** | | | | | |
| Borrowings | 350,182 | 150,772 | 50,375 | – | 551,329 |
| Trade payables *(note 30)* | 39,466 | – | – | – | 39,466 |
| Other payables and accruals (excluding non-financial) | 27,666 | – | – | – | 27,666 |
| Financial guarantee obligation *(note 35)* | – | 107,100 | – | – | 107,100 |
| Derivative financial instruments *(note 36)* | 4,286 | – | 39,698 | – | 43,984 |
| Lease liabilities | 6,690 | 5,359 | 7,071 | 2,828 | 21,948 |
| | 428,290 | 263,231 | 97,144 | 2,828 | 791,493 |
| **As at 31 December 2021** | | | | | |
| Borrowings | 258,664 | 161,095 | 144,782 | – | 564,541 |
| Trade payables *(note 30)* | 101,828 | – | – | – | 101,828 |
| Other payables and accruals (excluding non-financial liabilities) | 25,700 | – | – | – | 25,700 |
| Financial guarantee obligation *(note 35)* | 25,500 | – | – | – | 25,500 |
| Derivative financial instruments *(note 36)* | – | 39,698 | – | – | 39,698 |
| Lease liabilities | 17,931 | 13,384 | 14,768 | 2,556 | 48,639 |
| | 429,623 | 214,177 | 159,550 | 2,556 | 805,906 |
| **As at 31 December 2022** | | | | | |
| Borrowings | 202,921 | 54,543 | 33,297 | – | 290,761 |
| Trade payables *(note 30)* | 510,726 | – | – | – | 510,726 |
| Other payables and accruals (excluding non- financial liabilities) | 108,357 | – | – | – | 108,357 |
| Financial guarantee obligation *(note 35)* | – | – | – | – | – |
| Derivative financial instruments *(note 36)* | 39,698 | – | – | – | 39,698 |
| Lease liabilities | 27,871 | 14,335 | 8,253 | – | 50,459 |
| | 889,573 | 68,878 | 41,550 | – | 1,000,001 |

| | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | Over 5 years | Total |
|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **As at 31 May 2023** | | | | | |
| Borrowings | 270,240 | 47,929 | 61,313 | – | 379,482 |
| Trade payables *(note 30)* | 556,715 | – | – | – | 556,715 |
| Other payables and accruals (excluding non-financial liabilities) | 118,230 | – | – | – | 118,230 |
| Derivative financial instruments *(note 36)* | 39,698 | – | – | – | 39,698 |
| Lease liabilities | 29,953 | 10,494 | 4,634 | – | 45,081 |
| | 1,014,836 | 58,423 | 65,947 | – | 1,139,206 |

### 3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholder, issue new shares or sell assets to reduce debt.

The Group monitors its capital structure on the basis of liability-to-asset ratio, which is calculated as total liabilities divided by total assets. The liability-to-asset ratio of the Group as at 31 December 2020, 2021 and 2022 and 31 May 2023 was as follows:

| | As at 31 December | | | As at 31 May |
|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **The liability-to-asset ratio** | 53.18% | 36.39% | 32.78% | 36.61% |

There were no changes in the Group's approach to capital management during the Track Record Period.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

### 3.3 Fair value estimation

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the Historical Financial Information. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

| | **Level 1** | **Level 2** | **Level 3** | **Total** |
|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **As at 31 May 2023** | | | | |
| Financial assets | | | | |
| Financial assets at FVOCI | | | | |
| – Unlisted equity investments *(note 22)* | – | – | 88,636 | 88,636 |
| – Bank acceptance notes *(note 22)* | – | – | 800 | 800 |
| | – | – | 89,436 | 89,436 |
| Financial liabilities | | | | |
| Derivative financial instruments | | | | |
| – Obligation to buy back the share of associates *(note 36)* | – | – | 39,568 | 39,568 |
| **As at 31 December 2022** | | | | |
| Financial assets | | | | |
| Financial assets at FVOCI | | | | |
| – Unlisted equity investments *(note 22)* | – | – | 88,636 | 88,636 |
| – Bank acceptance notes *(note 22)* | – | – | 800 | 800 |
| | – | – | 89,436 | 89,436 |
| Financial liabilities | | | | |
| Derivative financial instruments | | | | |
| – Obligation to buy back the share of associates *(note 36)* | – | – | 38,950 | 38,950 |
| **As at 31 December 2021** | | | | |
| Financial assets | | | | |
| Financial assets at FVOCI | | | | |
| – Unlisted equity investments *(note 22)* | – | – | 12,273 | 12,273 |
| Financial liabilities | | | | |
| Derivative financial instruments | | | | |
| – Obligation to buy back the share of associates *(note 36)* | – | – | 18,466 | 18,466 |
| **As at 31 December 2020** | | | | |
| Financial assets | | | | |
| Financial assets at FVOCI | | | | |
| – Bank acceptance notes *(note 22)* | – | – | 290 | 290 |
| Financial liabilities | | | | |
| Derivative financial instruments | | | | |
| – Obligation to buy back the share of associates *(note 36)* | – | – | 20,482 | 20,482 |

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the Track Record Period.

The Group's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

During the Track Record Period, there are no transfers among levels of the fair value hierarchy used in measuring the fair value of financial instruments, and also no changes in the classification of financial assets as a result of a change in the purpose or use of those assets.

***(a) Fair value measurements using significant unobservable inputs (Level 3)***

The following table presents the changes in level 3 FVOCI and derivative financial instruments for the years ended 31 December 2020, 2021 and 2022 and the five months ended 31 May 2023:

| | **As at 31 December** | | | **As at 31 May** |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **FVOCI** | | | | |
| As at the beginning of the year | – | 290 | 12,273 | 89,436 |
| Additions | 290 | 12,273 | 77,163 | 800 |
| Disposal | – | (290) | – | (800) |
| As at the end of the year/period | 290 | 12,273 | 89,436 | 89,436 |

| | **Year ended 31 December** | | | **Five months ended 31 May** |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Derivative financial instruments** | | | | |
| As at the beginning of the year | 21,231 | 20,482 | 18,466 | 38,950 |
| Fair value changes *(note 8)* | (749) | 2,398 | 20,484 | 618 |
| Settlement | – | (4,414) | – | – |
| As at the end of the year/period | 20,482 | 18,466 | 38,950 | 39,568 |

*(b)* ***Valuation inputs and relationship to fair value***

The following table summarises the quantitative information about the significant unobservable inputs used recurring level 3 fair value measurements.

| | Fair value | | | | | | Range of inputs | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | As at 31 December | | | As at 31 May | Valuation technique(s) | Unobservable input | Year ended 31 December | | | Five months ended 31 May | Relationship of unobservable inputs to fair value |
| | 2020 | 2021 | 2022 | 2023 | | | 2020 | 2021 | 2022 | 2023 | |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | | | | | | | |
| **Financial assets at FVOCI** | | | | | | | | | | | |
| – Unlisted equity investments | – | 12,273 | 88,636 | 88,636 | Cost approach* | N/A | N/A | N/A | N/A | N/A | N/A |
| – Bank acceptance notes | 290 | – | 800 | 800 | Discounted cash flow | Discount rate | 2.83% | N/A | 2.62% | 2.35% | The higher the discount rate, the lower the fair value |
| **Derivative financial instruments** | | | | | | | | | | | |
| – Obligation to buy back the share of associates | 20,482 | 18,466 | 38,950 | 39,568 | Discounted cash flow | Expected net cash outflows | RMB453,000-RMB42,474,952 (RMB22,852,952) | RMB455,000-RMB39,698,000 (RMB20,077,000) | RMB39,698,000 | RMB39,698,000 | The higher the expected net cash outflows, the higher the fair value |

* The fair value of the unlisted equity investments was determined with reference to the recent transaction price.

As at 31 December 2020, 2021 and 2022 and 31 May 2023, the discounted cash flow method was adopted to determine the fair value of derivative financial instruments held by the Group. Key assumptions under discounted cash flow method is expected net cash outflows.

The Group performed sensitivity test to changes in unobservable inputs in determining the fair value of the derivative financial instruments at 31 December 2020, 2021 and 2022 and 31 May 2023, respectively. The changes in unobservable inputs including expected net cash outflows will result in a significantly higher or lower fair value measurement. The increase in the fair value of the derivative financial instruments would increase the loss of fair value change in profit or loss or other comprehensive loss. When performing the sensitivity test, management applied an increase or decrease to each unobservable input, which represents management's assessment of reasonably possible change to these unobservable inputs.

If the Group's key valuation assumptions used to determine the fair value of the derivative financial instruments had increased/decreased by 5% with all other variables held constant, the estimated fair value changes from carrying amount are listed in below table:

| | Year ended 31 December | | | Five months ended 31 May |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Expected net cash outflows** | | | | |
| Increase 5% | 11 | 11 | – | – |
| Decrease 5% | (892) | (898) | (1,947) | (1,978) |

As at 31 December 2020, 2021 and 2022 and 31 May 2023, if discount rate higher/lower by 100 basis, fair value of financial assets at FVOCI would have been approximately less than RMB1,000, nil and RMB3,000/RMB3,000 lower/higher and RMB2,000/RMB2,000 lower/higher respectively.

## 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of Historical Financial Information requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

### (a) Estimation of provision for warranty claims

The Group generally offers 5 years warranties for its products sold. 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. As at 31 December 2020, 2021 and 2022 and 31 May 2023, the carrying amounts of warranty provision of the Group were RMB11,398,000, RMB11,573,000, RMB17,689,000 and RMB17,297,000 respectively (note 35). As at 31 December 2020, 2021 and 2022 and 31 May 2023, if the estimated warranty claim as a percentage of products sold had been higher/lower by 1%, with other variables held constant, the warranty provisions would be RMB9,122,000, RMB13,553,000, RMB21,006,000 and RMB22,415,000 higher or lower respectively.

**(b) Financial guarantee obligation**

Provision was mainly made for the Group's financial guarantee obligation in respect of borrowings of the Group's associates, namely Guangdong Guohong Refire Energy Technology Co., Ltd. ("Guohong Refire"). The amount represented the management's best estimate loss that a default of the associated enterprise will cause to the Group. The loss provision were measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition.

**(c) Estimated useful lives and residual values of property, plant and equipment**

The Group's management determines the estimated useful lives and residual values and consequently the related depreciation charges for its property, plant and equipment, and reviews the useful lives and residual values periodically to ensure that the method and rates of depreciation are consistent with the expected pattern of realisation of economic benefits from property, plant and equipment. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. If there are significant changes from previously estimated useful lives and residual values, the amount of depreciation expenses may change.

**(d) Impairment of intangible asset**

Intangible assets are tested whenever events or changes in circumstances indicate that the carrying amount of those assets exceeds its recoverable amount. The recoverable amount is determined based on the higher of fair value less cost to sell and value in use.

In calculating fair value less cost to sell, certain assumptions are required to be made in respect of highly uncertain matters including management's expectations of (i) net royalty rate; (ii) remaining useful life; (iii) the selection of discount rates to reflect the risks involved.

**(e) Impairment of trade and bills receivables, contract assets and other receivables**

The loss allowance for financial assets disclosed in note 3.1 is based on assumptions about risk of default and expected loss rate. The Group uses judgement in making these assumptions and selecting inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The carrying amounts of the Group's trade and bills receivables, contract assets and other receivables are disclosed in note 24, note 6(a) and note 25, respectively.

**(f) Income taxes and deferred tax asset**

There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

The Group recognises deferred tax assets based on estimates that is probable to generate sufficient taxable profits in the foreseeable future against which the deductible losses will be utilised. The recognition of deferred tax assets mainly involved management's judgements and estimations about the timing and the amount of taxable profits of the companies who had tax losses (note 33).

**(g) Share-based payments**

As disclosed in note 29, the Company granted equity-settled restricted share units to certain directors, senior management and employees. Significant estimate on assumptions in determining the fair value of the Share Incentive Scheme include risk-free interest rate and expected volatility.

**(h) Write-down of inventories**

The Group's management reviews the condition of inventories, as stated in note 23 to the Historical Financial Information, at each reporting date, and makes allowance for inventories that are identified as obsolete, slow-moving or no longer recoverable or suitable for use in production. The Group carries out the inventory review on a product-by-product basis and makes allowances by reference to the latest market prices and current market conditions.

## 5 SEGMENT INFORMATION

Management has determined the operating segments based on the information reviewed by the 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 reviews the operating results of the business as one segment to make decisions about resources to be allocated. Therefore, the executive directors of the Company regards that there is only one segment which is used to make strategic decisions. Revenue and profit/(loss) before income tax are the measures reported to the executive directors for the purpose of resources allocation and performance assessment.

All the non-current assets of the Group are physically located in the PRC. The geographical location of customers is based on the location at which the customers operate, and the revenue of the Group is almost all derived from operations in the PRC during the Track Record Period.

**(a) Information about major customers**

External customers that have contributed over 10% of total revenue of the Group for the years ended 31 December 2020, 2021 and 2022 and the five months ended 31 May 2022 and 2023 were as follows:

| | Year ended 31 December | | | Five months ended 31 May | |
|---|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* *(Unaudited)* | *RMB'000* |
| Company A | * | * | 256,366 | 10,757 | 30,443 |
| Foshan Feichi Automobile Technology Co., Ltd. ("Foshan Feichi") | 111,661 | 244,938 | 165,060 | 41,184 | * |
| Company B | * | * | 156,460 | * | * |
| Company C | * | 95,575 | 16,372 | * | * |
| Company D | 73,028 | * | * | * | * |
| Company E | 23,469 | * | * | * | * |
| Company F | * | * | * | * | 75,088 |
| Company G | * | * | * | * | 14,336 |

* less than 10% of the Group's revenue

As at 31 May 2023, Shanxi Meijin Energy Co., LTD. ("Meijin Energy Holding"), the controlling shareholder of Foshan Feichi, holds 4.56% of the Company. Foshan Feichi was owned as to 8.33% by Guangdong Foshan (Yunfu) Industrial Transfer Industrial Park Investment Development Co., Ltd. ("Yunfu Industrial Park") one of our substantial Shareholders, and Foshan Feichi was owned as to 32.33% by Hongyun High-Tech, which was in turn wholly owned by Foshan Automobile Transportation Group Co., Ltd. ("Foshan Automobile Transportation"). Mr. Chen is the Chairman of both Hongyun High-Tech and Foshan Automobile Transportation.

## 6 REVENUE

Revenue mainly comprises proceeds from sales of hydrogen fuel cell stacks, hydrogen fuel cell systems and others. An analysis of the Group's revenue by category for the years ended 31 December 2020, 2021 and 2022 and the five months ended 31 May 2022 and 2023 are as below:

| | Year ended 31 December | | | Five months ended 31 May | |
|---|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* *(Unaudited)* | *RMB'000* |
| Hydrogen fuel cell stacks | 109,511 | 26,499 | 11,877 | 2,589 | 1,522 |
| Hydrogen fuel cell systems | 112,913 | 413,648 | 732,482 | 52,519 | 139,329 |
| Others | 4,459 | 16,991 | 4,116 | 2,590 | 1,947 |
| | 226,883 | 457,138 | 748,475 | 57,698 | 142,798 |

"Others" mainly include the occasional sales of hydrogen fuel cell system components and the provision of hydrogen fuel cell related technical development services to our downstream customers on an as-needed basis.

All of the Group's revenue was recognised at a point in time during Track Record Period.

### (a) Contract assets

The Group and the Company have recognised the following assets related to contracts with customers:

**The Group**

| | As at 31 December | | | As at 31 May |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Non-current contract assets** | | | | |
| – Hydrogen fuel cell stacks | 1,819 | 2,772 | 2,888 | 2,894 |
| – Hydrogen fuel cell systems | 225 | 17,005 | 43,198 | 45,747 |
| | 2,044 | 19,777 | 46,086 | 48,641 |
| Less: allowance for expected credit losses *(note 3.1(b))* | (103) | (1,587) | (4,958) | (5,647) |
| **Total contract assets** | 1,941 | 18,190 | 41,128 | 42,994 |

**The Company**

| | As at 31 December | | | As at 31 May |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Non-current contract assets** | | | | |
| – Hydrogen fuel cell stacks | 1,819 | 2,772 | 2,888 | 2,894 |
| – Hydrogen fuel cell systems | 225 | 13,413 | 17,665 | 17,665 |
| | 2,044 | 16,185 | 20,553 | 20,559 |
| Less: allowance for expected credit losses *(note 3.1(b))* | (103) | (1,299) | (2,211) | (2,387) |
| **Total contract assets** | 1,941 | 14,886 | 18,342 | 18,172 |

***Significant changes in contract assets***

The increase in contract assets was mainly due to the existence of retention receivables in the newly signed sales contracts with some customers.

The Group also recognised a loss allowance for contract assets following the adoption of IFRS 9 (note 3.1(b)).

**(b) Contract liabilities**

Contract liabilities represented the Group's obligation to transfer goods or services to a customer for which the Group received consideration from the customer.

The Group has recognised the following liabilities related to contracts with customers:

| | As at 31 December | | | As at 31 May |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Current contract liabilities** | | | | |
| – Hydrogen fuel cell stacks | 2,272 | 370 | 754 | 1,116 |
| – Hydrogen fuel cell systems | 3,160 | 3,410 | 3,941 | 108 |
| | 5,432 | 3,780 | 4,695 | 1,224 |
| **Non-current contract liabilities** | | | | |
| – Hydrogen fuel cell stacks | 12 | – | – | – |
| **Total contract liabilities** | 5,444 | 3,780 | 4,695 | 1,224 |

*(i)* ***Revenue recognised in relation to contract liabilities***

The following table shows how much of the revenue recognised in the Track Record Period relates to carried-forward contract liabilities.

| | Year ended 31 December | | | Five months ended 31 May | |
|---|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* (*Unaudited*) | *RMB'000* |
| **Revenue recognised that was included in the contract liabilities balance at the beginning of the year/period** | | | | | |
| – Hydrogen fuel cell stacks | 210 | 2,272 | 370 | 179 | 196 |
| – Hydrogen fuel cell systems | – | 3,160 | – | – | 351 |
| | 210 | 5,432 | 370 | 179 | 547 |

*(ii)* ***Unsatisfied contracts***

The following table shows unsatisfied performance obligations resulting from contracts with customers:

| | As at 31 December | | | As at 31 May |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Within one year | 39,856 | 18,859 | 75,077 | 162,825 |

## 7 OTHER INCOME

| | Year ended 31 December | | | Five months ended 31 May | |
|---|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* (*Unaudited*) | *RMB'000* |
| Government grants and subsidies *(a)* | | | | | |
| – Received and recognised during the year | 5,711 | 5,249 | 12,857 | 4,645 | 4,203 |
| Rental income *(note 39(b))* | 1,601 | 1,601 | 1,334 | 667 | – |
| Interest income from advance to related parties *(note 39(b))* | – | 141 | 107 | 89 | – |
| Others | 178 | 35 | 126 | 184 | 752 |
| | 7,490 | 7,026 | 14,424 | 5,585 | 4,955 |

(a) Government grants and subsidies mainly represented the government granted to the Group to promote its development and construction. There were no unfulfilled conditions or other contingencies attaching to these grants.

## 8 OTHER LOSSES – NET

| | Year ended 31 December | | | Five months ended 31 May | |
|---|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* (*Unaudited*) | *RMB'000* |
| Derivative financial instruments at fair value through profit or loss *(note 3.3(a))* | 749 | (2,398) | (20,484) | (19,242) | (618) |
| (Losses)/gains on disposals of property, plant and equipment | (644) | (538) | 24 | (1) | – |
| Gains on disposals of right-of-use assets | – | – | 764 | – | 17 |
| Donation | (502) | (510) | (120) | – | (100) |
| Net foreign exchange gains/(losses) | 190 | (129) | (344) | (186) | (26) |
| Gains on disposal of a joint venture | – | – | 100 | – | – |
| Others | (6) | 49 | 554 | 9 | 52 |
| | (213) | (3,526) | (19,506) | (19,420) | (675) |

## 9 EXPENSES BY NATURE

The detailed analysis of cost of sales, selling expenses, research and development expenses and administrative expenses during the Track Record Period is as follows:

| | Year ended 31 December | | | Five months ended 31 May | |
|---|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* (*Unaudited*) | *RMB'000* |
| Changes in inventories of finished goods and work in progress *(note 23)* | (138,801) | (142,356) | (23,574) | (22,167) | 35,857 |
| Raw materials and consumables used | 264,302 | 414,883 | 546,945 | 68,179 | 60,040 |
| Employee benefit expenses *(note 10)* | 160,755 | 640,313 | 177,939 | 57,801 | 66,566 |
| Depreciation of property, plant and equipment *(note 17)* | 18,265 | 21,862 | 27,877 | 11,307 | 15,044 |
| Depreciation of right-of-use assets *(note 18)* | 2,734 | 8,027 | 14,427 | 5,345 | 6,998 |
| Amortisation of intangible assets *(note 19)* | 13,120 | 5,084 | 5,424 | 2,251 | 2,368 |
| Impairment losses on property, plant and equipment *(note 17)* | – | – | 15,437 | 15,437 | – |
| Impairment losses on intangible assets *(note 19)* | 57,358 | – | – | – | – |
| Impairment of inventories *(note 23)* | 9,362 | 23,391 | 43,307 | 11,471 | 14,841 |
| After-sales service fees | 2,970 | 6,596 | 21,013 | 841 | 2,144 |
| Professional service fees | 2,441 | 9,295 | 20,953 | 3,937 | 3,817 |
| Entertainment fees | 1,810 | 9,545 | 12,133 | 3,659 | 5,025 |

| | Year ended 31 December | | | Five months ended 31 May | |
|---|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| | | | | *(Unaudited)* | |
| Electricity and water expenses | 4,258 | 5,707 | 6,515 | 2,358 | 3,205 |
| Travelling expenses | 1,859 | 4,150 | 6,334 | 1,118 | 2,536 |
| Cooperative research and development expenses | – | 7,656 | 4,119 | 1,344 | 5,336 |
| Marketing fees | 2,876 | 5,044 | 3,932 | 1,500 | 1,549 |
| Rental expenses *(note 18)* | 33 | 1,175 | 1,570 | 286 | 985 |
| Auditors' remunerations | | | | | |
| – Audit services | 853 | 898 | 808 | 505 | 331 |
| – Non-audit services | 151 | 15 | 94 | 87 | 344 |
| Listing expenses | – | – | 670 | – | 447 |
| Others* | 8,790 | 19,763 | 26,228 | 8,001 | 10,296 |
| Total | 413,136 | 1,041,048 | 912,151 | 173,260 | 237,729 |

* "Others" mainly include inspection and testing fees, office expenses, business tax and other transaction taxes, etc.

## 10 EMPLOYEE BENEFIT EXPENSES

| | Year ended 31 December | | | Five months ended 31 May | |
|---|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| | | | | *(Unaudited)* | |
| Salaries, wages and bonuses | 41,002 | 90,020 | 111,942 | 40,774 | 48,780 |
| Pension cost – defined contribution plans *(a)* | 121 | 1,641 | 5,039 | 1,171 | 2,362 |
| Housing fund, medical insurance and other social insurance | 1,343 | 2,609 | 6,642 | 1,609 | 3,295 |
| Share-based payments expense *(note 29)* | 118,289 | 546,043 | 54,316 | 14,247 | 12,129 |
| Total employee benefit expenses | 160,755 | 640,313 | 177,939 | 57,801 | 66,566 |

### (a) Contributions to pension plan

Full time employees of the Group in the PRC are members of a state-managed retirement benefit schemes operated by the PRC government. The Group is required to contribute a specified percentage of payroll costs, subject to certain ceiling, as determined by local government authority to the pension obligations, housing funds, medical insurances and other social insurances to fund the benefits. The Group's liabilities in respect of benefits schemes are limited to the contribution payable in each year.

The Group did not have any forfeited contribution for the years ended 31 December 2020, 2021 and 2022 and the five months ended 31 May 2022 and 2023, in connection with the defined contribution plan operated by local governments.

**(b) Five highest paid individuals**

The five individuals whose emoluments were the highest in the Group include 1, 1, 1, 0 and 0 director or supervisor for the years ended 31 December 2020, 2021 and 2022 and the five months ended 31 May 2022 and 2023 respectively. Their emoluments are reflected in the analysis presented in note 40. Details of the remunerations of the remaining highest paid non-director and non-supervisor individuals during the Track Record Period are as follows:

| | **Year ended 31 December** | | | **Five months ended 31 May** | |
|---|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* *(Unaudited)* | *RMB'000* |
| Salaries, wages and bonuses | 2,670 | 4,839 | 3,801 | 2,537 | 1,917 |
| Pension cost – defined contribution plans | – | 28 | 23 | 8 | 19 |
| Housing fund, medical insurance and other social benefits | 34 | 84 | 69 | 32 | 58 |
| Share–based payments expense | 70,777 | 119,977 | 13,882 | 6,974 | 8,978 |
| | 73,481 | 124,928 | 17,775 | 9,551 | 10,972 |

The emoluments of the five highest paid individuals except for the director(s), whose emoluments have been disclosed in note 40, fell within the following bands:

| | **Year ended 31 December** | | | **Five months ended 31 May** | |
|---|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2022** | **2023** |
| | *Number of employees* | *Number of employees* | *Number of employees* | *Number of employees* *(Unaudited)* | *Number of employees* |
| Emolument band (HKD500,001 to HKD1,000,000) | – | – | – | – | – |
| Emolument band (HKD1,000,001 to HKD1,500,000) | 1 | – | – | 1 | 2 |
| Emolument band (HKD1,500,001 to HKD2,000,000) | – | – | – | 1 | 1 |
| Emolument band (HKD2,000,001 to HKD2,500,000) | – | – | – | – | 1 |
| Emolument band (HKD2,500,001 to HKD3,000,000) | – | – | 1 | 2 | – |
| Emolument band (HKD3,000,001 to HKD3,500,000) | – | – | 1 | 1 | – |
| Emolument band (HKD5,000,001 to HK$5,500,000) | – | – | – | – | 1 |
| Emolument band (HKD6,500,001 to HKD7,000,000) | – | – | 1 | – | – |
| Emolument band (HKD7,500,001 to HKD8,000,000) | – | – | 1 | – | – |

| | Year ended 31 December | | | Five months ended 31 May | |
|---|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2022 | 2023 |
| | *Number of employees* | *Number of employees* | *Number of employees* | *Number of employees (Unaudited)* | *Number of employees* |
| Emolument band (HKD11,000,001 to HKD11,500,000) | – | 1 | – | – | – |
| Emolument band (HKD26,500,001 to HKD27,000,000) | 1 | – | – | – | – |
| Emolument band (HKD27,000,001 to HKD27,500,000) | 2 | – | – | – | – |
| Emolument band (HKD35,000,001 to HKD35,500,000) | – | 2 | – | – | – |
| Emolument band (HKD68,500,001 to HKD69,000,000) | – | 1 | – | – | – |
| | 4 | 4 | 4 | 5 | 5 |

During the Track Record Period, none of the five highest paid individuals waived or has agreed to waive any emoluments, and none of the five highest paid individuals received emoluments from the Group as inducement to join or upon joining the Group, or as compensation for loss of office.

## 11 FINANCE COSTS – NET

| | Year ended 31 December | | | Five months ended 31 May | |
|---|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000 (Unaudited)* | *RMB'000* |
| **Finance income** | | | | | |
| – Bank interest income | 803 | 9,503 | 10,320 | 2,716 | 4,482 |
| **Finance costs** | | | | | |
| – Interest expenses on borrowings | (24,602) | (23,698) | (18,170) | (8,154) | (5,721) |
| – Interest expenses on lease liabilities *(note 18)* | (550) | (1,334) | (2,080) | (894) | (1,005) |
| – Amounts capitalised in construction in progress of property *((a) and note 17)* | – | – | 3,139 | 916 | 2,349 |
| | (25,152) | (25,032) | (17,111) | (8,132) | (4,377) |
| | (24,349) | (15,529) | (6,791) | (5,416) | 105 |

(a) The capitalisation rate used to determine the amount of borrowing costs capitalised, which is the weighted average interest rate applicable to the Group's borrowings for the five months ended 31 May 2023, was 5.45% per annum.

## 12 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES ACCOUNTED FOR USING THE EQUITY METHOD

**The Group and the Company**

| | Year ended 31 December | | | Five months ended 31 May | |
|---|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| | | | | *(Unaudited)* | |
| Share of losses recognised from investment in associates and joint ventures *(a)* | 723 | 355 | 26,237 | 112 | – |
| Provision for excess deficit *(note 35(b))* | – | 6,251 | (6,251) | 31 | – |
| | 723 | 6,606 | 19,986 | 143 | – |

The following table sets forth a breakdown of the share of losses of our joint ventures and associates during the Track Record Period:

| | Year ended 31 December | | | Five months ended 31 May | |
|---|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| | | | | *(Unaudited)* | |
| Yunfu Shunwei Hydrogen Power Co., Ltd. ("Yunfu Shunwei") | (715) | (648) | 123 | (148) | – |
| Beijing Yikongtong Aerospace Technology Co., Ltd ("Yikongtong Aerospace") | 22 | 33 | (378) | 105 | – |
| Guohong Refire | – | (5,985) | (19,515) | 116 | – |
| Yunfu Jinhong Hydrogen Power Technology Co., Ltd ("Yunfu Jinhong") | (30) | (6) | (216) | (216) | – |
| **Total** | **(723)** | **(6,606)** | **(19,986)** | **(143)** | **–** |

The movement of investment in associates and joint ventures are set out as below:

| | Year ended 31 December | | | Five months ended 31 May | |
|---|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| | | | | *(Unaudited)* | |
| At the beginning of the year | 24,049 | 23,326 | 23,221 | 23,221 | 8,626 |
| Investment in an associate | – | 250 | 25,642 | – | – |
| Share of losses | (723) | (355) | (26,237) | (112) | – |
| Disposal | – | – | (14,000) | – | – |
| At the end of the year/period | 23,326 | 23,221 | 8,626 | 23,109 | 8,626 |

The breakdown of investments accounted for using the equity method for each year during the Track Record Period is as follows:

| | As at 31 December | | | As at 31 May |
|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Yunfu Jinhong | 8,849 | 8,843 | 8,626 | 8,626 |
| Yikongtong Aerospace | 14,345 | 14,378 | – | – |
| Yunfu Shunwei | 132 | – | – | – |
| Guohong Refire | – | – | – | – |
| Shanxi Meijin Guohong Hydrogen Technology Co., Ltd ("Shanxi Meijin") | – | – | – | – |
| Fanxian Honghua New Energy Co., Ltd. ("Fanxian Honghua") | – | – | – | – |
| **Total** | **23,326** | **23,221** | **8,626** | **8,626** |

Set out below are the joint ventures and associates of the Group as at 31 December 2020, 2021 and 2022 and 31 May 2023. The joint ventures and associates as listed below are equity/ordinary shares investments, which held directly by the Group. The PRC is their principal place of business. Except for Guohong Refire and Yunfu Shunwei, the proportion of ownership interest is the same as the proportion of voting rights held.

Nature of investments in joint ventures and associates as at 31 December 2020, 2021 and 2022 and 31 May 2023 is set out as below:

| | | % of ownership interest | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Name of entity** | **Place of business/country of incorporation** | **As at 31 December 2020** | **2021** | **2022** | **As at 31 May 2023** | **Nature of relationship** | **Measure method** | **Principal activities** |
| Yikongtong Aerospace *(c)* | Beijing, the PRC | 40.00% | 40.00% | N/A | N/A | Joint Venture | Equity | Electronic component production |
| Shanxi Meijin *(e)* | Shanxi, the PRC | 51.00% | 51.00% | 51.00% | 51.00% | Joint Venture | Equity | Inactive |
| Guohong Refire *(a)* | Guangdong, the PRC | 51.00% | 51.00% | 51.00% | 51.00% | Associate | Equity | Technology development and promotion |
| Yunfu Shunwei *(b)* | Guangdong, the PRC | 35.71% | 35.71% | 35.71% | 35.71% | Associate | Equity | Inactive |
| Yunfu Jinhong *(d)* | Guangdong, the PRC | 30.00% | 30.00% | 30.00% | 30.00% | Associate | Equity | Inactive |
| Fanxian Honghua *(f)* | Henan, the PRC | N/A | N/A | N/A | 60.00% | Associate | Equity | Inactive |

The English name of the PRC companies in this note represent management's best effort in translating the Chinese names of those companies as no English names have been registered or are available.

There are no material commitment and contingence liabilities in the joint ventures and associates above except for those disclosed in the notes 35 and 36.

(a) The Company, Shanghai Refire Energy Group Co., Ltd. ("Shanghai Refire"), and Yunfu Rongda Asset Management Co., Ltd. ("Yunfu Rongda") hold 35.71%, 34.31% and 29.98% voting rights of Guohong Refire, respectively. Pursuant to investment agreements and articles of association, the fund invested by Yunfu Rongda is subject to a maturity date on which Yunfu Rongda has the right to redeem its investment fund in Guohong Refire. Yunfu Rongda does not entitle dividends or residual return from Guohong Refire but entitles a fixed rate of return at 1.50% per annum. Excluding the 29.98% interest held by Yunfu Rongda (which is not equity interest in nature), the Company and Shanghai Refire holds 51% and 49% equity ownership interests of Guohong Refire, respectively. According to the agreement, Yunfu Rongda can choose to withdraw its investment through capital reduction or share transfer. The

Company has the derivative financial instruments for the obligation to buy back the shares (note 36(a)). In addition, the Company and Shanghai Refire provided guarantee according to shareholding ratio for all debts arising from the obligation of Guohong Refire's borrowings (note 35(c)). For the year ended 31 December 2021, the share of losses from Guohong Refire was recognised as provisions due to excess deficit, amounting to RMB5,984,000 (note 35(b)). As at 31 December 2019, the book value of long-term equity investment has been written down to zero. As stipulated in the articles of association of Guohong Refire, when insolvency occurs in a debt dispute or liquidation, the shareholders who have not paid in full capital should pay their capital contributions first. As Guohong Refire did not have enough surplus cash in 2022 when a debt became due, so the Group and Shanghai Refire made capital injections in proportion to the shareholding of 51% and 49% into Guohong Refire in December 2022. The Group made capital injection of RMB25,500,000.

(b) The Company, Yunfu Rongda, Shanghai Shunhua New Energy Technology Co., Ltd. (Shanghai Shunhua) and Guangdong Lianyue Hydrogen Energy Co., Ltd. (Guangdong Lianyue) hold 25.00%, 30.00%, 30.00% and 15.00% voting rights of Yunfu Shunwei respectively. Pursuant to investment agreements and articles of association, the fund invested by Yunfu Rongda is subject to a maturity date on which Yunfu Rongda has the right to redeem its investment fund in Yunfu Shunwei. Yunfu Rongda does not entitle dividends or residual return from Yunfu Shunwei but entitles a fixed rate of return at 1.50% per annum. Excluding the 30% interest held by Yunfu Rongda (which is not equity interest in nature), the Company, Shanghai Shunhua and Guangdong Lianyue held 35.71%, 42.86% and 21.43% equity ownership interest of Yunfu Shunwei, respectively. For the year ended 31 December 2021, the share of losses from Yunfu Shunwei was recognised as provisions due to excess deficit, amounting to RMB267,000 (note 35(b)). In June 2021, Yunfu Rongda withdrew its investment and the Company paid RMB4,413,000 accordingly. The Group made capital injection of RMB142,000 into Yunfu Shunwei in September 2022.

(c) In 2018, the Group acquired the 40% equity interests of Yikongtong Aerospace from a third party with amount of RMB14,000,000. Decisions on Yikongtong Aerospace related activities are made by the Board of Directors, and resolutions of the board of directors shall be approved by more than two-thirds of the directors present at the board meeting. There are 5 members of the board of directors, and the Company has 2 nomination rights, so the Company holds 40% of the voting rights. In September 2022, the Group transferred all of interest in joint venture Yikongtong Aerospace to Hongyun Hydrogen Energy at a consideration of RMB14,100,000.

(d) The Group increased capital injection by RMB250,000 into Yunfu Jinhong as at 31 December 2021 and other shareholders also increased their capital according to their shareholding ratio.

(e) The Company and Meijin Energy Holding hold 51.00% and 49.00% voting rights of Shanxi Meijin respectively. Pursuant to the articles of association of Shanxi Meijin, the resolution of the general meeting of shareholders must be approved only with the unanimous consent of all shareholders. The articles of association of Shanxi Meijin also stipulates that the resolution of the board of directors must be approved with the unanimous consent of all directors. There are 3 members of the board of directors, and the Company has 2 nomination rights.

(f) The Company, China Resources Power New Energy Investment Limited Co., Ltd. and Puyang Zhiyuan Industrial Investment (Group) Co., Ltd., hold 60.00%, 30.00% and 10.00% voting rights of Fanxian Honghua respectively. Pursuant to the articles of association of Fanxian Honghua, the substantive right of the resolution of the general meeting of shareholders shall be approved by more than three-fourth of all shareholders. The articles of association of Fanxian Honghua also stipulates that the substantive right of the resolution of the board of directors must be approved with the unanimous consent of all directors. There are 5 members of the board of directors, and the Company has 2 nomination rights.

The Group has interests in a number of individually immaterial associates and joint ventures that are accounted for using the equity method.

| | As at 31 December | | | As at 31 May |
|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Aggregate carrying amount of individually immaterial associates | 23,326 | 23,221 | 8,626 | 8,626 |

| | Year ended 31 December | | | Five months ended 31 May | |
|---|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| | | | | *(Unaudited)* | |
| Aggregate amounts of the Group's share of: | | | | | |
| Capital injection | – | 250 | 25,642 | – | – |
| Loss from continuing operations | (723) | (6,606) | (19,986) | (143) | – |

## 13 INVESTMENTS IN SUBSIDIARIES – THE COMPANY

| | As at 31 December | | | As at 31 May |
|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **At the beginning of the year** | 127,668 | 275,683 | 560,712 | 866,426 |
| Investment in unlisted shares | 147,575 | 272,603 | 289,880 | 300 |
| Deemed investment arising from share-based payments for subsidiaries | 440 | 12,426 | 15,834 | 4,287 |
| **At the end of the year/period** | 275,683 | 560,712 | 866,426 | 871,013 |

| Entity name | Country/place and date of incorporation | Registered/Issued and paid-up capital | Attributable equity interest of the Group As at 31 December 2020 | 2021 | 2022 | As at 31 May 2023 | As at the date of this report | Principal activities and place of operation | Statutory auditors Year ended 31 December 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | % | % | % | % | % | | | | |
| **Directly held:** | | | | | | | | | | | |
| Beijing Guohong Hydrogen Technology Co., Ltd. | PRC, Limited Liability Company 16 November 2016 | RMB50,000,000 | 100 | 100 | 100 | 100 | 100 | Technology development and promotion in the PRC | N/A | N/A | N/A |
| Hong Kong Nation-Synergy Hydrogen Power Technology Co., Limited | Hong Kong, Limited Liability Company 19 August 2016 | USD5,000,000 | 100 | 100 | 100 | 100 | 100 | Technology development and promotion in Hong Kong | WST CPA & CO. Certified Public Accountants (Practising) | WST CPA & CO. Certified Public Accountants (Practising) | WST CPA & CO. Certified Public Accountants (Practising) |
| Guangzhou Guohong Hydrogen Energy Technology Co., Ltd. | PRC, Limited Liability Company 13 October 2017 | RMB100,000,000 | 100 | 100 | 100 | 100 | 100 | Technical services and consulting in the PRC | N/A | N/A | N/A |
| Qingdao Guohong Hydrogen Technology Co., Ltd. | PRC, Limited Liability Company 14 October 2020 | RMB100,000,000 | 100 | 100 | 100 | 100 | 100 | Technology development and promotion in the PRC | N/A | N/A | N/A |
| Wuhan Guohong Hydrogen Technology Co., Ltd. | PRC, Limited Liability Company 2 December 2020 | RMB500,000,000 | 100 | 100 | 100 | 100 | 100 | Technology development and promotion in the PRC | N/A | N/A | N/A |
| Chongqing Guohong Hydrogen Energy Technology Co., Ltd. ("Chongqing Guohong") | PRC, Limited Liability Company 17 December 2020 | RMB500,000,000 | 100 | 100 | 100 | 100 | 100 | Technology development and promotion in the PRC | N/A | N/A | N/A |
| Guangzhou Guohong Hydrogen Energy R & D Center Co., Ltd. | PRC, Limited Liability Company 30 September 2017 | RMB100,000,000 | 100 | 100 | 100 | 100 | 100 | Technology research, testing and development in the PRC | N/A | N/A | N/A |
| Guangzhou Guohong Sales Co., Ltd. | PRC, Limited Liability Company 13 October 2017 | RMB100,000,000 | 100 | 100 | 100 | 100 | 100 | Sale and wholesale in the PRC | N/A | N/A | N/A |
| Tianjin Guohong Hydrogen Technology Co., Ltd. | PRC, Limited Liability Company 18 November 2020 | RMB100,000,000 | 100 | 100 | 100 | 100 | 100 | Technology development and promotion in the PRC | N/A | N/A | N/A |
| Shanghai Hongxin Hydrogen Energy Technology Co., Ltd. | PRC, Limited Liability Company 4 June 2021 | RMB100,000,000 | N/A | 100 | 100 | 100 | 100 | Technology development and promotion in the PRC | N/A | N/A | N/A |
| Foshan Guohong Hydrogen Technology Co., Ltd. | PRC, Limited Liability Company 22 November 2019 | RMB50,000,000 | 100 | 100 | 100 | 100 | 100 | R & D and sales in the PRC | N/A | N/A | N/A |
| Guangzhou Hongsheng Fengtai Equity Investment Partnership (Limited Partnership) *(d)* | PRC, Limited Partnership 27 March 2017 | RMB54,000,000 | 100 | 100 | 100 | 100 | 100 | Equity investment management in the PRC | N/A | N/A | N/A |

| Entity name | Country/place and date of incorporation | Registered/Issued and paid-up capital | Attributable equity interest of the Group: As at 31 December 2020 | | | As at 31 May 2023 | As at the date of this report | Principal activities and place of operation | Statutory auditors: Year ended 31 December 2020 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | 2020 | 2021 | 2022 | | | | 2020 | 2021 | 2022 |
| | | | % | % | % | % | % | | | | |
| **Directly held (continued):** | | | | | | | | | | | |
| Gongqingcheng Hongsheng Fengtai Investment Partnership (Limited Partnership) *(e)* | PRC, Limited Partnership 18 November 2021 | RMB13,765,000 | N/A | 100 | 100 | 100 | 100 | Equity investment management in the PRC | N/A | N/A | N/A |
| Gongqingcheng Hongsheng Fengying Investment Partnership (Limited Partnership) *(e)* | PRC, Limited Partnership 18 November 2021 | RMB22,050,000 | N/A | 100 | 100 | 100 | 100 | Equity investment management in the PRC | N/A | N/A | N/A |
| Gongqingcheng Hongsheng Fengyuan Investment Partnership (Limited Partnership) *(e)* | PRC, Limited Partnership 18 November 2021 | RMB9,205,000 | N/A | 100 | 100 | 100 | 100 | Equity investment management in the PRC | N/A | N/A | N/A |
| GongqingCheng Zeyuan Investment Partnership (Limited Partnership) ("GQ Zeyuan") *(e)* | PRC, Limited Partnership 24 September 2021 | RMB30,000,000 | N/A | 100 | 100 | 100 | 100 | Equity investment management in the PRC | N/A | N/A | N/A |
| Guangzhou Hongli Hydrogen Technology Co., Ltd. | PRC, Limited Partnership 22 October 2020 | RMB50,000,000 | 100 | 100 | 100 | 100 | 100 | Technology development and promotion in the PRC | N/A | N/A | N/A |
| Ordos Guohong Hydrogen Energy Technology Co., Ltd. | PRC, Limited Liability Company 18 November 2021 | RMB100,000,000 | N/A | 100 | 100 | 100 | 100 | Electrical machinery and equipment manufacturing in the PRC | N/A | N/A | N/A |
| Henan Guohong Hydrogen Energy Technology Co., Ltd | PRC, Limited Liability Company 17 May 2022 | RMB100,000,000 | N/A | N/A | 100 | 100 | 100 | Manufacturing, Sales, Engineering and Technology Research of Batteries in the PRC | N/A | N/A | N/A |
| Guangdong Hongli Hydrogen Technology Co., Ltd. ("Guangdong Hongli")*(f)* | PRC, Limited Liability Company 7 November 2019 | RMB163,333,300 | 100 | 100 | 100 | 100 | 100 | Electrical machinery and equipment manufacturing in the PRC | N/A | N/A | N/A |
| Zhejiang Hongli Hydrogen Energy Equipment Co., Ltd. | PRC, Limited Liability Company 18 January 2023 | RMB100,000,000 | N/A | N/A | N/A | 100 | 100 | Technology development and promotion in the PRC | N/A | N/A | N/A |
| Shenzhen Hongxin Hydrogen Energy Technology Co., Ltd | PRC, Limited Liability Company 24 May 2023 | RMB100,000,000 | N/A | N/A | N/A | 100 | 100 | Technology development and promotion in the PRC | N/A | N/A | N/A |

| Entity name | Country/place and date of incorporation | Registered/Issued and paid-up capital | Attributable equity interest of the Group: As at 31 December 2020 % | As at 31 December 2021 % | As at 31 December 2022 % | As at 31 May 2023 % | As at the date of this report % | Principal activities and place of operation | Statutory auditors: Year ended 31 December 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Directly held (continued):** | | | | | | | | | | | |
| Guangdong Synergy Hydrogen Power Co.. Ltd. (formerly Guangdong Synergy Ballard Hydrogen Power Co., Ltd., hereinafter "Synergy Power")* | PRC, Limited Liability Company 30 September 2016 | RMB67,000,000 | 90 | 90 | 90 | 90 | 100 | Special equipment manufacturing in the PRC | Ernst & Young Hua Ming LLP Guangzhou Branch | PricewaterhouseCoopers Zhong Tian LLP | N/A |
| Meijin Guohong (Zhejiang) Hydrogen Technology Co., Ltd. ("Meijin Guohong") | PRC, Limited Liability Company 23 June 2020 | RMB200,000,000 | 51 | 51 | 51 | 51 | 51 | Technology development and promotion in the PRC | N/A | N/A | N/A |
| Yunfu Puhui Hydrogen Energy Technology Co., Ltd. ("Yunfu Puhui") *(b)* | PRC, Limited Liability Company 26 December 2016 | RMB172,400,000 | 66 | 66 | 66 | 66 | 66 | Dormant in the PRC | N/A | N/A | N/A |
| Wuhan Guoqing Hydrogen Energy Fuel Cell Co., Ltd *(c)* | PRC, Limited Liability Company 27 August 2020 | RMB18,000,000 | 44.44 | 44.44 | 44.44 | 44.44 | 44.44 | Dormant in the PRC | N/A | N/A | N/A |
| **Indirectly held:** | | | | | | | | | | | |
| Beijing Hongli Hydrogen Technology Co., Ltd. | PRC, Limited Liability Company 30 October 2020 | RMB100,000,000 | 100 | 100 | 100 | 100 | 100 | Technology development and promotion in the PRC | N/A | N/A | N/A |
| Hong Kong Nation-Synergy International Hydrogen Power Technology Co., Limited | Hong Kong, Limited Liability Company 28 April 2022 | HKD510,000 | N/A | N/A | 51 | 51 | 51 | Overseas business development in Hong Kong | N/A | N/A | N/A |

* On 28 June 2023, the Company completed the purchase of 10% equity interest in Guangdong Synergy Ballard Hydrogen Power Co.. Ltd. from Ballard Hong Kong Limited. On the event date, it was resolved by its board, among other things, to change its company name to Guangdong Synergy Hydrogen Power Co.. Ltd.

(a) The English names of the PRC companies and statutory auditors referred to above in this note represent management's best efforts in translating the Chinese names of those companies as no English names have been registered or are available. For the ones not applicable, no audited financial statements were issued for certain companies for the years ended 31 December 2020, 2021 and 2022 and the five months ended 31 May 2022 and 2023.

(b) The Group held the shares of Yunfu Puhui with 46.86% shares and another shareholder held 24.14%. 29.00% shares held by an independent third party, namely Yunfu Rongda was accounted for as financial liabilities with the principal amount of RMB50 million (note 32(b)). Meanwhile, the Company could control the daily operating activities of Yunfu Puhui, thus the Company could control the Yunfu Puhui.

(c) In August 2020, the Company, together with two independent parties namely Wuhu Guoqing Hydrogen Energy Co., Ltd. and Mr. Wu Xinglv jointly established Wuhan Guoqing Hydrogen Energy Fuel Cell Co., Ltd. ("Wuhan Guoqing") with a capital contribution ratio of 44.44%, 27.78% and 27.78% respectively. As at 31 December 2021, the Company paid in the capital in Wuhan Guoqing whereas the other two investors had not. The articles of association stipulates that the resolution of the board of directors must be approved only with the consent of more than 50% of the directors except for some protective rules, and the Company has three seats out of five seats of the board of directors, thus the Company can control the board of directors and this subsidiary. The entity is in dormant during the Track Record Period.

(d) Guangzhou Hongsheng Fengtai Equity Investment Partnership (Limited Partnership) (廣州鴻盛豐泰投資合夥企業(有限合夥)) ("Guangzhou Hongsheng") was incorporated in Guangdong province of the PRC under the Law of the PRC on Partnerships on 27 March 2017 as a platform to hold the ordinary shares for the Company's employees (note 29).

(e) Gongqingcheng Hongsheng Fengyuan Investment Partnership (Limited Partnership) (共青城鴻盛豐源投資合夥企業(有限合夥)), Gongqingcheng Hongsheng Fengtai Investment Partnership (Limited Partnership) (共青城鴻盛豐泰投資合夥企業(有限合夥)), Gongqingcheng Hongsheng Fengying Investment Partnership (Limited Partnership) (共青城鴻盛豐盈投資合夥企業(有限合夥)) and Gongqingcheng Zeyuan Investment Partnership (Limited partnership) (共青城澤源投資合夥企業(有限合夥)) (together with Guangzhou Hongsheng, the "Shareholding Platform Of Share Incentive Scheme") were incorporated in Jiangxi province of the PRC under the Law of the PRC on Partnerships in 2021 as shareholding platforms, all of which were set up for the purpose of replacing Guangzhou Hongsheng as the new employee shareholding platforms, and were collectively held by 78 individuals, all of whom were employees of our Company as at 31 May 2023. The consideration for the transfers were determined based on the respective initial investment amount in acquiring the equity interest (note 29).

(f) From 7 November 2019 to 21 November 2022, 30.00% equity interest of Guangdong Hongli held by an independent third party, namely Yunfu Rongda was accounted for as financial liabilities with the principal amount of RMB70 million (note 32(b)). On 21 November 2022, the Group repaid RMB70 million to Yunfu Ronda.

## 14 INCOME TAX (CREDIT)/EXPENSE

The amounts of income tax (credit)/expense charged to profit or loss in the consolidated statements of profit or loss represent:

| | Year ended 31 December | | | Five months ended 31 May | |
|---|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* *(Unaudited)* | *RMB'000* |
| Current income tax | – | 5,678 | 2,298 | – | 7,736 |
| Deferred income tax *(note 33)* | (2,673) | 2,418 | (15,750) | (44) | (11,741) |
| | (2,673) | 8,096 | (13,452) | (44) | (4,005) |

**(a) Numerical reconciliation of income tax expense**

| | Year ended 31 December | | | Five months ended 31 May | |
|---|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* *(Unaudited)* | *RMB'000* |
| Loss before income tax | (224,032) | (694,947) | (293,679) | (158,814) | (92,263) |
| Tax calculated at applicable statutory tax rate | (52,800) | (171,345) | (73,098) | (39,699) | (22,993) |
| – Super deduction on research and development expenditure | (4,542) | (7,980) | (11,306) | (5,305) | (2,640) |
| – Effect of preferential tax rate *(b)* | 14,473 | 74,945 | 10,856 | 9,996 | 1,070 |
| – Expenses not deductible for tax purpose* | 18,303 | 78,771 | 4,405 | 988 | 369 |
| – Utilisation of previously unrecognised tax losses | – | – | (3) | (436) | – |
| – Deductible temporary differences for which no deferred income tax asset was recognised | 19,254 | 24,354 | 25,516 | 12,064 | 2,836 |
| – Tax losses not recognised as deferred tax assets | 2,639 | 9,351 | 30,519 | 22,348 | 17,041 |
| – Utilisation of previously unrecognised deductible temporary differences | – | – | (341) | – | – |
| – Adjustments for current tax of prior periods | – | – | – | – | 312 |
| Income tax (credit)/expense | (2,673) | 8,096 | (13,452) | (44) | (4,005) |

* Expenses not deductible for tax purposes were mainly one-off share-based payments and excess amount of business entertainment expenses.

**(b) PRC enterprise income tax ("EIT")**

The enterprise income tax rate applicable to the Group's entities located in Mainland China is 25% according to the Enterprise Income Tax Law of the PRC (the "EIT Law") effective on 1 January 2008 unless these subject to preferential tax rate set out below.

The Company was qualified as a "High and New Technology Enterprise" certificate on 11 December 2017 and the certificate was subsequently renewed on 9 December 2020 with a valid period of three years, from competent authorities in accordance with the relevant regulations. After registration of taxation alteration in November 2022, the Company is applying to the local high and new technology authority of Jiaxing for registration of certificate alteration. According to the approval from its local taxation authority, the Company was entitled to a preferential income tax rate of 15% on its estimated assessable profits for the Track Record Period except for the last two months.

Beijing Guohong Hydrogen Technology Co., Ltd., a subsidiary of the Group, was qualified as a "High and New Technology Enterprise" certificate on 2 December 2020 with a valid period of three years, from competent authorities in accordance with the relevant regulations. According to the approval from its local taxation authority, Beijing Guohong Hydrogen Technology Co., Ltd. was entitled to a preferential income tax rate of 15% on its estimated assessable profits for the years ended 31 December 2020, 2021 and 2022 and the five months ended 31 May 2022 and 2023.

Qingdao Guohong Hydrogen Technology Co., Ltd., Chongqing Guohong, Tianjin Guohong Hydrogen Technology Co., Ltd and Beijing Hongli Hydrogen Energy Technology Co., Ltd., subsidiaries of the Group, were qualified as small and micro enterprise under the relevant tax rules and regulations of the PRC, and accordingly, the part of its taxable income not exceeding RMB3 million was subject to a reduced enterprise income tax rate of 20% during the Track Record Period. Chongqing Guohong is also subject to a preferential income tax rate of 15% as it was located in western development areas in the PRC.

**(c) Hong Kong profit tax**

Hong Kong Nation-Synergy Hydrogen Power Technology Co., Limited a subsidiary of the Group, incorporated in Hong Kong are subject to Hong Kong profits tax at a rate of 16.5% for the years ended 31 December 2020, 2021 and 2022 and the five months ended 31 May 2022 and 2023.

**(d) Deferred tax assets not recognised**

The Group has not recognised any deferred tax assets in respect of the following items:

| | As at 31 December | | | As at 31 May | |
|---|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| | | | | *(Unaudited)* | |
| Tax losses *(i)* | 37,567 | 89,774 | 231,558 | 224,551 | 316,889 |
| Unrecognised temporary differences *(ii)* | 150,362 | 308,052 | 472,296 | 380,363 | 477,933 |
| | 187,929 | 397,826 | 703,854 | 604,914 | 794,822 |

(i) Tax losses that are not recognised as deferred tax assets will be expired during the Track Record Period are analysed as follows:

| | As at 31 December | | | As at 31 May |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| 2022 | 3,685 | 3,685 | – | – |
| 2023 | 6,413 | 6,413 | 6,413 | 6,413 |
| 2024 | 6,658 | 6,658 | 6,658 | 6,658 |
| 2025 | 2,570 | 2,570 | 2,570 | 2,570 |
| 2026 | – | 15,178 | 15,178 | 15,178 |
| 2027 | – | – | 64,771 | 64,771 |
| Later than 2027 | 18,241 | 55,270 | 135,968 | 221,299 |
| Unrecognised tax losses carried forward | 37,567 | 89,774 | 231,558 | 316,889 |

The unused tax losses incurred by the Company and subsidiaries are not likely to generate sufficient taxable income in the foreseeable future. No deferred tax asset has been recognised in respect of such tax losses due to the unpredictability of future taxable income.

(ii) Unrecognised temporary differences

| | As at 31 December | | | As at 31 May |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Provision of loss allowance | 41,535 | 124,979 | 189,970 | 182,210 |
| Share-based payments | 2,732 | 50,814 | 105,130 | 115,226 |
| Impairment of inventories | 20,277 | 43,562 | 86,456 | 101,629 |
| Impairment of intangible assets | 57,358 | 48,964 | 40,570 | 37,073 |
| Deferred income | 15,288 | 24,862 | 20,154 | 17,349 |
| Other provisions | 11,398 | 11,076 | 9,964 | 7,854 |
| Impairment of construction in progress | – | – | 15,437 | 11,913 |
| Right-of-use assets | 1,774 | 3,795 | 4,615 | 4,679 |
| Unrecognised temporary differences | 150,362 | 308,052 | 472,296 | 477,933 |

## 15 LOSSES PER SHARE

### (a) Basic

Basic losses per share is calculated by dividing the loss of the Group attributable to the owners of the Company by weighted average number of ordinary shares outstanding during the Track Record Period.

| | Year ended 31 December | | | Five months ended 31 May | |
|---|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2022** | **2023** |
| | | | | *(Unaudited)* | |
| Loss attributable to owners of the Company (RMB'000) | (214,826) | (703,076) | (273,416) | (157,072) | (86,079) |
| Weighted average number of ordinary shares in issue (in thousands) | 205,852 | 315,982 | 382,378 | 357,622 | 420,522 |
| Basic losses per share (expressed in RMB per share) | (1.04) | (2.23) | (0.72) | (0.44) | (0.20) |

On 22 March 2022, the Company was converted into a joint stock company. For the purpose of computing basic losses per share, ordinary shares were assumed to have issued and allotted on 1 January 2020 as if the Company has been converted from a limited liability company into a joint stock company by then based on 1 unit of paid in capital is 1 unit of share.

Under the Phase I equity incentive scheme, Phase II equity incentive scheme and Phase III equity incentive scheme (the "Share Incentive Scheme"), 1,420,000 shares, 11,456,000 shares and 5,350,000 shares were granted to 17, 34 and 50 eligible employees, respectively (note 29), such shares are treated as treasury stock and excluded from the dominator of basic earnings per share. The cumulative number of beneficiaries of equity incentive scheme is 88.

### (b) Diluted

For the years ended 31 December 2020, 2021 and 2022 and the five months ended 31 May 2022 and 2023, the Group had potential dilutive shares throughout the Track Record Period related to the Share Incentive Scheme. Due to the Group's losses during the Track Record Period, Share Incentive Scheme has anti-dilutive effect on the Group's losses per share. Thus, diluted losses per share is equivalent to the basic losses per share.

## 16 DIVIDEND

No dividends have been paid or declared by the Company or the companies now comprising the Group during the Track Record Period.

## 17 PROPERTY, PLANT AND EQUIPMENT

### The Group

| | Buildings and building improvements | Machinery | Vehicles | Furniture, fittings and equipment | Construction in progress | Total |
|---|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **As at 1 January 2020** | | | | | | |
| Cost | 70,756 | 105,683 | 1,142 | 2,835 | 54,587 | 235,003 |
| Accumulated depreciation | (17,592) | (21,546) | (722) | (1,263) | – | (41,123) |
| **Net book amount** | 53,164 | 84,137 | 420 | 1,572 | 54,587 | 193,880 |
| **Year ended 31 December 2020** | | | | | | |
| Opening net book amount | 53,164 | 84,137 | 420 | 1,572 | 54,587 | 193,880 |
| Additions | 2,597 | 6,624 | – | 614 | 4,171 | 14,006 |
| Transfers | – | 2,985 | – | 108 | (3,093) | – |
| Disposals | – | (755) | – | – | – | (755) |
| Depreciation charge *(note 9)* | (7,333) | (10,162) | (217) | (553) | – | (18,265) |
| **Closing net book amount** | 48,428 | 82,829 | 203 | 1,741 | 55,665 | 188,866 |
| **As at 31 December 2020** | | | | | | |
| Cost | 73,353 | 113,742 | 1,142 | 3,557 | 55,665 | 247,459 |
| Accumulated depreciation | (24,925) | (30,913) | (939) | (1,816) | – | (58,593) |
| **Net book amount** | 48,428 | 82,829 | 203 | 1,741 | 55,665 | 188,866 |
| **Year ended 31 December 2021** | | | | | | |
| Opening net book amount | 48,428 | 82,829 | 203 | 1,741 | 55,665 | 188,866 |
| Additions | 2,425 | 19,832 | 1,444 | 2,474 | 48,160 | 74,335 |
| Others *(note 18)* | – | – | – | – | 430 | 430 |
| Transfers | – | 7,749 | – | 692 | (8,441) | – |
| Disposals | – | (2,907) | – | (3) | – | (2,910) |
| Depreciation charge *(note 9)* | (8,010) | (12,916) | (159) | (777) | – | (21,862) |
| **Closing net book amount** | 42,843 | 94,587 | 1,488 | 4,127 | 95,814 | 238,859 |
| **As at 31 December 2021** | | | | | | |
| Cost | 75,778 | 138,151 | 2,586 | 6,678 | 95,814 | 319,007 |
| Accumulated depreciation | (32,935) | (43,564) | (1,098) | (2,551) | – | (80,148) |
| **Net book amount** | 42,843 | 94,587 | 1,488 | 4,127 | 95,814 | 238,859 |

| | Buildings and building improvements *RMB'000* | Machinery *RMB'000* | Vehicles *RMB'000* | Furniture, fittings and equipment *RMB'000* | Construction in progress *RMB'000* | Total *RMB'000* |
|---|---|---|---|---|---|---|
| **Year ended 31 December 2022** | | | | | | |
| Opening net book amount | 42,843 | 94,587 | 1,488 | 4,127 | 95,814 | 238,859 |
| Additions | 62,570 | 7,628 | 1,475 | 6,630 | 200,368 | 278,671 |
| Others *(note 18)* | – | – | – | – | 574 | 574 |
| Transfers | – | 5,176 | – | 1,704 | (6,880) | – |
| Disposals | – | (65) | – | (159) | – | (224) |
| Depreciation charge *(note 9)* | (9,838) | (15,895) | (519) | (1,625) | – | (27,877) |
| Impairment charge *(note 9)* | – | – | – | – | (15,437) | (15,437) |
| **Closing net book amount** | 95,575 | 91,431 | 2,444 | 10,677 | 274,439 | 474,566 |
| **As at 31 December 2022** | | | | | | |
| Cost | 138,348 | 150,870 | 4,061 | 14,787 | 289,876 | 597,942 |
| Accumulated depreciation | (42,773) | (59,439) | (1,617) | (4,110) | – | (107,939) |
| Accumulated impairment | – | – | – | – | (15,437) | (15,437) |
| **Net book amount** | 95,575 | 91,431 | 2,444 | 10,677 | 274,439 | 474,566 |
| **Five months ended 31 May 2023** | | | | | | |
| Opening net book amount | 95,575 | 91,431 | 2,444 | 10,677 | 274,439 | 474,566 |
| Additions | 8,324 | 1,327 | 337 | 940 | 168,238 | 179,166 |
| Others *(note 18)* | – | – | – | – | 239 | 239 |
| Transfers | – | 11,422 | 54 | 267 | (11,743) | – |
| Depreciation charge *(note 9)* | (6,580) | (7,182) | (244) | (1,038) | – | (15,044) |
| **Closing net book amount** | 97,319 | 96,998 | 2,591 | 10,846 | 431,173 | 638,927 |
| **As at 31 May 2023** | | | | | | |
| Cost | 146,672 | 163,619 | 4,452 | 15,994 | 443,086 | 773,823 |
| Accumulated depreciation | (49,353) | (66,621) | (1,861) | (5,148) | – | (122,983) |
| Accumulated impairment | – | – | – | – | (11,913) | (11,913) |
| **Net book amount** | 97,319 | 96,998 | 2,591 | 10,846 | 431,173 | 638,927 |

Depreciation expenses of the Group were charged in the following categories in the consolidated statements of profit or loss (note 9):

| | Year ended 31 December | | | Five months ended 31 May | |
|---|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* *(Unaudited)* | *RMB'000* |
| Cost of sales | 12,621 | 15,189 | 16,293 | 6,861 | 5,641 |
| Administrative expenses | 5,307 | 5,318 | 9,886 | 3,796 | 8,003 |
| Research and development expenses | 336 | 1,230 | 1,322 | 519 | 1,091 |
| Selling expenses | 1 | 125 | 376 | 131 | 309 |
| Total | 18,265 | 21,862 | 27,877 | 11,307 | 15,044 |

The addition of the Group's construction-in-progress for the year ended 31 December 2022 and the five months ended 31 May 2023 included the finance costs capitalised amounted to approximately RMB3,139,000 and RMB2,349,000 (note 11).

The accumulated impairment loss of the Group, refer to valuation performed by an independent qualified valuer, was RMB15,437,000 as at 31 December 2022 due to the upgrade of hydrogen production equipment, which was in construction in progress. No further impairment indicator was noted for the five months ended 31 May 2023.

**The Company**

| | Buildings and building improvements | Machinery | Vehicles | Furniture, fittings and equipment | Construction in progress | Total |
|---|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **As at 1 January 2020** | | | | | | |
| Cost | 69,951 | 5,846 | 1,007 | 1,583 | 29,900 | 108,287 |
| Accumulated depreciation | (17,125) | (1,349) | (668) | (700) | – | (19,842) |
| **Net book amount** | 52,826 | 4,497 | 339 | 883 | 29,900 | 88,445 |
| **Year ended 31 December 2020** | | | | | | |
| Opening net book amount | 52,826 | 4,497 | 339 | 883 | 29,900 | 88,445 |
| Additions | 1,082 | 1,352 | – | 551 | 3,404 | 6,389 |
| Transfers | – | 2,985 | – | 107 | (3,092) | – |
| Depreciation charge | (7,168) | (687) | (192) | (320) | – | (8,367) |
| **Closing net book amount** | 46,740 | 8,147 | 147 | 1,221 | 30,212 | 86,467 |
| **As at 31 December 2020** | | | | | | |
| Cost | 71,032 | 10,183 | 1,007 | 2,241 | 30,212 | 114,675 |
| Accumulated depreciation | (24,292) | (2,036) | (860) | (1,020) | – | (28,208) |
| **Net book amount** | 46,740 | 8,147 | 147 | 1,221 | 30,212 | 86,467 |
| **Year ended 31 December 2021** | | | | | | |
| Opening net book amount | 46,740 | 8,147 | 147 | 1,221 | 30,212 | 86,467 |
| Additions | 1,174 | 13,566 | 1,038 | 1,819 | 3,305 | 20,902 |
| Transfers | – | 4,704 | – | – | (4,704) | – |
| Disposals | – | – | – | (3) | – | (3) |
| Depreciation charge | (7,792) | (2,289) | (120) | (470) | – | (10,671) |
| **Closing net book amount** | 40,122 | 24,128 | 1,065 | 2,567 | 28,813 | 96,695 |

| | Buildings and building improvements *RMB'000* | Machinery *RMB'000* | Vehicles *RMB'000* | Furniture, fittings and equipment *RMB'000* | Construction in progress *RMB'000* | Total *RMB'000* |
|---|---|---|---|---|---|---|
| **As at 31 December 2021** | | | | | | |
| Cost | 72,207 | 28,453 | 2,045 | 4,014 | 28,813 | 135,532 |
| Accumulated depreciation | (32,085) | (4,325) | (980) | (1,447) | – | (38,837) |
| **Net book amount** | 40,122 | 24,128 | 1,065 | 2,567 | 28,813 | 96,695 |
| **Year ended 31 December 2022** | | | | | | |
| Opening net book amount | 40,122 | 24,128 | 1,065 | 2,567 | 28,813 | 96,695 |
| Additions | 55,399 | 4,092 | 1,035 | 4,025 | 10,108 | 74,659 |
| Transfers | – | 521 | – | 589 | (1,110) | – |
| Disposals | – | (65) | – | (152) | – | (217) |
| Depreciation charge | (9,225) | (3,801) | (350) | (1,082) | – | (14,458) |
| Impairment charge | – | – | – | – | (7,049) | (7,049) |
| **Closing net book amount** | 86,296 | 24,875 | 1,750 | 5,947 | 30,762 | 149,630 |
| **As at 31 December 2022** | | | | | | |
| Cost | 127,606 | 32,986 | 3,080 | 8,433 | 37,811 | 209,916 |
| Accumulated depreciation | (41,310) | (8,111) | (1,330) | (2,486) | – | (53,237) |
| Accumulated impairment | – | – | – | – | (7,049) | (7,049) |
| **Net book amount** | 86,296 | 24,875 | 1,750 | 5,947 | 30,762 | 149,630 |
| **Five months ended 31 May 2023** | | | | | | |
| Opening net book amount | 86,296 | 24,875 | 1,750 | 5,947 | 30,762 | 149,630 |
| Additions | 7,846 | 5,169 | – | 202 | 2,050 | 15,267 |
| Transfers | – | 10,680 | – | – | (10,680) | – |
| Disposals | – | (40) | (469) | (20) | – | (529) |
| Depreciation charge | (6,085) | (2,228) | (156) | (647) | – | (9,116) |
| **Closing net book amount** | 88,057 | 38,456 | 1,125 | 5,482 | 22,132 | 155,252 |
| **As at 31 May 2023** | | | | | | |
| Cost | 135,452 | 48,786 | 1,539 | 8,614 | 25,657 | 220,048 |
| Accumulated depreciation | (47,395) | (10,330) | (414) | (3,132) | – | (61,271) |
| Accumulated impairment | – | – | – | – | (3,525) | (3,525) |
| **Net book amount** | 88,057 | 38,456 | 1,125 | 5,482 | 22,132 | 155,252 |

**(a)** As at 31 December 2021 and 2022 and 31 May 2023, the Group's construction in process with the carrying amounts of approximately RMB35,110,000, RMB102,374,000 and RMB120,615,000 were pledged to bank as the security for the long-term bank borrowings of RMB25,000,000, RMB82,100,000 and RMB102,100,000 respectively (note 32).

**18 LEASES**

**(a) Right-of-use assets**

**The Group**

| | **Land use rights** *RMB'000* | **Lease of properties** *RMB'000* | **Lease of vehicles** *RMB'000* | **Total** *RMB'000* |
|---|---|---|---|---|
| **As at 1 January 2020** | | | | |
| Cost | 9,672 | 11,339 | 791 | 21,802 |
| Accumulated depreciation | (516) | (1,684) | (250) | (2,450) |
| **Net book amount** | 9,156 | 9,655 | 541 | 19,352 |
| **Year ended 31 December 2020** | | | | |
| Opening net book amount | 9,156 | 9,655 | 541 | 19,352 |
| Additions | 28,679 | 12,825 | – | 41,504 |
| Depreciation charge *(note 9)* | (385) | (2,099) | (250) | (2,734) |
| **Closing net book amount** | 37,450 | 20,381 | 291 | 58,122 |
| **As at 31 December 2020** | | | | |
| Cost | 38,351 | 24,164 | 791 | 63,306 |
| Accumulated depreciation | (901) | (3,783) | (500) | (5,184) |
| **Net book amount** | 37,450 | 20,381 | 291 | 58,122 |
| **Year ended 31 December 2021** | | | | |
| Opening net book amount | 37,450 | 20,381 | 291 | 58,122 |
| Additions | – | 28,672 | 88 | 28,760 |
| Depreciation charge *(note 9)* | (337) | (7,429) | (261) | (8,027) |
| Amounts capitalised in construction in progress *((i) and note 17)* | (430) | – | – | (430) |
| **Closing net book amount** | 36,683 | 41,624 | 118 | 78,425 |
| **As at 31 December 2021** | | | | |
| Cost | 38,351 | 52,836 | 879 | 92,066 |
| Accumulated depreciation | (1,668) | (11,212) | (761) | (13,641) |
| **Net book amount** | 36,683 | 41,624 | 118 | 78,425 |
| **Year ended 31 December 2022** | | | | |
| Opening net book amount | 36,683 | 41,624 | 118 | 78,425 |
| Additions | 134,976 | 13,889 | – | 148,865 |
| Disposals | – | (7,931) | (3) | (7,934) |
| Depreciation charge *(note 9)* | (1,318) | (13,027) | (82) | (14,427) |
| Amounts capitalised in construction in progress *((i) and note 17)* | (574) | – | – | (574) |
| **Closing net book amount** | 169,767 | 34,555 | 33 | 204,355 |
| **As at 31 December 2022** | | | | |
| Cost | 173,327 | 53,850 | 751 | 227,928 |
| Accumulated depreciation | (3,560) | (19,295) | (718) | (23,573) |
| **Net book amount** | 169,767 | 34,555 | 33 | 204,355 |

| | Land use rights | Lease of properties | Lease of vehicles | Total |
|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Five months ended 31 May 2023** | | | | |
| Opening net book amount | 169,767 | 34,555 | 33 | 204,355 |
| Disposals | – | (79) | – | (79) |
| Depreciation charge *(note 9)* | (1,205) | (5,775) | (18) | (6,998) |
| Amounts capitalised in construction in progress *((i) and note 17)* | (239) | – | – | (239) |
| **Closing net book amount** | 168,323 | 28,701 | 15 | 197,039 |
| **As at 31 May 2023** | | | | |
| Cost | 173,327 | 51,727 | 751 | 225,805 |
| Accumulated depreciation | (5,004) | (23,026) | (736) | (28,766) |
| **Net book amount** | 168,323 | 28,701 | 15 | 197,039 |

(i) Amounts capitalised in construction in progress represent depreciation charges capitalised in site preparation cost which directly attributable to the condition necessary for it to be capable of operating in the manner intended by management.

The land use rights represent the Group's interest in leasehold land that the Group has made prepayment for the lease of the land. These include the land lots at East of Hongtaida, Yunfu Industrial Park, Silao Town, Yunfu City, Guangdong Province, the PRC and North of Yashan West Road and west of Longwang Road in Jiaxing Port Area, Pinghu City, Zhejiang Province, the PRC and L2-02/03 plot, Xipeng Group, Jiulongpo District, Chongqing City. The land use rights are under leases of 50 years.

Depreciation expenses of the Group were charged in the following categories in the consolidated statements of profit or loss as follows.

| | Year ended 31 December | | | Five months ended 31 May | |
|---|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000 (Unaudited)* | *RMB'000* |
| Depreciation expenses of right-of-use assets | | | | | |
| – Land use rights | 385 | 337 | 1,318 | 82 | 1,205 |
| – Lease of properties | 2,099 | 7,429 | 13,027 | 5,218 | 5,775 |
| – Lease of vehicles | 250 | 261 | 82 | 45 | 18 |
| | 2,734 | 8,027 | 14,427 | 5,345 | 6,998 |
| Interest expense (included in finance cost) *(note 11)* | 550 | 1,334 | 2,080 | 894 | 1,005 |
| Expense relating to short-term leases and low-value lease *(note 9)* | 33 | 1,175 | 1,570 | 286 | 985 |

**The Company**

| | Land use rights *RMB'000* | Lease of properties *RMB'000* | Total *RMB'000* |
|---|---|---|---|
| **As at 1 January 2020** | | | |
| Cost | 9,672 | 4,476 | 14,148 |
| Accumulated depreciation | (516) | (540) | (1,056) |
| **Net book amount** | 9,156 | 3,936 | 13,092 |
| **Year ended 31 December 2020** | | | |
| Opening net book amount | 9,156 | 3,936 | 13,092 |
| Additions | – | 56 | 56 |
| Depreciation charge | (193) | (689) | (882) |
| **Closing net book amount** | 8,963 | 3,303 | 12,266 |
| **As at 31 December 2020** | | | |
| Cost | 9,672 | 4,532 | 14,204 |
| Accumulated depreciation | (709) | (1,229) | (1,938) |
| **Net book amount** | 8,963 | 3,303 | 12,266 |
| **Year ended 31 December 2021** | | | |
| Opening net book amount | 8,963 | 3,303 | 12,266 |
| Additions | – | 9,085 | 9,085 |
| Depreciation charge | (193) | (1,378) | (1,571) |
| **Closing net book amount** | 8,770 | 11,010 | 19,780 |
| **As at 31 December 2021** | | | |
| Cost | 9,672 | 13,617 | 23,289 |
| Accumulated depreciation | (902) | (2,607) | (3,509) |
| **Net book amount** | 8,770 | 11,010 | 19,780 |
| **Year ended 31 December 2022** | | | |
| Opening net book amount | 8,770 | 11,010 | 19,780 |
| Additions | – | 299 | 299 |
| Disposals | – | (2,704) | (2,704) |
| Depreciation charge | (193) | (1,972) | (2,165) |
| **Closing net book amount** | 8,577 | 6,633 | 15,210 |

| | Land use rights | Lease of properties | Total |
|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* |
| **As at 31 December 2022** | | | |
| Cost | 9,672 | 10,611 | 20,283 |
| Accumulated depreciation | (1,095) | (3,978) | (5,073) |
| **Net book amount** | 8,577 | 6,633 | 15,210 |
| **Five months ended 31 May 2023** | | | |
| Opening net book amount | 8,577 | 6,633 | 15,210 |
| Disposals | – | (79) | (79) |
| Depreciation charge | (81) | (790) | (871) |
| **Closing net book amount** | 8,496 | 5,764 | 14,260 |
| **As at 31 May 2023** | | | |
| Cost | 9,672 | 9,152 | 18,824 |
| Accumulated depreciation | (1,176) | (3,388) | (4,564) |
| **Net book amount** | 8,496 | 5,764 | 14,260 |

**(b)** As at 31 December 2020, the Company's land use rights with the carrying amounts of approximately RMB8,962,000 were pledged to bank as the security for the long-term bank borrowings of RMB13,550,000. As at 31 December 2021 and 2022 and 31 May 2023, the Group's land use rights with the carrying amounts of approximately RMB27,915,000 and RMB27,341,000 and RMB27,102,000 were pledged to bank as the security for the long-term bank borrowings of RMB25,000,000 and RMB82,100,000 and RMB102,100,000 respectively. As at 31 May 2023, the Group's land use rights with the carrying amounts of approximately RMB53,743,000 was pledged to bank as the security for the short-term bank borrowing of RMB27,000,000 (note 32).

**(c)** **Lease liabilities**

**The Group**

| | As at 31 December | | | As at 31 May |
|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Lease of properties and vehicles | | | | |
| – Current | 6,307 | 17,578 | 27,714 | 29,248 |
| – Non-current | 13,180 | 27,054 | 16,585 | 12,346 |
| | 19,487 | 44,632 | 44,299 | 41,594 |

## 19 INTANGIBLE ASSETS

**The Group**

| | Software<br>*RMB'000* | Patents and licences<br>*RMB'000* | Total<br>*RMB'000* |
|---|---|---|---|
| **As at 1 January 2020** | | | |
| Cost | 1,851 | 130,365 | 132,216 |
| Accumulated amortisation | (1,492) | (29,175) | (30,667) |
| **Net book amount** | 359 | 101,190 | 101,549 |
| **Year ended 31 December 2020** | | | |
| Opening net book amount | 359 | 101,190 | 101,549 |
| Additions | 927 | – | 927 |
| Impairment charge *(note 9 and (b))* | – | (57,358) | (57,358) |
| Amortisation *(note 9)* | (84) | (13,036) | (13,120) |
| **Closing net book amount** | 1,202 | 30,796 | 31,998 |
| **As at 31 December 2020** | | | |
| Cost | 2,778 | 130,365 | 133,143 |
| Accumulated impairment | – | (57,358) | (57,358) |
| Accumulated amortisation | (1,576) | (42,211) | (43,787) |
| **Net book amount** | 1,202 | 30,796 | 31,998 |
| **Year ended 31 December 2021** | | | |
| Opening net book amount | 1,202 | 30,796 | 31,998 |
| Additions | 2,783 | – | 2,783 |
| Amortisation *(note 9)* | (441) | (4,643) | (5,084) |
| **Closing net book amount** | 3,544 | 26,153 | 29,697 |
| **As at 31 December 2021** | | | |
| Cost | 5,561 | 130,365 | 135,926 |
| Accumulated impairment | – | (57,358) | (57,358) |
| Accumulated amortisation | (2,017) | (46,854) | (48,871) |
| **Net book amount** | 3,544 | 26,153 | 29,697 |
| **Year ended 31 December 2022** | | | |
| Opening net book amount | 3,544 | 26,153 | 29,697 |
| Additions | 596 | – | 596 |
| Amortisation *(note 9)* | (781) | (4,643) | (5,424) |
| **Closing net book amount** | 3,359 | 21,510 | 24,869 |
| **As at 31 December 2022** | | | |
| Cost | 6,157 | 130,365 | 136,522 |
| Accumulated impairment | – | (57,358) | (57,358) |
| Accumulated amortisation | (2,798) | (51,497) | (54,295) |
| **Net book amount** | 3,359 | 21,510 | 24,869 |

| | Software | Patents and licences | Total |
|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* |
| **Five months ended 31 May 2023** | | | |
| Opening net book amount | 3,359 | 21,510 | 24,869 |
| Additions | 3,540 | 501 | 4,041 |
| Amortisation *(note 9)* | (404) | (1,964) | (2,368) |
| **Closing net book amount** | 6,495 | 20,047 | 26,542 |
| **As at 31 May 2023** | | | |
| Cost | 9,697 | 130,866 | 140,563 |
| Accumulated impairment | – | (57,358) | (57,358) |
| Accumulated amortisation | (3,202) | (53,461) | (56,663) |
| **Net book amount** | 6,495 | 20,047 | 26,542 |

(a) Amortisation expenses of the Group were charged in the following categories in the consolidated statements of profit or loss as follows:

| | Year ended 31 December | | | Five months ended 31 May | |
|---|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| | | | | *(Unaudited)* | |
| Cost of sales | 11,288 | 2,902 | 2,880 | 1,204 | 1,200 |
| Research and development expenses | 1,802 | 2,064 | 2,245 | 931 | 994 |
| Administrative expenses | 30 | 118 | 299 | 116 | 174 |
| | 13,120 | 5,084 | 5,424 | 2,251 | 2,368 |

(b) Impairment assessment for licences

As at 31 December 2020, management of the Group expected a significant decline in sales of 9SSL fuel stacks and therefore performed an impairment assessment on the corresponding licences of the Group. The recoverable amount of 9SSL fuel stacks related licences was assessed by management based on fair value less cost of disposal, and made a provision for impairment of RMB57,358,000 and charged to cost of sales. The fair value of the licences of the Group as at 31 December 2020 was determined with reference to valuation performed by an independent qualified valuer. No further impairment indicator was noted in 2021, 2022 and 31 May 2023.

The following table sets out the key assumptions for impairment assessment for the Group's licences of production line technology.

| | As at 31 December 2020 |
|---|---|
| Net royalty rate (%) | 11 |
| Effective income tax rate (%) | 25 |
| Tax amortisation year | 6.83 |
| Discount rate (%) | 15.5 |

Management has determined the values assigned to each of the above key assumptions as follows:

– Net royalty rate: Based on past performance and management's expectations for the future.

– Effective income tax rate and tax amortisation period: Based on management's expectations for the future.

– Discount rate: This is the weighted average cost of capital. Based on the industry average cost of capital analysed by comparable companies and considering the unique risk factors of relevant production line technology.

The following sensitivity analysis illustrates the impact of hypothetical fluctuations of our profit before income tax in relation to the changes of net royalty rate and discount rate in 2020, assuming all other variables remained constant. Fluctuations of our profit before tax in the net royalty rate and discount rate assumed to be 1% and -1%, based on the historical fluctuations in 2020 are set below:

| | **Year ended 31 December 2020** *RMB'000* |
|---|---|
| Net royalty rate increase/decrease by: | |
| Increase 1% | 1,775 |
| Decrease 1% | (1,775) |

| | **Year ended 31 December 2020** *RMB'000* |
|---|---|
| Discount rate increase/decrease by: | |
| Increase 1% | (591) |
| Decrease 1% | 623 |

**The Company**

| | **Software** *RMB'000* | **Patents and licences** *RMB'000* | **Total** *RMB'000* |
|---|---|---|---|
| **As at 1 January 2020** | | | |
| Cost | 1,627 | 17,850 | 19,477 |
| Accumulated amortisation | (1,439) | (4,796) | (6,235) |
| **Net book amount** | 188 | 13,054 | 13,242 |
| **Year ended 31 December 2020** | | | |
| Opening net book amount | 188 | 13,054 | 13,242 |
| Additions | 358 | – | 358 |
| Amortisation | (37) | (1,786) | (1,823) |
| **Closing net book amount** | 509 | 11,268 | 11,777 |

| | Software | Patents and licences | Total |
|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* |
| **As at 1 December 2020** | | | |
| Cost | 1,985 | 17,850 | 19,835 |
| Accumulated amortisation | (1,476) | (6,582) | (8,058) |
| **Net book amount** | 509 | 11,268 | 11,777 |
| **Year ended 31 December 2021** | | | |
| Opening net book amount | 509 | 11,268 | 11,777 |
| Additions | 2,636 | – | 2,636 |
| Amortisation | (348) | (1,785) | (2,133) |
| **Closing net book amount** | 2,797 | 9,483 | 12,280 |
| **As at 31 December 2021** | | | |
| Cost | 4,621 | 17,850 | 22,471 |
| Accumulated amortisation | (1,824) | (8,367) | (10,191) |
| **Net book amount** | 2,797 | 9,483 | 12,280 |
| **Year ended 31 December 2022** | | | |
| Opening net book amount | 2,797 | 9,483 | 12,280 |
| Additions | 596 | – | 596 |
| Amortisation | (688) | (1,785) | (2,473) |
| **Closing net book amount** | 2,705 | 7,698 | 10,403 |
| **As at 31 December 2022** | | | |
| Cost | 5,217 | 17,850 | 23,067 |
| Accumulated amortisation | (2,512) | (10,152) | (12,664) |
| **Net book amount** | 2,705 | 7,698 | 10,403 |
| **Five months ended 31 May 2023** | | | |
| Opening net book amount | 2,705 | 7,698 | 10,403 |
| Additions | 3,540 | 501 | 4,041 |
| Amortisation | (366) | (774) | (1,140) |
| **Closing net book amount** | 5,879 | 7,425 | 13,304 |
| **As at 31 May 2023** | | | |
| Cost | 8,757 | 18,351 | 27,108 |
| Accumulated amortisation | (2,878) | (10,926) | (13,804) |
| **Net book amount** | 5,879 | 7,425 | 13,304 |

## 20 OTHER NON-CURRENT ASSETS

**The Group**

| | As at 31 December | | | As at 31 May |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Prepayment for purchase of property, plant and equipment | 9,590 | 123,420 | 169,772 | 59,337 |
| Prepayment for purchase of land use right *(a)* | – | 26,371 | – | – |
| Cost of fulfilling a contract | 4,083 | – | – | – |
| Deductible value-added tax input | 4,332 | 8,956 | 4,056 | 4,059 |
| | 18,005 | 158,747 | 173,828 | 63,396 |

(a) The Group made prepayments of RMB26,371,000 as at 31 December 2021. The Group obtained the certificate of land use rights on 17 August 2022.

**The Company**

| | As at 31 December | | | As at 31 May |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Prepayments for purchase of property, plant and equipment | 1,677 | 43,251 | 15,949 | 17,404 |
| Cost of fulfilling a contract | 4,083 | – | – | – |
| | 5,760 | 43,251 | 15,949 | 17,404 |

## 21 FINANCIAL INSTRUMENTS BY CATEGORY

**The Group**

| | As at 31 December | | | As at 31 May |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Financial assets** | | | | |
| Financial assets at amortised cost | | | | |
| – Cash and cash equivalents *(note 26)* | 468,384 | 711,819 | 718,183 | 683,544 |
| – Restricted cash *(note 26)* | – | 819 | – | 3,626 |
| – Trade and bills receivables *(note 24)* | 288,374 | 646,823 | 1,163,232 | 1,221,139 |
| – Other receivables and prepayments *(note 25)* | 21,153 | 8,071 | 13,050 | 11,819 |
| Financial assets at fair value through other comprehensive income *(note 22)* | 290 | 12,273 | 89,436 | 89,436 |
| | 778,201 | 1,379,805 | 1,983,901 | 2,009,564 |

| | As at 31 December | | | As at 31 May |
|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Financial liabilities** | | | | |
| Financial liabilities at amortised cost | | | | |
| – Borrowings *(note 32)* | 527,850 | 533,800 | 280,300 | 365,100 |
| – Trade payables *(note 30)* | 39,466 | 101,828 | 510,726 | 556,715 |
| – Other payables and accruals (excluding non-financial liabilities) | 27,666 | 25,700 | 108,357 | 118,230 |
| – Lease liabilities *(note 18(c))* | 19,487 | 44,632 | 44,299 | 41,594 |
| Derivative financial instruments *(note 36)* | 20,482 | 18,466 | 38,950 | 39,568 |
| | 634,951 | 724,426 | 982,632 | 1,121,207 |

**The Company**

| | As at 31 December | | | As at 31 May |
|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Financial assets** | | | | |
| Financial assets at amortised cost | | | | |
| – Cash and cash equivalents *(note 26)* | 399,468 | 592,799 | 633,910 | 585,869 |
| – Restricted cash *(note 26)* | – | – | – | 3,626 |
| – Trade and bills receivables *(note 24)* | 329,223 | 783,644 | 1,424,202 | 1,523,563 |
| – Other receivables and prepayments *(note 25)* | 274,822 | 178,504 | 293,454 | 342,198 |
| Financial assets at fair value through other comprehensive income *(note 22)* | 290 | 12,273 | 89,436 | 89,436 |
| | 1,003,803 | 1,567,220 | 2,441,002 | 2,544,692 |
| **Financial liabilities** | | | | |
| Financial liabilities at amortised cost | | | | |
| – Borrowings *(note 32)* | 407,550 | 378,800 | 138,200 | 167,000 |
| – Trade payables *(note 30)* | 192,655 | 300,023 | 714,604 | 851,637 |
| – Other payables and accruals (excluding non-financial liabilities) | 122,576 | 118,951 | 166,065 | 189,378 |
| – Lease liabilities | 4,693 | 12,162 | 7,826 | 6,802 |
| Derivative financial instruments *(note 36)* | 57,719 | 46,179 | 58,478 | 53,370 |
| | 785,193 | 856,115 | 1,085,173 | 1,268,187 |

## 22 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

**The Group and The Company**

| | As at 31 December | | | As at 31 May |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Non-current** | | | | |
| Equity investments | | | | |
| – Unlisted equity investments *(a)* | – | 12,273 | 88,636 | 88,636 |
| **Current** | | | | |
| Debt investments | | | | |
| – Bank acceptance notes *(b)* | 290 | – | 800 | 800 |
| | 290 | 12,273 | 89,436 | 89,436 |

(a) On 15 August 2021, the Company entered into an agreement with the other shareholders pursuant to which the Company established and made capital injection into Shanghai Yixun Chuangneng New Energy Technology Co., Ltd. ("Shanghai Yixun") of RMB7,500,000 for 15% equity investments (without board seats).

On 18 October 2021, the Company entered into an agreement with the other shareholder pursuant to which the Company established and made capital injection into Chongqing Yuhong Chuangneng IOT Technology Co., Ltd ("Chongqing Yuhong") of RMB4,773,000 for 19.09% equity investments (without board seats). In January 2022, the Company further injected RMB76,363,000 in Chongqing Yuhong without change in shareholding.

(b) As at 31 December 2020, 31 December 2022 and 31 May 2023, balances were bank acceptance notes aged less than six months.

(c) For information about the methods and assumptions used in determining the fair value of equity and debt investment, please refer to note 3.3(b).

## 23 INVENTORIES

**The Group**

| | As at 31 December | | | As at 31 May |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Raw materials | 41,377 | 92,995 | 103,941 | 145,492 |
| Work-in-progress | 25,660 | 22,539 | 30,379 | 31,448 |
| Finished goods | 171,143 | 316,620 | 332,354 | 295,428 |
| Less: provision for impairment of inventories | (20,284) | (43,675) | (86,982) | (101,823) |
| | 217,896 | 388,479 | 379,692 | 370,545 |

The costs of individual items of inventory are determined using weighted average costs.

The impairment of inventories recognised as cost of sales amounted to RMB9,362,000, RMB23,391,000 and RMB43,307,000 and RMB14,841,000 (note 9) during the Track Record Period.

**The Company**

| | As at 31 December | | | As at 31 May |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Raw materials | 5,941 | 52,665 | 41,260 | 87,306 |
| Work-in-progress | 48 | 220 | 14,732 | 21,433 |
| Finished goods | 98,113 | 160,707 | 156,353 | 154,898 |
| Materials for consigned processing | 4,859 | 8,192 | – | – |
| Less: provision for impairment of inventories | (19,898) | (40,523) | (53,985) | (58,877) |
| | 89,063 | 181,261 | 158,360 | 204,760 |

## 24 TRADE AND BILLS RECEIVABLES

**The Group**

| | As at 31 December | | | As at 31 May |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Current** | | | | |
| Trade receivables | | | | |
| – due from third parties | 319,372 | 756,073 | 1,362,012 | 1,429,691 |
| – due from an associate *(note 39(d))* | 600 | 600 | – | – |
| | 319,972 | 756,673 | 1,362,012 | 1,429,691 |
| Less: Allowance for expected credit losses *(note 3.1(b))* | (31,598) | (110,240) | (215,105) | (216,591) |
| | 288,374 | 646,433 | 1,146,907 | 1,213,100 |
| Bills receivables | – | 390 | 163 | 3,088 |
| | 288,374 | 646,823 | 1,147,070 | 1,216,188 |
| **Non-current** | | | | |
| Trade receivables *(a)* | | | | |
| – due from third parties | – | – | 16,794 | 5,133 |
| Less: allowance for expected credit losses *(note 3.1(b))* | – | – | (632) | (182) |
| | – | – | 16,162 | 4,951 |
| | 288,374 | 646,823 | 1,163,232 | 1,221,139 |

The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9. As at 31 December 2020, 2021 and 2022 and 31 May 2023, provision of RMB31,598,000, RMB110,240,000 and RMB215,737,000 and RMB216,773,000 was made against the gross amounts of trade receivables (note 3.1 (b)), respectively.

As at 31 December 2020, 2021 and 2022 and 31 May 2023, bills receivables of the Group were bank acceptance notes aged less than 1 year.

The majority of the Group's sales were on documents against payment. As at 31 December 2020, 2021 and 2022 and 31 May 2023, the ageing analysis of the trade receivables based on the invoice date is as follows:

| | As at 31 December | | | As at 31 May |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Up to 1 year | 126,981 | 466,495 | 816,856 | 888,107 |
| 1 to 2 years | 163,241 | 125,753 | 416,708 | 432,277 |
| 2 to 3 years | 29,750 | 134,675 | 110,981 | 80,379 |
| 3 to 4 years | – | 29,750 | 34,261 | 34,061 |
| | 319,972 | 756,673 | 1,378,806 | 1,434,824 |

**The Company**

| | As at 31 December | | | As at 31 May |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Current** | | | | |
| Trade receivables | | | | |
| – due from third parties | 305,350 | 569,165 | 614,266 | 570,578 |
| – due from subsidiaries *(note 39(d))* | 51,731 | 314,484 | 944,395 | 1,061,249 |
| – due from an associate *(note 39(d))* | 600 | 600 | – | – |
| | 357,681 | 884,249 | 1,558,661 | 1,631,827 |
| Less: allowance for expected credit losses *(note 3.1(b))* | (28,458) | (100,995) | (150,784) | (136,303) |
| | 329,223 | 783,254 | 1,407,877 | 1,495,524 |
| Bills receivables | – | 390 | 163 | 23,088 |
| | 329,223 | 783,644 | 1,408,040 | 1,518,612 |

| | As at 31 December | | | As at 31 May |
|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Non-current** | | | | |
| Trade receivables *(a)* | | | | |
| – due from third parties | – | – | 16,794 | 5,133 |
| Less: allowance for expected credit losses | – | – | (632) | (182) |
| | – | – | 16,162 | 4,951 |
| | 329,223 | 783,644 | 1,424,202 | 1,523,563 |

The Company applies the simplified approach to provide for expected credit losses prescribed by IFRS 9. As at 31 December 2020, 2021 and 2022 and 31 May 2023, provision of RMB28,458,000, RMB100,995,000 and RMB151,416,000 and RMB136,485,000 was made against the gross amounts of trade receivables, respectively.

As at 31 December 2020, 2021 and 2022 and 31 May 2023, bill receivables of the Company were bank acceptance notes aged less than 1 year.

The majority of the Company's sales are on letter of credit or documents against payment. As at 31 December 2020, 2021 and 2022 and 31 May 2023, the ageing analysis of the trade receivables based on the invoice date is as follows:

| | As at 31 December | | | As at 31 May |
|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Up to 1 year | 178,630 | 608,055 | 1,174,667 | 1,269,640 |
| 1 to 2 years | 162,841 | 125,709 | 261,424 | 258,758 |
| 2 to 3 years | 16,210 | 134,275 | 110,981 | 80,379 |
| 3 to 4 years | – | 16,210 | 28,383 | 28,183 |
| | 357,681 | 884,249 | 1,575,455 | 1,636,960 |

(a) Non-current trade receivables represented the receivables from a customer who signed a contract with a credit period of more than 360 days.

The Group's and the Company's long-term bank borrowings of RMB280,000,000 as at 31 December 2021 were pledged by the trade receivables of RMB260,000,000 from Foshan Feichi (note 32(a)). The Group and the Company fully repaid the borrowings in October 2022 in advance and released the pledge accordingly.

The carrying values of trade and bills receivables approximated their fair values as at the balance sheet dates and were denominated in RMB.

## 25 OTHER RECEIVABLES AND PREPAYMENTS

**The Group**

| | As at 31 December | | | As at 31 May |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Other receivables from related parties *(note 39(d))* | 7,367 | 13,609 | 9,802 | 9,790 |
| Deposits | 382 | 2,380 | 11,779 | 11,256 |
| Advances to employees | 4,347 | 73 | 427 | 24 |
| Employee equity subscription receivable relating to Share Incentive Scheme | 16,230 | – | – | – |
| Others | 307 | 669 | 1,170 | 869 |
| | 28,633 | 16,731 | 23,178 | 21,939 |
| Less: allowance for impairment of other receivables *(note 3.1(b))* | (7,480) | (8,660) | (10,128) | (10,120) |
| | 21,153 | 8,071 | 13,050 | 11,819 |
| Prepayment to a related party *(note 39(d))* | 4,117 | 13,966 | 3,850 | 3,841 |
| Deductible value-added tax input | 6,899 | 7,324 | 50,264 | 49,306 |
| Prepayment to suppliers *(a)* | 31,047 | 32,799 | 21,570 | 21,481 |
| Prepayment for listing expenses | – | 6,633 | 24,068 | 29,462 |
| Prepaid expenses | 3,746 | 5,442 | 7,863 | 9,035 |
| Others | 1,750 | 5,616 | 4,942 | 7,752 |
| | 47,559 | 71,780 | 112,557 | 120,877 |
| Total | 68,712 | 79,851 | 125,607 | 132,696 |

**The Company**

| | As at 31 December | | | As at 31 May |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Other receivables from related parties *(note 39(d))* | 7,367 | 13,609 | 9,802 | 9,790 |
| Other receivables from subsidiaries *(note 39(d))* | 258,669 | 175,466 | 291,593 | 342,618 |
| Deposits | 293 | 1,020 | 7,134 | 6,628 |
| Advances to employees | 4,343 | 69 | 427 | – |
| Employee equity subscription receivable relating to Share Incentive Scheme | 16,230 | – | – | – |
| Others | 234 | 310 | 347 | 266 |
| | 287,136 | 190,474 | 309,303 | 359,302 |

| | As at 31 December | | | As at 31 May |
|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Less: allowance for impairment of other receivables *(note 3.1(b))* | (12,314) | (11,970) | (15,849) | (17,104) |
| | 274,822 | 178,504 | 293,454 | 342,198 |
| Deductible value-added tax input | 872 | 4,623 | – | 712 |
| Prepayment to suppliers *(a)* | 19,641 | 25,239 | 20,033 | 20,514 |
| Prepayment for listing expenses | – | 6,633 | 24,068 | 29,462 |
| Prepaid expenses | 2,001 | 4,929 | 5,678 | 6,167 |
| Others | 1,750 | 5,616 | 4,642 | 5,052 |
| | 24,264 | 47,040 | 54,421 | 61,907 |
| Total | 299,086 | 225,544 | 347,875 | 404,105 |

(a) Prepayment to suppliers represented the advance payment to vendors to purchase raw material.

The carrying values of other receivables approximated their fair values as at the balance sheet dates and were denominated in RMB.

## 26 CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

**The Group**

| | As at 31 December | | | As at 31 May |
|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Cash and cash equivalents: | | | | |
| – Cash on hand | 9 | 11 | – | – |
| – Cash at banks | 468,375 | 712,627 | 718,183 | 687,170 |
| Less: Restricted cash *(a)* | – | (819) | – | (3,626) |
| | 468,384 | 711,819 | 718,183 | 683,544 |

(a) The restricted cash as at 31 December 2021 represented a frozen fund account of Wuhan Guoqing, a subsidiary of the Group which was unfrozen in January 2022. The restricted cash as at 31 May 2023 represented a deposit for notes payable of the Company.

As at 31 December 2020, 2021 and 2022 and 31 May 2023, cash and cash equivalents and restricted cash of the Group were denominated in the following currencies:

| | As at 31 December | | | As at 31 May |
|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| RMB | 467,074 | 708,667 | 715,954 | 684,849 |
| USD | 1,310 | 3,829 | 480 | 555 |
| HKD | – | 142 | 1,749 | 1,766 |
| | 468,384 | 712,638 | 718,183 | 687,170 |

**The Company**

| | As at 31 December | | | As at 31 May |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Cash and cash equivalents: | | | | |
| – Cash on hand | 4 | 6 | – | – |
| – Cash at banks | 399,464 | 592,793 | 633,910 | 589,495 |
| Less: Restricted cash | – | – | – | (3,626) |
| | 399,468 | 592,799 | 633,910 | 585,869 |

As at 31 December 2020, 2021 and 2022 and 31 May 2023, cash and cash equivalents of the Company were denominated in RMB.

**27 PAID-IN CAPITAL/SHARE CAPITAL – THE GROUP AND THE COMPANY**

Paid-in capital or share capital represented founders' and investors' capital injection. The excess of total consideration received by the Company over paid-in capital or share capital was credited to the Company's capital reserve or share premium.

| | **Number of ordinary shares of RMB1.00 each** | **Paid-in capital** | **Capital reserve** | **Share capital** | **Share premium** |
|---|---|---|---|---|---|
| | | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **As at 1 January 2020** | N/A | 200,000 | – | N/A | N/A |
| – Addition pursuant to Share Incentive Scheme | N/A | 12,876 | 25,752 | N/A | N/A |
| – Capital contribution from shareholders | N/A | 62,397 | 504,613 | N/A | N/A |
| **As at 31 December 2020 and 1 January 2021** | N/A | 275,273 | 530,365 | N/A | N/A |
| – Addition pursuant to Share Incentive Scheme | N/A | 5,124 | 10,248 | N/A | N/A |
| – Capital contribution from shareholders | N/A | 95,225 | 939,315 | N/A | N/A |
| **As at 31 December 2021 and 1 January 2022** | N/A | 375,622 | 1,479,928 | N/A | N/A |
| Conversion into a joint stock company *(a)* | 375,622,294 | (375,622) | (1,479,928) | 375,622 | 1,357,400 |
| – Issue of new shares *(b)* | 62,899,375 | N/A | N/A | 62,900 | 943,491 |
| **As at 31 December 2022 and 31 May 2023** | 438,521,669 | N/A | N/A | 438,522 | 2,300,891 |

(a) The Company changed the type of enterprise from a limited liability company to a joint stock company on 22 March 2022. The net assets of the Company as of the conversion date, amounting to RMB1,679,022,245, were converted into 375,622,294 ordinary shares of RMB1.00 each (note (28)).

(b) During the year ended 31 December 2022, the Company issued a total of 62,899,375 ordinary shares at the price of RMB16.00 per share to investors, and raised a total subscription amount of RMB1,006,390,000, in which RMB62,899,000 was included in the share capital, and RMB943,491,000 was included in the share premium.

**28 TREASURY SHARES RESERVE AND OTHER RESERVES**

**The Group**

| | | Other reserves | | | |
|---|---|---|---|---|---|
| | **Treasury shares reserve** *(a)* *RMB'000* | **Share-based payment reserves** *RMB'000* | **Statutory surplus reserves** *RMB'000* | **Other reserves** *RMB'000* | **Total** *RMB'000* |
| **As at 1 January 2020** | – | – | 6,888 | 702 | 7,590 |
| Issuance of shares held under Share Incentive Scheme *(a)* | (38,628) | – | – | – | – |
| Share-based payment *(note 29)* | – | 118,289 | – | – | 118,289 |
| Currency translation differences | – | – | – | (262) | (262) |
| **As at 31 December 2020 and 1 January 2021** | (38,628) | 118,289 | 6,888 | 440 | 125,617 |
| Issuance of shares held under Share Incentive Scheme *(a)* | (15,372) | – | – | – | – |
| Share-based payment *(note 29)* | – | 546,043 | – | – | 546,043 |
| Currency translation differences | – | – | – | 312 | 312 |
| **As at 31 December 2021 and 1 January 2022** | (54,000) | 664,332 | 6,888 | 752 | 671,972 |
| Conversion into a joint stock company *(b)* | – | (656,830) | (6,888) | – | (663,718) |
| Share-based payment *(note 29)* | – | 54,316 | – | – | 54,316 |
| Currency translation differences | – | – | – | (318) | (318) |
| **As at 31 December 2022 and 1 January 2023** | (54,000) | 61,818 | – | 434 | 62,252 |
| Share-based payment *(note 29)* | – | 12,129 | – | – | 12,129 |
| Currency translation differences | – | – | – | 146 | 146 |
| **As at 31 May 2023** | (54,000) | 73,947 | – | 580 | 74,527 |

**The Company**

| | Treasury shares reserve *(a)* *RMB'000* | Other reserves: Share-based payment reserves *RMB'000* | Other reserves: Statutory surplus reserves *RMB'000* | Other reserves: Total *RMB'000* |
|---|---|---|---|---|
| **As at 1 January 2020** | – | – | 6,888 | 6,888 |
| Issuance of shares held under Share Incentive Scheme *(a)* | (38,628) | – | – | – |
| Share-based payment *(note 29)* | – | 118,289 | – | 118,289 |
| **As at 31 December 2020 and 1 January 2021** | (38,628) | 118,289 | 6,888 | 125,177 |
| Issuance of shares held under Share Incentive Scheme *(a)* | (15,372) | – | – | – |
| Share-based payment *(note 29)* | – | 546,043 | – | 546,043 |
| **As at 31 December 2021 and 1 January 2022** | (54,000) | 664,332 | 6,888 | 671,220 |
| Conversion into a joint stock company *(b)* | – | (656,830) | (6,888) | (663,718) |
| Share-based payment *(note 29)* | – | 54,316 | – | 54,316 |
| **As at 31 December 2022** | (54,000) | 61,818 | – | 61,818 |
| Share-based payment *(note 29)* | – | 12,129 | – | 12,129 |
| **As at 31 May 2023** | (54,000) | 73,947 | – | 73,947 |

(a) Treasury shares reserve represented the shares issued and unvested of Share Incentive Scheme.

(b) The excess of net assets of the Company converted over nominal value of the ordinary shares, capital reserve and other reserves resulted from share-based payments and statutory surplus was credited to the Company's share premium.

## 29 SHARE-BASED PAYMENTS

Expenses arising from equity-settled share-based payment transactions were as follows:

| | Year ended 31 December | | | Five months ended 31 May | |
|---|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* (*Unaudited*) | *RMB'000* |
| – Share Inventive Scheme *(a)* | 2,732 | 48,082 | 54,316 | 14,247 | 12,129 |
| – Equity transactions | | | | | |
| – transfer of equity interests in Hongyun Hydrogen Energy held by then shareholders to the Group's senior management *(b)* | 115,557 | 497,961 | – | – | – |
| Total | 118,289 | 546,043 | 54,316 | 14,247 | 12,129 |

Share-based payment expense relating to employees recognised for the years ended 31 December 2020, 2021 and 2022 and the five months ended 31 May 2022 and 2023 is as follows:

| | Year ended 31 December | | | Five months ended 31 May | |
|---|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* (*Unaudited*) | *RMB'000* |
| Administrative expenses | 117,183 | 530,748 | 39,987 | 10,902 | 9,591 |
| Research and development expenses | 1,105 | 14,325 | 9,882 | 1,724 | 1,530 |
| Selling expenses | 1 | 970 | 4,447 | 1,621 | 1,008 |
| | 118,289 | 546,043 | 54,316 | 14,247 | 12,129 |

### (a) Share Incentive Scheme

Movements in the number of equity interests shares of the Company granted and the respective weighted average grant date fair value were as follows:

| | Number of shares granted under the Share Incentive Scheme | Weighted average grant date fair value per share *RMB* |
|---|---|---|
| As at 1 January 2020 | – | – |
| Granted during the year | 12,876,000 | 9.06 |
| Outstanding as at 31 December 2020 and 1 January 2021 | 12,876,000 | 9.06 |

| | Number of shares granted under the Share Incentive Scheme | Weighted average grant date fair value per share *RMB* |
|---|---|---|
| Forfeited during the year | (226,000) | 9.10 |
| Granted during the year ended 31 December 2021 | 5,350,000 | 13.00 |
| Outstanding as at 31 December 2021 and 1 January 2022 | 18,000,000 | 10.21 |
| Forfeited during the period | (190,000) | 13.00 |
| Granted during the period | 190,000 | 13.00 |
| Outstanding as at 31 December 2022 and 1 January 2023 | 18,000,000 | 10.21 |
| Forfeited during the period | (195,000) | 11.00 |
| Cancelled during the period | (45,000) | 13.00 |
| Granted during the period | 240,000 | 16.00 |
| Outstanding as at 31 May 2023 | 18,000,000 | 10.27 |

Pursuant to the resolutions of shareholders dated 23 March 2020, 29 December 2020 and 29 November 2021, Share Incentive Scheme was approved, under which the Company issued and granted 1,420,000 shares, 11,456,000 shares and 5,350,000 shares of the Company, respectively, to the Recipients through the Shareholding Platform Of Share Incentive Scheme at a subscription price of RMB3 per share ("Subscription Price") and 226,000 shares were forfeited due to resignation of the Recipients in 2021. For the years ended 31 December 2020 and 2021, the net subscription amounts of RMB38,628,000 and RMB15,372,000, respectively, were received by the Group in cash through the Shareholding Platform Of Share Incentive Scheme. The difference between the fair value of the shares granted and the Subscription Price were recorded in share-based payment reserves within equity with the corresponding "share-based payments expenses" in profit or loss.

The Shareholding Platform Of Share Incentive Scheme are controlled and consolidated by the Group as structured entities as it was designed, established and operated by the Group for holding shares of the Company for the benefit of the Recipients under the Share Incentive Scheme during the vesting period and the Group has obligation to repurchase the shares of the resigned Recipients at the Subscription Price or reallocate these shares to other employees.

The shares held by the Shareholding Platform Of Share Incentive Scheme will be vested at the date of successful listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited. Service conditions are included in assumptions about the number of equity instruments that are expected to vest. The management will revise to determine vesting period on each balance sheet date. The total expense is recognised over the vesting period, which is from the date of issue to its expected listing. The fair value of the shares of the Company at grant dates were determined by an independent valuer based on income approach with key assumptions set out as below on the basis of allocation and analysis of appropriate comparable companies, together with evidence of public financial information.

| | As at grant dates | | |
|---|---|---|---|
| | 23 March 2020 | 29 December 2020 | 29 November 2021 |
| Sustainable growth rate *(%)* | 3.00 | 2.00 | 2.00 |
| Expected inflation rate *(%)* | 3.00 | 2.00 | 2.00 |
| Weighted average cost of capital ("WACC") *(%)* | 16.00 | 15.50 | 15.00 |
| Fair value per share *(RMB)* | 8.71 | 9.10 | 13.00 |
| Exercise price *(RMB)* | 3.00 | 3.00 | 3.00 |

**(b) Equity transactions – transfer of equity interests in Hongyun Hydrogen Energy held by then shareholders to the Group's senior management**

Immediately before 23 December 2020, Hongyun Hydrogen Energy (the largest shareholder of the Company) was held as to 50% and 50% by Mr. Ma Dongsheng and Hongyun High-Tech, respectively.

Pursuant to the shareholders' resolution dated 23 December 2020 and 30 November 2021, Mr. Ma Dongsheng and Hongyun High-Tech transferred their respective equity interests in Hongyun Hydrogen Energy at considerations of nil and RMB169,972,000, respectively, to Huahui Technology which is owned by the Group's senior management, namely Mr. Chen, Mr. Yang Zeyun, Dr. Liu Zhixiang and Dr. Yan Xiqiang as to 80%, 10%, 5% and 5% respectively. No vesting condition or service period is required for the transfer.

As at 23 December 2020 and 30 November 2021, the fair values of the Hongyun Hydrogen Energy's shares were RMB115,557,000 and RMB667,933,000, respectively, which were determined by an independent valuer based on income approach with key assumptions set out as below:

| | As at dates of transfer | |
|---|---|---|
| | 23 December 2020 | 30 November 2021 |
| Sustainable growth rate *(%)* | 2.00 | 2.00 |
| Expected inflation rate *(%)* | 2.00 | 2.00 |
| WACC *(%)* | 15.50 | 15.00 |
| LoMD *(%)* | 20.30 | 20.00 |
| Fair value per share *(RMB)* | 9.10 | 13.00 |
| Price *(RMB)* | Nil | 2.59 |

For the years ended 31 December 2020 and 2021, the differences between the considerations and the fair values as at the respective dates of transfer were recognised as share-based payments in profit or loss with corresponding increase in share-based payment reserves within equity.

## 30 TRADE AND BILLS PAYABLES

**The Group**

| | As at 31 December | | | As at 31 May |
|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Trade payables | | | | |
| – due to third parties | 22,650 | 95,272 | 509,780 | 546,667 |
| – due to related parties *(note 39(d))* | 16,816 | 6,556 | 946 | 983 |
| Bills payables | – | – | – | 9,065 |
| | 39,466 | 101,828 | 510,726 | 556,715 |

The ageing analysis of trade and bills payables of the Group as at 31 December 2020, 2021 and 2022 and 31 May 2023 based on invoice date was as follows:

| | As at 31 December | | | As at 31 May |
|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Within 1 year | 37,285 | 93,444 | 446,377 | 488,163 |
| 1-2 years | 2,054 | 8,141 | 63,365 | 67,062 |
| 2-3 years | – | 116 | 925 | 1,259 |
| Over 3 years | 127 | 127 | 59 | 231 |
| | 39,466 | 101,828 | 510,726 | 556,715 |

**The Company**

| | As at 31 December | | | As at 31 May |
|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Trade payables | | | | |
| – due to third parties | 6,195 | 66,702 | 352,490 | 401,063 |
| – due to subsidiaries *(note 39(d))* | 169,774 | 226,892 | 361,302 | 449,727 |
| – due to related parties *(note 39(d))* | 16,686 | 6,429 | 812 | 847 |
| | 192,655 | 300,023 | 714,604 | 851,637 |

The ageing analysis of trade payable of the Company as at 31 December 2020, 2021 and 2022 and 31 May 2023 based on invoice date was as follows:

| | As at 31 December | | | As at 31 May |
|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Within 1 year | 187,874 | 286,063 | 526,589 | 707,762 |
| 1-2 years | 3,239 | 12,228 | 183,570 | 136,799 |
| 2-3 years | 1,542 | 190 | 4,386 | 5,369 |
| Over 3 years | – | 1,542 | 59 | 1,707 |
| | 192,655 | 300,023 | 714,604 | 851,637 |

The carrying amounts of trade and bills payables approximated their fair values as at the balance sheet dates and were denominated in RMB.

## 31 OTHER PAYABLES AND ACCRUALS

**The Group**

| | As at 31 December | | | As at 31 May |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Other payables due to related parties *(note 39(d))* | 9,424 | 9,412 | 10,360 | 10,012 |
| Payables for purchases of property, plant and equipment | 5,934 | 6,744 | 77,503 | 91,157 |
| Payables arising from Share Incentive Scheme *(note 28)* | 38,628 | 54,000 | 54,000 | 54,000 |
| Tax payables | 1,873 | 7,992 | 16,642 | 8,032 |
| Employee benefits payables | 7,138 | 10,575 | 8,823 | 7,166 |
| Accrued expenses | 3,224 | 3,178 | 12,453 | 10,371 |
| Payables for deposits | 5,000 | 4,000 | 2,094 | 2,078 |
| Interest payables | 450 | 284 | 538 | 2,312 |
| Payables for acquisition of a joint venture | 3,300 | – | – | – |
| Others | 3,634 | 2,082 | 5,409 | 2,300 |
| | 78,605 | 98,267 | 187,822 | 187,428 |

**The Company**

| | As at 31 December | | | As at 31 May |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Other payables due to subsidiaries *(note 39(d))* | 101,385 | 103,324 | 94,145 | 116,383 |
| Other payables due to related parties *(note 39(d))* | 9,000 | 9,000 | 10,250 | 9,963 |
| Payables arising from Share Incentive Scheme *(note 28)* | 38,628 | 54,000 | 54,000 | 54,000 |
| Payables for purchases of property, plant and equipment | 3,058 | 3,186 | 47,966 | 54,550 |
| Tax payables | 1,627 | 5,727 | 12,725 | 7,568 |
| Employee benefits payables | 5,726 | 6,001 | 3,308 | 2,052 |
| Accrued expenses | 1,015 | 1,339 | 8,792 | 6,733 |
| Interest payables | – | 244 | 96 | 850 |
| Payables for deposits | 5,000 | – | 30 | 30 |
| Payables for acquisition of a joint venture | 3,300 | – | – | – |
| Others | 3,118 | 1,858 | 4,786 | 869 |
| | 171,857 | 184,679 | 236,098 | 252,998 |

**32 BORROWINGS**

**The Group**

| | As at 31 December 2020 | 2021 | 2022 | As at 31 May 2023 |
|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Non-current** | | | | |
| Long-term bank borrowings, secured *(a)* | – | 231,200 | 67,100 | 87,100 |
| Loans from third parties, secured *(b)* | 198,800 | 50,000 | – | – |
| Long-term bank borrowings, unsecured *(c)* | – | 10,000 | 15,800 | 16,500 |
| | 198,800 | 291,200 | 82,900 | 103,600 |
| **Current** | | | | |
| Current portion of long-term bank borrowings, secured *(a)* | 13,550 | 85,800 | 15,000 | 15,000 |
| Current portion of long-term bank borrowings, unsecured *(c)* | – | – | 4,400 | 21,500 |
| Loans from third parties, secured *(b)* | 315,200 | 148,800 | 50,000 | 50,000 |
| Short-term bank borrowings, secured *(d)* | – | 8,000 | – | 27,000 |
| Loans from third parties, unsecured *(e)* | 300 | – | – | – |
| Short-term bank borrowings, unsecured *(f)* | – | – | 128,000 | 148,000 |
| | 329,050 | 242,600 | 197,400 | 261,500 |
| Total borrowings | 527,850 | 533,800 | 280,300 | 365,100 |

**The Company**

| | As at 31 December 2020 | 2021 | 2022 | As at 31 May 2023 |
|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Non-current** | | | | |
| Long-term bank borrowings, secured *(a)* | – | 206,200 | – | – |
| Long-term bank borrowings, unsecured *(c)* | – | – | 7,800 | – |
| Loans from third parties, secured *(b)* | 78,800 | – | – | – |
| | 78,800 | 206,200 | 7,800 | – |
| **Current** | | | | |
| Current portion of long-term bank borrowings, secured *(a)* | 13,550 | 85,800 | – | – |
| Current portion of long-term bank borrowings, unsecured *(c)* | – | – | 2,400 | 19,000 |
| Short-term bank borrowings, secured *(d)* | – | 8,000 | – | – |
| Short-term bank borrowings, unsecured *(f)* | – | – | 128,000 | 148,000 |
| Loans from third parties, secured *(b)* | 315,200 | 78,800 | – | – |
| | 328,750 | 172,600 | 130,400 | 167,000 |
| Total borrowings | 407,550 | 378,800 | 138,200 | 167,000 |

**(a) Long-term bank borrowings, secured**

The Group's and the Company's long-term bank borrowing of RMB12,000,000 as at 31 December 2021 was guaranteed by Mr. Ma Dongsheng, Hongyun Hydrogen Energy and Yunfu Industrial Park in 2021. This guarantee was released in March 2022.

The Group's and the Company's long-term bank borrowing of RMB280,000,000 as at 31 December 2021 was secured by the Group's and the Company's trade receivables from Foshan Feichi in the amount of RMB260,000,000 (note 24), and the Company's shares owned by Hongyun Hydrogen Energy and GQ Zeyuan and were guaranteed by Hongyun Hydrogen Energy. According to the loan contract, the balance of RMB280,000,000 will be gradually settled in 2022, 2023 and 2024, but the Group and the Company has fully repaid the loan in October 2022 in advance.

The Group's long-term bank borrowings of RMB25,000,000, RMB66,850,000 and RMB83,250,000 as at 31 December 2021, 31 December 2022 and 31 May 2023 were secured by the Group's land use rights with net book value of RMB27,915,000, RMB27,341,000 and RMB27,102,000, respectively (note 18(b)). The borrowings were secured by the Group's construction in process with net book value of RMB35,110,000 and RMB102,374,000 and RMB120,615,000 as at 31 December 2021, 31 December 2022 and 31 May 2023, respectively (note 17(a)). The long-term bank borrowings were guaranteed by the shareholders of Meijin Guohong, namely, Meijin Energy Holding and Zhejiang Hydrogen City Jingrui Hydrogen Technology Co., Ltd. ("Jingrui Hydrogen") and the Company according to their respective shareholdings in Meijing Guohong. For the long-term bank borrowing of RMB83,250,000, the Group will repay RMB12,500,000 in the 4th quarter of 2023, RMB28,500,000 in 2024, RMB33,750,000 in 2025 and RMB8,500,000 in 2026.

The Group's long-term bank borrowings of RMB15,250,000 as at 31 December 2022 and RMB18,850,000 as at 31 May 2023 were secured by the Group's land use rights with net book value of RMB27,341,000 and RMB27,102,000 respectively (note 18(b)). The borrowings were secured by the Group's construction in process with net book value of RMB102,374,000 and RMB120,615,000 as at 31 December 2022 and 31 May 2023, respectively (note 17(a)). The Group will repay RMB2,500,000 in the 4th quarter of 2023, RMB6,500,000 in 2024, RMB6,250,000 in 2025 and RMB3,600,000 in 2026.

The Group's and the Company's long-term bank borrowing of RMB13,550,000 as at 31 December 2020 was secured by the Group's and the Company's land use rights with net book value of RMB8,962,000 (note 18(b)), and the borrowing was fully repaid in December 2021.

**(b) Loans from third parties, secured**

The Group's and the Company's long-term loan from a third party, namely Yunfu Yunneng Hydrogen Industry Investment Partnership (Limited Partnership) ("Yunfu Yunneng"), in the amounts of RMB394,000,000 and RMB78,800,000 as at 31 December 2020 and 2021, respectively, were guaranteed by Yunfu Industrial Park. The loan was fully repaid in January 2022.

The Group's long-term secured loan from a third party, namely Yunfu Rongda amounting to RMB50,000,000 as at 31 December 2020, 2021, 2022 and 31 May 2023, were guaranteed by the Company and Yunfu Foyun New Energy Transportation Investment Development Co., Ltd. ("Yunfu Foyun"), a non-controlling shareholder of Yunfu Puhui. Such loan was arising from a quadripartite investment agreement in relation to an incubation project of hydrogen energy industry and equipment manufacturing industry of Yunfu Puhui entered into between Yunfu Rongda, Yunfu Foyun, the Company and Yunfu Puhui, pursuant to which Yunfu Rongda made capital injection of RMB50,000,000 in Yunfu Puhui for an investment period from 31 December 2018 to 30 June 2020. Yunfu Rongda was entitled the fixed rate of return at 1.50% per annum. The supplemental quadripartite investment agreement was signed on 11 December 2020 pursuant to which Yunfu Rongda agreed to extend the investment period to 30 June 2023 with the same rate of return at 1.50% per annum. Yunfu Rongda would choose to transfer shares to exit from investment(Note 36),the Company paid RMB33,000,000 to Yunfu Rongda to undertake the transferred shares in proportion to the shareholding of 66% in June 2023. As the result of these arrangements, the liability guarantee were released.

The Group's long-term secured loan from a third party Yunfu Rongda amounting to RMB70,000,000 as at 31 December 2020 and 2021 were guaranteed by the Company, shareholder of Yunfu Industrial Park and Hongyun Hydrogen Energy. Such loan was arising from another investment agreement in relation to the development of advanced equipment manufacturing industry of the Group entered into between Yunfu Rongda, Hongyun Hydrogen Energy, Yunfu Industrial Park, the Company and Guangdong Hongli, pursuant to which Yunfu Rongda made capital injection of RMB70,000,000 in Guangdong Hongli, a subsidiary of the Group, for a fixed rate of return of 1.50% per annum and for an investment period to 21 November 2022. The loan was fully repaid on 21 November 2022.

**(c) Long-term bank borrowings, unsecured**

The Group's and the Company's long-term bank borrowing of RMB10,200,000 as at 31 December 2022 and RMB9,000,000 as at 31 May 2023 were unsecured and not guaranteed. The Group and the Company has repaid RMB1,800,000 in 2022 and RMB1,200,000 in the first half of 2023. The Group and the Company will repay RMB1,200,000 in the second half of 2023 and RMB7,800,000 in 2024.

The Group's long-term bank borrowing of RMB10,000,000 as at 31 December 2021 was borrowed with co-borrowers, Mr. Ma Dongsheng and Synergy Power. In March 2022, a supplemental agreement was signed that Mr. Ma Dongsheng is no longer responsible for repayment as a co-borrower. The Group's long-term bank borrowing of RMB10,000,000 and RMB9,000,000 as at 31 December 2022 and 31 May 2023, respectively, were unsecured and not guaranteed, and the Group will repay RMB1,000,000 in second half of 2023 and RMB8,000,000 in 2024.

The Group's and the Company's long-term bank borrowing of RMB10,000,000 as at 31 May 2023 was unsecured and not guaranteed. The Group and the Company will repay RMB10,000,000 in 2024.

The Group's long-term bank borrowing of RMB10,000,000 as at 31 May 2023 was unsecured and not guaranteed. The Group will repay RMB1,500,000 in 2024, RMB2,000,000 in 2025 and RMB6,500,000 in 2026.

**(d) Short-term bank borrowings, secured**

The Group's and the Company's short-term bank borrowing of RMB8,000,000 as at 31 December 2021 was guaranteed by Mr. Ma Dongsheng, Hongyun Hydrogen Energy and Yunfu Industrial Park, and such guarantee was released in March 2022. The Group and the Company has fully repaid the borrowing in October 2022.

The Group's short-term bank borrowing of RMB27,000,000 as at 31 May 2023 was guaranteed by the Company and was secured by the Group's land use rights with net book value of RMB53,743,000 as at 31 May 2023 (note 18(b)). The Group will repay the borrowing in February 2024.

**(e) Loans from third parties, unsecured**

The Group's short-term loan from a third party, namely Jingrui Hydrogen amounting to RMB300,000 as at 31 December 2020 was unsecured, and fully repaid in January 2021. Jingrui Hydrogen also provide the guarantee for our subsidiary, Meijin Guohong.

**(f) Short-term bank borrowings, unsecured**

The Group and the Company's short-term bank borrowing of RMB8,000,000 as at 31 December 2022 and 31 May 2023 was unsecured and not guaranteed. The borrowing will be repaid in October 2023.

The Group and the Company's short-term bank borrowing of RMB30,000,000 as at 31 December 2022 was guaranteed by Mr. Chen. The guarantee was released in November 2022. The borrowing has been repaid in March 2023.

The Group and the Company's short-term bank borrowing of RMB20,000,000 as at 31 December 2022 and 31 May 2023 was guaranteed by Mr. Chen. The guarantee was released in November 2022 and the borrowings will be repaid in August 2023.

The Group and the Company's short-term bank borrowing of RMB30,000,000 as at 31 May 2023 was unsecured and not guaranteed. The borrowing will be repaid in March 2024.

The Group's and the Company's short-term bank borrowing of RMB20,000,000 as at 31 December 2022 and 31 May 2023 was unsecured and not guaranteed. The borrowing will be repaid in September 2023.

The Group's and the Company's short-term bank borrowing of RMB10,000,000 as at 31 May 2023 was unsecured and not guaranteed. The borrowing will be repaid in December 2023.

The Group's and the Company's short-term bank borrowing of RMB50,000,000 as at 31 December 2022 and 31 May 2023 was unsecured and not guaranteed. The borrowing will be repaid in December 2023.

The Group's and the Company's short-term bank borrowing of RMB10,000,000 as at 31 May 2023 was unsecured and not guaranteed. The borrowing will be repaid in January 2024.

**(g) Repayment periods**

The Group's borrowings as at the balance sheet dates were repayable:

**The Group**

| | As at 31 December | | | As at 31 May |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Within 1 year | 329,050 | 242,600 | 197,400 | 261,500 |
| Between 1 and 2 years | 148,800 | 150,900 | 50,800 | 44,000 |
| Between 2 and 5 years | 50,000 | 140,300 | 32,100 | 59,600 |
| Total | 527,850 | 533,800 | 280,300 | 365,100 |

The Group's borrowings were denominated in RMB. The weighted average effective interest rates were as follows:

| | Year ended 31 December | | | Five months ended 31 May | |
|---|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2022** | **2023** |
| | | | | *(Unaudited)* | |
| Bank borrowings | 5.98% | 5.37% | 4.61% | 4.62% | 4.46% |
| Loans from third parties | 4.47% | 5.67% | 1.67% | 1.86% | 1.50% |

**The Company**

| | As at 31 December | | | As at 31 May |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Within 1 year | 328,750 | 172,600 | 130,400 | 167,000 |
| Between 1 and 2 years | 78,800 | 86,400 | 7,800 | – |
| Between 2 and 5 years | – | 119,800 | – | – |
| Total | 407,550 | 378,800 | 138,200 | 167,000 |

The Company's borrowings were denominated in RMB. The weighted average effective interest rates were as follows:

| | Year ended 31 December | | | Five months ended 31 May | |
|---|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2022** | **2023** |
| | | | | *(Unaudited)* | |
| Bank borrowings | 5.98% | 4.78% | 4.43% | 4.51% | 3.91% |
| Loans from third parties | 5.28% | 5.28% | 5.28% | 5.28% | – |

**(h) Other disclosures**

***(i) Fair values***

The carrying amounts for the majority of the borrowings approximated their fair values as they were carried at floating interest rates.

***(ii) Risk exposures***

Details of the Group's exposure to risks arising from current and non-current borrowings are set out in note 3.1.

**(i) Loan covenants**

Under respective term of certain bank borrowing facilities, the Company and certain subsidiaries of Group, as the borrower, is required to comply with financial covenant, respectively.

These financial covenants included, for each of the borrower, the total liabilities must be not more than certain percentage of the total assets.

The Group has complied with those covenants throughout the reporting period.

## 33 DEFERRED INCOME TAX

**The Group**

**(a) Deferred income tax assets**

| | As at 31 December | | | As at 31 May |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Deferred income tax assets: | | | | |
| – to be recovered within 12 months | 3,827 | 2,420 | 3,260 | 3,241 |
| – to be recovered more than 12 months | 3,600 | 6,539 | 21,109 | 30,738 |
| | 7,427 | 8,959 | 24,369 | 33,979 |

The gross movements on the deferred income tax account are as follows:

| | Provision of loss allowance | Tax losses | Provisions | Impairment of inventories | Lease liabilities | Deferred income | Total |
|---|---|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **As at 31 December 2019 and 1 January 2020** | 205 | 180 | – | – | 1,566 | – | 1,951 |
| Charged to profit or loss *(note 14)* | 130 | 2,541 | – | 2 | 2,803 | – | 5,476 |
| **As at 31 December 2020 and 1 January 2021** | 335 | 2,721 | – | 2 | 4,369 | – | 7,427 |
| Charged/(credited) to profit or loss *(note 14)* | 152 | (2,721) | 125 | 26 | 3,950 | – | 1,532 |
| **As at 31 December 2021 and 1 January 2022** | 487 | – | 125 | 28 | 8,319 | – | 8,959 |
| Charged/(credited) to profit or loss *(note 14)* | 14,870 | – | 1,652 | 103 | (1,215) | – | 15,410 |
| **As at 31 December 2022 and 1 January 2023** | 15,357 | – | 1,777 | 131 | 7,104 | – | 24,369 |
| Charged/(credited) to profit or loss *(note 14)* | 2,790 | – | 277 | 1 | (1,069) | 7,611 | 9,610 |
| **As at 31 May 2023** | 18,147 | – | 2,054 | 132 | 6,035 | 7,611 | 33,979 |

As at 31 December 2020, 2021 and 2022 and 31 May 2023, the Group has not recognised deferred tax assets of the Company and certain subsidiaries in respect of their respective cumulative tax losses of RMB37,567,000, RMB89,774,000 and RMB231,558,000 and RMB316,889,000 respectively (note 14) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction of the Company and certain subsidiaries.

**(b) Deferred income tax liabilities**

| | As at 31 December | | | As at 31 May |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Deferred income tax liabilities: | | | | |
| – to be recovered within 12 months | 1,104 | 2,390 | 4,004 | 2,981 |
| – to be recovered more than 12 months | 3,265 | 5,929 | 3,975 | 2,867 |
| | 4,369 | 8,319 | 7,979 | 5,848 |

| | Right-of-use assets | Provision of loss allowance | Total |
|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* |
| **At 31 December 2019 and 1 January 2020** | 1,566 | – | 1,566 |
| Charged to profit or loss *(note 14)* | 2,803 | – | 2,803 |
| **At 31 December 2020 and 1 January 2021** | 4,369 | – | 4,369 |
| Charged to profit or loss *(note 14)* | 3,950 | – | 3,950 |
| **At 31 December 2021 and 1 January 2022** | 8,319 | – | 8,319 |
| (Credited)/charged to profit or loss *(note 14)* | (1,215) | 875 | (340) |
| **At 31 December 2022 and 1 January 2023** | 7,104 | 875 | 7,979 |
| Credited to profit or loss *(note 14)* | (1,256) | (875) | (2,131) |
| **At 31 May 2023** | 5,848 | – | 5,848 |

## 34 DEFERRED INCOME

**The Group**

| | As at 31 December | | | As at 31 May |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Government Grants** | | | | |
| Asset-related grants *(a)* | 19,288 | 22,932 | 18,636 | 58,896 |
| Reimbursement of future expenses *(b)* | 2,416 | 7,285 | 9,311 | 9,353 |
| | 21,704 | 30,217 | 27,947 | 68,249 |
| Less: current portion | (5,231) | (4,301) | (4,301) | (5,156) |
| Non-current portion | 16,473 | 25,916 | 23,646 | 63,093 |

**(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.

## 35 PROVISIONS

**The Group**

| | As at 31 December | | | As at 31 May |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Non-current** | | | | |
| Product warranties *(a)* | 4,928 | 9,091 | 15,018 | 15,853 |
| Excess deficit *(b)* | | | | |
| – Guohong Refire | – | 5,984 | – | – |
| – Yunfu Shunwei | – | 267 | – | – |
| Financial guarantee obligation *(c)* | 1,096 | – | – | – |
| | 6,024 | 15,342 | 15,018 | 15,853 |
| **Current** | | | | |
| Product warranties *(a)* | 6,470 | 2,482 | 2,671 | 1,444 |
| Financial guarantee obligation *(c)* | – | 12,192 | – | – |
| Legal claims *(d)* | 2,456 | 2,456 | – | – |
| | 8,926 | 17,130 | 2,671 | 1,444 |
| | 14,950 | 32,472 | 17,689 | 17,297 |

**The Company**

| | As at 31 December | | | As at 31 May |
|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Non-current** | | | | |
| Product warranties *(a)* | 3,306 | 5,071 | 3,289 | 2,274 |
| Excess deficit *(b)* | | | | |
| – Guohong Refire | – | 5,984 | – | – |
| – Yunfu Shunwei | – | 267 | – | – |
| Financial guarantee obligation *(c)* | 1,096 | – | – | – |
| | 4,402 | 11,322 | 3,289 | 2,274 |
| **Current** | | | | |
| Product warranties *(a)* | 6,470 | 2,482 | 2,671 | 1,444 |
| Financial guarantee obligation *(c)* | – | 12,192 | – | – |
| | 6,470 | 14,674 | 2,671 | 1,444 |
| | 10,872 | 25,996 | 5,960 | 3,718 |

**(a) Product warranties**

Provision was made for estimated warranty claims in respect of products sold which were still under warranty at the end of the reporting period. 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 RMB92.7 million and RMB166.9 million capital contribution in Guohong Refire, while the Company has not subscribed the full amount as at 31 December 2021, pursuant to the articles of association of Guohong Refire. The Company and other shareholders of Yunfu Shunwei shall subscribe RMB10.0 million and RMB30.0 million capital contribution in Yunfu Shunwei, while the Company has not subscribed the full amount as at 31 December 2021, pursuant to the articles of association of Yunfu Shunwei. As at 31 December 2021, the Group's investments in Guohong Refire and Yunfu Shunwei were zero, while due to the legal obligation as stipulated in the articles of association that shareholders shall bear limited losses by subscription of capital contribution, so the residual liabilities of Guohong Refire and Yunfu Shunwei to be born by the Group to the limit of remaining unsubscribed capital contribution was recorded as provision for excess deficit accordingly.

The Group made capital injection of RMB25,500,000 into Guohong Refire as at 28 December 2022, and of RMB142,000 into Yunfu Shunwei as at 2 September 2022.

**(c) Financial guarantee obligation**

On 15 September 2017, Guohong Refire (associate of the Company) signed an agreement 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 million 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 Shanghai Refire signed a guarantee contract with Yunfu Yunneng pursuant to which the Company and Shanghai Refire provided 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 million to 31 December 2022 and the Group's guarantee was extended as well. Accordingly, for the years ended 31 December 2020 and 2021, the Group recognised loss allowance of RMB1,096,000 and RMB12,192,000 respectively, for the gross amount of financial guarantee obligation of RMB107.1 million and RMB25.5 million, respectively, which was measured against 12-month expected credit losses for the year ended 31 December 2020 and 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. Guohong Refire has already repaid RMB40 million and RMB160 million in 2019 and 2021, respectively. In December 2022, Guohong Refire repaid remaining RMB50 million to Yunfu Yunneng.

**(d) Legal claims**

A liability of approximately RMB2,456,000 was recognised for certain on-going lawsuits with an independent third party supplier, Hangzhou Ousen Technology Co., Ltd. ("Hangzhou Ousen") as defendant. In one of these lawsuits, which is at the Yuncheng district People's Court of Yunfu City, Hangzhou Ousen appealed against Synergy Power, one of the subsidiaries of the Group, for the unpaid payment of the sale contract for fuel cell stack automatic production system and required Synergy Power to pay the remaining payment of RMB2,456,000 as agreed in the contract and relevant litigation expenses incurred by it. In November 2022, the second-instance trial hearings for the sale contract dispute has been lost. As at 21 November 2022, the Group settled the provision for the legal claim.

**36 DERIVATIVE FINANCIAL INSTRUMENTS**

**The Group**

The Group has the derivative financial instruments with the obligation to buy back the shares of the following associated enterprises:

| | As at 31 December | | | As at 31 May |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Non-current** | | | | |
| – Guohong Refire *(a)* | 17,834 | 18,466 | – | – |
| **Current** | | | | |
| – Guohong Refire *(a)* | – | – | 38,950 | 39,568 |
| – Yunfu Shunwei *(b)* | 2,648 | – | – | – |
| | 2,648 | – | 38,950 | 39,568 |
| | 20,482 | 18,466 | 38,950 | 39,568 |

For information about the methods and assumptions used in determining the fair value of derivatives, please refer to note 3.3(b).

**The Company**

The Company has the derivative financial instruments with the obligation to buy back the shares of the following subsidiaries and associated enterprises:

| | As at 31 December | | | As at 31 May |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Non-current** | | | | |
| – Guohong Refire *(a)* | 17,834 | 18,466 | – | – |
| – Yunfu Puhui *(c)* | 14,543 | 15,732 | – | – |
| – Guangdong Hongli *(d)* | 22,694 | – | – | – |
| | 55,071 | 34,198 | – | – |

| | As at 31 December | | | As at 31 May |
|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Current** | | | | |
| – Guohong Refire *(a)* | – | – | 38,950 | 39,568 |
| – Yunfu Puhui *(c)* | – | – | 19,528 | 13,802 |
| – Guangdong Hongli *(d)* | – | 11,981 | – | – |
| – Yunfu Shunwei *(b)* | 2,648 | – | – | – |
| | 2,648 | 11,981 | 58,478 | 53,370 |
| | 57,719 | 46,179 | 58,478 | 53,370 |

***(a) Guohong Refire***

On 13 December 2018, the Company entered into an agreement pursuant to which the Company, Yunfu Rongda, and a third party namely Shanghai Refire established the Group's associate, namely Guohong Refire. Pursuant to the agreement, Yunfu Rongda had the right to withdraw its investment in Guohong Refire of approximately RMB77.84 million with a post-tax return rate at 1.5% per annum on or after 30 June 2020 and the Company and Shanghai Refire are required to agree such capital withdrawal in proportion to the shareholding of 51% and 49%, respectively. According to the agreement, Yunfu Rongda can choose to withdraw its investment through capital reduction or share transfer. If Yunfu Rongda chooses to reduce capital from investment, Guohong Refire shall return Yunfu Rongda investment fund, and the Company and Shanghai Refire shall assume joint and several liability guarantee. If Yunfu Rongda chooses to transfer shares to exit from investment, the Company and Shanghai Refire shall jointly undertake the transferred shares and Guohong Refire should provide joint and several liability guarantee.

On 8 January 2019, the Company, Yunfu Rongda, Shanghai Refire 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, as at 31 December 2020, 2021 and 2022 and 31 May 2023, the Group recognised the fair value changes of RMB(0.78) million, RMB0.63 million and RMB20.48 million and RMB0.62 million for the derivative financial instrument which represent the put option that Yunfu Rongda held and the related financial guarantee of RMB17.83 million, RMB18.47 million and RMB38.95 million and RMB39.57 million, respectively, which were measured under discounted cashflow method based on expected cashflow determined under the contract terms and market discount rate.

***(b) Yunfu Shunwei***

On 20 December 2018, the Company entered into an agreement pursuant to which the Company, a third party, namely Yunfu Rongda, and certain third parties ("Other Investors of Yunfu Shunwei") established the Group's associate, namely Yunfu Shunwei. Pursuant to the agreement, Yunfu Rongda had a right to withdraw its investment in Yunfu Shunwei of approximately RMB12,000,000 with a post-tax return rate at 1.5% per annum on or after 30 June 2020 and the Company and Other Investors of Yunfu Shunwei were required to settle such capital withdrawal in proportion to the shareholding of 35.71% and 64.29%, respectively. According to the agreement, Yunfu Rongda can choose to withdraw its investment through capital reduction or share transfer. If Yunfu Rongda chooses to reduce capital from investment, Yunfu Shunwei shall return Yunfu Rongda investment fund, and the Company and Other Investors of Yunfu Shunwei shall assume guarantee liability. If Yunfu Rongda chooses to transfer shares to exit from investment, the Company and Other Investors of Yunfu Shunwei shall jointly undertake the transferred shares and Yunfu Shunwei should provide joint and several liability guarantee.

On 30 June 2020, Yunfu Rongda exercised the right and accordingly, the Group recognised the fair value changes of RMB0.03 million for the gross amount of derivative financial instrument of RMB2.65 million for the year ended 2020 and the balance of RMB4.41 million was fully settled in June 2021 (note 3.3(a)).

*(c) Yunfu Puhui*

On 13 December 2018, the Company entered into an agreement pursuant to which the Company, Yunfu Rongda and Yunfu Foyun established the Group's subsidiary, namely Yunfu Puhui. According to the agreement, Yunfu Rongda had the right to withdraw its investment in Yunfu Puhui of RMB50 million with a post-tax return rate at 1.5% per annum on or after 30 June 2020, whereas Yunfu Puhui, the Company and Yunfu Foyun have joint and several liability to assist Yunfu Rongda settle such capital withdrawal. According to the agreement, Yunfu Rongda can choose to withdraw its investment through capital reduction or share transfer. If Yunfu Rongda chooses to reduce capital from investment, Yunfu Puhui shall return Yunfu Rongda investment fund, and the Company and Yunfu Foyun shall provide guarantee in proportion to the shareholding of 66% and 34%, respectively. If Yunfu Rongda chooses to transfer shares to exit from investment, the Company and Yunfu Foyun are required to jointly undertake the transferred shares in proportion to the shareholding of 66% and 34%, respectively, and Yunfu Puhui should provide joint and several liability guarantee.

On 11 December 2020, the Company, Yunfu Rongda, Yunfu Foyun and Yunfu Puhui signed a supplementary agreement pursuant to which Yunfu Rongda extend its right of capital withdrawal to 30 June 2023. Accordingly, as at 31 December 2020, 2021, 2022 and 31 May 2023, the Company recognised the fair value changes of RMB(12.13) million, RMB1.19 million and RMB3.80 million and RMB13.36 million for the gross amount of derivative financial instrument of RMB14.54 million, RMB15.73 million and RMB19.53 million and RMB13.80 million, respectively, which were measured under discounted cashflow method based on expected cashflow determined under the contract terms and market discount rate. As Yunfu Puhui is the subsidiary of the Group, the amount of this obligation was eliminated at the Group level.

*(d) Guangdong Hongli*

On 22 November 2019, the Company entered into an agreement with Yunfu Rongda, Guangdong Hongli, Hongyun Hydrogen Energy and Yunfu Industrial Park, pursuant to which the Company and Yunfu Rongda established the Group's subsidiary, namely Guangdong Hongli. Pursuant to the agreement, Yunfu Rongda invested RMB70 million, with a shareholding ratio of 30%, and the Company invested RMB163.3 million, with a shareholding ratio of 70%.Yunfu Rongda had the right to withdraw its investment in Guangdong Hongli of approximately RMB70 million with a post-tax return rate at 1.5% per annum on or after 21 November 2022, whereas Guangdong Hongli, the Company, Hongyun Hydrogen Energy and Yunfu Industrial Park have joint and several liability to assist Yunfu Rongda settle such capital withdrawal. According to the agreement, Yunfu Rongda can choose to withdraw its investment through capital reduction or share transfer. If Yunfu Rongda chooses to reduce capital from investment, Guangdong Hongli shall return Yunfu Rongda investment fund, and the Company, Hongyun Hydrogen Energy and Yunfu Industrial Park shall provide guarantee for Guangdong Hongli. If Yunfu Rongda chooses to transfer shares to exit from investment, the Company, Hongyun Hydrogen Energy and Yunfu Industrial Park shall jointly undertake the transferred shares and Guangdong Hongli should provide joint and several liability guarantee.

Accordingly, as at 31 December 2020 and 2021, the Company recognised the fair value changes of RMB(0.68) million and RMB(10.71) million for the gross amount of derivative financial instrument of RMB22.69 million and RMB11.98 million, respectively, which were measured under discounted cashflow method based on expected cashflow determined under the contract terms and market discount rate. As Guangdong Hongli is the subsidiary of the Group, the amount of this obligation was eliminated at the Group level. In November 2022, Guangdong Hongli repaid RMB70 million to Yunfu Rongda.

## 37 CASH FLOW INFORMATION

### (a) Cash used in operations

| | Year ended 31 December | | | Five months ended 31 May | |
|---|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* (*Unaudited*) | *RMB'000* |
| **Loss before income tax** | (224,032) | (694,947) | (293,679) | (158,814) | (92,263) |
| Adjustments for | | | | | |
| – Finance costs – net *(note 11)* | 24,349 | 15,529 | 6,791 | 5,416 | (105) |
| – Depreciation of property, plant and equipment *(note 17)* | 18,265 | 21,862 | 27,877 | 11,307 | 15,044 |
| – Fair value changes of derivative financial instruments *(note 8)* | (749) | 2,398 | 20,484 | 19,242 | 618 |
| – Depreciation of right-of-use assets *(note 18)* | 2,734 | 8,027 | 14,427 | 5,345 | 6,998 |
| – Amortisation of intangible assets *(note 19)* | 13,120 | 5,084 | 5,424 | 2,251 | 2,368 |
| – Net impairment losses on financial assets and contract assets *(note 3.1(b))* | 19,984 | 92,402 | 98,144 | 23,858 | 1,717 |
| – Net impairment losses on intangible assets *(note 19)* | 57,358 | – | – | – | – |
| – Net impairment losses on property, plant and equipment *(note 17)* | – | – | 15,437 | 15,437 | – |
| – Provisions for impairment of inventories *(note 23)* | 9,362 | 23,391 | 43,307 | 11,471 | 14,841 |
| – Share of net losses of joint ventures and associates accounted for using the equity methods | 723 | 6,606 | 19,986 | 143 | – |
| – Losses/(gains) on disposal of property, plant and equipment *(note 8)* | 644 | 538 | (24) | 1 | – |
| – Gains on disposal of right-of-use assets *(note 8)* | – | – | (764) | – | (17) |
| – Net exchange difference | 262 | 60 | (344) | (88) | (6) |
| – Amortisation of deferred income *(note 7)* | (5,711) | (5,249) | (12,857) | (4,645) | (4,203) |
| – Share-based payment *(note 29)* | 118,289 | 546,043 | 54,316 | 14,247 | 12,129 |
| Operating cash flows before movements in working capital | 34,598 | 21,744 | (1,475) | (54,829) | (42,879) |
| Changes in working capital: | | | | | |
| – Provisions | 4,944 | 9,318 | 3,660 | (2,458) | (392) |
| – Contract liabilities | 2,074 | (1,664) | 915 | 1,576 | (3,471) |
| – Trade and bills payables, other payables and accruals | (41,658) | 60,344 | 416,354 | 91,464 | 41,572 |
| – Contract assets | (1,715) | (17,733) | (26,309) | (4,746) | (2,555) |
| – Deferred income | 3,845 | 6,837 | 10,587 | 1,750 | 2,098 |
| – Trade and bills receivables, other receivables and prepayments | 15,430 | (455,083) | (640,248) | (83,506) | (72,094) |
| – Inventories | (103,039) | (193,974) | (34,520) | (101,808) | (5,694) |
| **Cash used in operating activities** | (85,521) | (570,211) | (271,036) | (152,557) | (83,415) |

**(b) Proceeds from disposal of property, plant and equipment:**

| | Year ended 31 December | | | Five months ended 31 May | |
|---|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* *(Unaudited)* | *RMB'000* |
| Net book value *(note 17)* | 755 | 2,910 | 224 | 331 | – |
| Losses on disposal of property, plant and equipment *(note 8)* | (644) | (538) | 24 | (1) | – |
| Proceeds from the disposal | 111 | 2,372 | 248 | 330 | – |

**(c) Reconciliation of liabilities arising from financing activities**

| | Liabilities from financing activities | | | | | |
|---|---|---|---|---|---|---|
| | **Bank borrowings** | **Loans from third parties** | **Lease liabilities** | **Interest payables** | **Payables of investment intention deposit** | **Total** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Total debt as at 1 January 2020** | 25,600 | 514,000 | 11,478 | 117 | 20,000 | 571,195 |
| Cash flows | | | | | | |
| – Inflow from financing activities | 14,000 | 300 | – | – | – | 14,300 |
| – Outflows from financing activities | (18,050) | – | (5,366) | (24,269) | – | (47,685) |
| Non-cash changes | | | | | | |
| – Addition of lease liabilities | – | – | 12,825 | – | – | 12,825 |
| – Accrued interest expenses | – | – | 550 | 24,602 | – | 25,152 |
| – Settlement through issuance of shares of the Company | – | – | – | – | (20,000) | (20,000) |
| – Offset with bill receivables | (8,000) | – | – | – | – | (8,000) |
| **Total debt as at 31 December 2020 and 1 January 2021** | 13,550 | 514,300 | 19,487 | 450 | – | 547,787 |
| Cash flows | | | | | | |
| – Inflow from financing activities | 343,000 | 160 | – | – | – | 343,160 |
| – Outflows from financing activities | (21,550) | (315,660) | (4,949) | (23,864) | – | (366,023) |
| Non-cash changes | | | | | | |
| – Addition of lease liabilities | – | – | 28,760 | – | – | 28,760 |
| – Accrued interest expenses | – | – | 1,334 | 23,698 | – | 25,032 |
| **Total debt as at 31 December 2021 and 1 January 2022** | 335,000 | 198,800 | 44,632 | 284 | – | 578,716 |
| Cash flows | | | | | | |
| – Inflow from financing activities | 195,300 | – | – | – | – | 195,300 |
| – Outflows from financing activities | (300,000) | (148,800) | (7,604) | (14,777) | – | (471,181) |
| Non-cash changes | | | | | | |
| – Addition of lease liabilities | – | – | 13,889 | – | – | 13,889 |
| – Accrued interest expenses | – | – | 2,080 | 15,031 | – | 17,111 |
| – Early termination | – | – | (8,698) | – | – | (8,698) |
| **Total debt as at 31 December 2022 and 1 January 2023** | 230,300 | 50,000 | 44,299 | 538 | – | 325,137 |

| | Liabilities from financing activities | | | | | |
|---|---|---|---|---|---|---|
| | Bank borrowings | Loans from third parties | Lease liabilities | Interest payables | Payables of investment intention deposit | Total |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Cash flows | | | | | | |
| – Inflow from financing activities | 117,000 | – | – | – | – | 117,000 |
| – Outflows from financing activities | (32,200) | – | (3,631) | (3,947) | – | (39,778) |
| Non-cash changes | | | | | | |
| – Accrued interest expenses | – | – | 1,005 | 5,721 | – | 6,726 |
| – Early termination | – | – | (79) | – | – | (79) |
| **Total debt as at 31 May 2023** | 315,100 | 50,000 | 41,594 | 2,312 | – | 409,006 |

Non-cash changes included addition of lease liabilities, accrued interest expenses, settlement through issuance of shares of the Company, offset with bill receivables and early termination.

## 38 COMMITMENTS

Significant capital expenditure commitments were set out below:

| | As at 31 December | | | As at 31 May |
|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Contracted but not recognised as liabilities | | | | |
| – Commitments for acquisition of property, plant and equipment | 30,510 | 378,738 | 252,154 | 265,795 |

## 39 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control.

### (a) Related parties of the Company and the Group

| Name of related parties | Relationship |
|---|---|
| Guohong Refire | Associate of the Group |
| Yunfu Jinhong | Associate of the Group |
| Yunfu Shunwei | Associate of the Group |
| Yikongtong Aerospace | Joint venture of the Group until September 2022 |
| Yunfu Industrial Park | Major shareholder of the Group |
| Hongyun Hydrogen Energy | Major shareholder of the Group |
| Ballard Power Systems Inc. | Parent company of non-controlling shareholder of a subsidiary of the Group |
| Mr. Ma Dongsheng | Director of the Company who was resigned in January 2022 |
| Mr. Yang Zeyun | Director of the Company |
| Mr. Hu Muzhou | Supervisor of the Company |
| Dr. Yan Xiqiang | Key management of the Group |
| Dr. Liu Zhixiang | Key management of the Group |
| Mr. Wang Jun | Key management of the Group |
| Ms. Ma Jingnan | Immediate family members of resigned director |
| Mr. Chen | Key management of the Group |

The following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business during the Track Record Period, and balances arising from related party transactions as at the respective balance sheet dates.

**(b) Transactions with related parties**

**The Group**

The Group had the following transactions with related parties during the Track Record Period:

| | Year ended 31 December | | | Five months ended 31 May | |
|---|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| | | | | *(Unaudited)* | |
| ***Trade*** | | | | | |
| **Sales of goods** | | | | | |
| Guohong Refire | 73,028 | – | – | – | – |
| **Purchases of goods and services** | | | | | |
| Ballard Power Systems Inc. | 96,052 | 10,479 | 10,114 | 10,114 | – |
| **Purchase of property, plant and equipment** | | | | | |
| Guohong Refire | – | – | 2,212 | – | – |
| **Deemed consigned processing** | | | | | |
| Guohong Refire | 37,473 | – | – | – | – |
| **Sub-lease rental income from a related party** | | | | | |
| Guohong Refire | 1,601 | 1,601 | 1,334 | 667 | – |
| **Rental expense paid to a related party** | | | | | |
| Yunfu Industrial Park | 332 | 297 | 116 | 48 | 46 |
| ***Non-trade*** | | | | | |
| **Interest income from loans to related parties** | | | | | |
| Yikongtong Aerospace | – | 141 | 107 | 89 | – |
| **Advances paid by other related parties** | | | | | |
| Yunfu Industrial Park | – | – | 147 | – | 49 |
| **Loans to related parties** | | | | | |
| Mr. Chen | – | – | – | – | 300 |
| Yikongtong Aerospace | – | 5,000 | – | – | – |
| Mr. Hu Muzhou | – | 100 | 100 | 50 | 105 |
| Mr. Yang Zeyun | – | 500 | – | – | – |
| Mr. Wang Jun | – | 500 | – | – | – |
| Mr. Ma Dongsheng | 12 | – | – | – | – |
| | 12 | 6,100 | 100 | 50 | 405 |

| | Year ended 31 December | | | Five months ended 31 May | |
|---|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| | | | | *(Unaudited)* | |
| **Repayments of loans to related parties** | | | | | |
| Mr. Chen | – | – | – | – | 300 |
| Yikongtong Aerospace | – | – | 5,000 | – | – |
| Mr. Yang Zeyun | – | 500 | – | – | – |
| Mr. Wang Jun | – | 500 | – | – | – |
| Dr. Yan Xiqiang | – | 500 | – | – | – |
| Mr. Hu Muzhou | – | 100 | 100 | – | 105 |
| Mr. Ma Dongsheng | – | – | – | – | 12 |
| Dr. Liu Zhixiang | 120 | – | – | – | – |
| | 120 | 1,600 | 5,100 | – | 417 |

**The Company**

The Company had the following transactions with related parties during the Track Record Period:

| | Year ended 31 December | | | Five months ended 31 May | |
|---|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2022 | 2023 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| | | | | *(Unaudited)* | |
| ***Trade*** | | | | | |
| **Sales of goods** | | | | | |
| Subsidiaries | 22,404 | 271,851 | 552,304 | 14,053 | 165,595 |
| Guohong Refire | 73,028 | – | – | – | – |
| | 95,432 | 271,851 | 552,304 | 14,053 | 165,595 |
| **Purchases of goods** | | | | | |
| Subsidiaries | 159,703 | 247,879 | 252,066 | 4,634 | 104,441 |
| Ballard Power Systems Inc. | 1,209 | – | 100 | – | – |
| | 160,912 | 247,879 | 252,166 | 4,634 | 104,441 |
| **Purchase of property, plant and equipment** | | | | | |
| Guohong Refire | – | – | 2,212 | – | – |
| **Deemed consigned processing** | | | | | |
| Subsidiaries | 10,836 | 64,894 | 16,893 | 10,686 | 2,393 |
| Guohong Refire | 37,473 | – | – | – | – |
| | 48,309 | 64,894 | 16,893 | 10,686 | 2,393 |

| | Year ended 31 December | | | Five months ended 31 May | |
|---|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| | | | | *(Unaudited)* | |
| **Sub-lease rental income from related parties** | | | | | |
| Subsidiaries | 2,136 | 2,224 | 2,224 | 927 | 905 |
| Guohong Refire | 1,601 | 1,601 | 1,334 | 667 | – |
| | 3,737 | 3,825 | 3,558 | 1,594 | 905 |
| **Rental expense paid to related parties** | | | | | |
| Subsidiaries | – | – | 1,115 | 465 | – |
| Yunfu Industrial Park | 14 | 81 | 116 | 48 | 46 |
| | 14 | 81 | 1,231 | 513 | 46 |
| ***Non-Trade*** | | | | | |
| **Interest income from loans to related parties** | | | | | |
| Subsidiaries | 16,502 | 4,499 | 3,164 | 1,287 | 1,965 |
| Yikongtong Aerospace | – | 141 | 107 | 89 | – |
| | 16,502 | 4,640 | 3,271 | 1,376 | 1,965 |
| **Loans to related parties** | | | | | |
| Subsidiaries | 840 | 765 | 30,563 | – | 73,875 |
| Yikongtong Aerospace | – | 5,000 | – | – | – |
| Mr. Chen | – | – | – | – | 300 |
| Mr. Hu Muzhou | – | 100 | 100 | 50 | 105 |
| Mr. Yang Zeyun | – | 500 | – | – | – |
| Mr. Wang Jun | – | 500 | – | – | – |
| Mr. Ma Dongsheng | 12 | – | – | – | – |
| | 852 | 6,865 | 30,663 | 50 | 74,280 |
| **Repayment of loans from related parties** | | | | | |
| Yikongtong Aerospace | – | – | 5,000 | – | – |
| Subsidiaries | 154,000 | 99,503 | – | – | 30,000 |
| Mr. Chen | – | – | – | – | 300 |
| Mr. Ma Dongsheng | – | – | – | – | 12 |
| Mr. Yang Zeyun | – | 500 | – | – | – |
| Mr. Wang Jun | – | 500 | – | – | – |
| Dr. Yan Xiqiang | – | 500 | – | – | – |
| Mr. Hu Muzhou | – | 100 | 100 | – | 105 |
| Dr. Liu Zhixiang | 120 | – | – | – | – |
| | 154,120 | 101,103 | 5,100 | – | 30,417 |

**(c) Key management compensation**

Key management compensation includes directors (executive and non-executive), supervisors and the senior management of the Group. The compensation paid or payable to key management for employee services is shown below:

| | Year ended 31 December | | | Five months ended 31 May | |
|---|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* *(Unaudited)* | *RMB'000* |
| – Salaries, wages and bonuses | 5,877 | 8,688 | 7,364 | 3,531 | 2,956 |
| – Pension costs-defined contribution plans | 3 | 58 | 59 | 21 | 27 |
| – Housing fund, medical insurance and other social insurance | 161 | 197 | 166 | 63 | 83 |
| – Share-based payments expense | 117,349 | 529,003 | 5,040 | 2,607 | 7,213 |
| | 123,390 | 537,946 | 12,629 | 6,222 | 10,279 |

**(d) Balances with related parties**

**The Group**

| | As at 31 December | | | As at 31 May |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Trade receivables** | | | | |
| Yikongtong Aerospace | 600 | 600 | – | – |
| Less: allowance for expected credit losses *(note 3.1(b))* | (60) | (180) | – | – |
| | 540 | 420 | – | – |
| **Other receivables** | | | | |
| – Trade | | | | |
| Guohong Refire | 6,855 | 8,456 | 9,790 | 9,790 |
| – Non-trade | | | | |
| Yikongtong Aerospace | – | 5,141 | – | – |
| Mr. Ma Dongsheng | 12 | 12 | 12 | – |
| Dr. Yan Xiqiang | 500 | – | – | – |
| | 7,367 | 13,609 | 9,802 | 9,790 |
| Less: allowance for expected credit losses *(note 3.1(b))* | (6,870) | (8,585) | (9,790) | (9,790) |
| | 497 | 5,024 | 12 | – |
| **Prepayment** | | | | |
| – Trade | | | | |
| Ballard Power Systems Inc. | 4,117 | 13,966 | 3,850 | 3,829 |
| Yunfu Industrial Park | – | – | – | 12 |
| | 4,117 | 13,966 | 3,850 | 3,841 |

As at 31 December 2020, 2021 and 2022 and 31 May 2023, except for the loan balance of Yikongtong Aerospace bore an interest rate of 4.35% per annum, all remaining balances due from related parties were non-interest bearing, unsecured and payable on demand and their fair values approximated their carrying amounts due to their short maturities.

As at 31 December 2022, the Group's loan to Mr. Ma Dongsheng of RMB12,000 is non-trade in nature, and the remaining balances are trade in nature. The loan to Mr. Ma Dongsheng has been settled on 17 April 2023.

**The Company**

| | As at 31 December | | | As at 31 May |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Trade receivables** | | | | |
| Amounts due from subsidiaries | 51,731 | 314,484 | 944,395 | 1,061,249 |
| Yikongtong Aerospace | 600 | 600 | – | – |
| | 52,331 | 315,084 | 944,395 | 1,061,249 |
| Less: allowance for expected credit losses *(note 3.1(b))* | (1,027) | (6,187) | (18,888) | (22,074) |
| | 51,304 | 308,897 | 925,507 | 1,039,175 |
| **Other receivables** | | | | |
| – Trade | | | | |
| Guohong Refire | 6,855 | 8,456 | 9,790 | 9,790 |
| – Non-trade | | | | |
| Amounts due from subsidiaries | 258,669 | 175,466 | 291,593 | 342,618 |
| Yikongtong Aerospace | – | 5,141 | – | – |
| Mr. Ma Dongsheng | 12 | 12 | 12 | – |
| Dr. Yan Xiqiang | 500 | – | – | – |
| | 266,036 | 189,075 | 301,395 | 352,408 |
| Less: allowance for expected credit losses *(note 3.1(b))* | (11,707) | (11,937) | (15,622) | (16,917) |
| | 254,329 | 177,138 | 285,773 | 335,491 |

As at 31 December 2020, 2021 and 2022 and 31 May 2023, except for the loan balance of Yikongtong Aerospace, Guohong Refire, Yunfu Puhui and Synergy Power and Meijin Guohong bore an interest rate ranging from 3.90% to 6.00% per annum, all remaining balances due from related parties were non-interest bearing, unsecured and repayable on demand and their fair values approximated their carrying amounts due to their short maturities.

As at 31 December 2022, the Company's loan to Mr. Ma Dongsheng of RMB12,000 and to its subsidiaries of RMB291,593,000 are non-trade in nature, and the remaining balances are trade in nature. The loan to Mr. Ma Dongsheng has been settled on 17 April 2023.

**The Group**

| | As at 31 December | | | As at 31 May |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Trade payables** | | | | |
| Ballard Power Systems Inc. | 1,131 | 853 | 946 | 983 |
| Guohong Refire | 15,685 | 5,703 | – | – |
| | 16,816 | 6,556 | 946 | 983 |
| **Other payables and accruals** | | | | |
| – Trade | | | | |
| Guohong Refire | – | – | 1,250 | 963 |
| – Non-trade | | | | |
| Yunfu Jinhong *(a)* | 9,000 | 9,000 | 9,000 | 9,000 |
| Yunfu Industrial Park *(b)* | – | – | 110 | 49 |
| Ms. Ma Jingnan | 424 | 412 | – | – |
| | 9,424 | 9,412 | 10,360 | 10,012 |

**The Company**

| | As at 31 December | | | As at 31 May |
|---|---|---|---|---|
| | **2020** | **2021** | **2022** | **2023** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Trade payables** | | | | |
| Amounts due to subsidiaries | 169,774 | 226,892 | 361,302 | 449,727 |
| Ballard Power Systems Inc. | 1,001 | 726 | 812 | 847 |
| Guohong Refire | 15,685 | 5,703 | – | – |
| | 186,460 | 233,321 | 362,114 | 450,574 |
| **Other payables and accruals** | | | | |
| – Trade | | | | |
| Amounts due to subsidiaries | 20,600 | 20,600 | 10,751 | 32,088 |
| Guohong Refire | – | – | 1,250 | 963 |
| – Non-trade | | | | |
| Amounts due to subsidiaries | 80,785 | 82,724 | 83,394 | 84,295 |
| Yunfu Jinhong *(a)* | 9,000 | 9,000 | 9,000 | 9,000 |
| | 110,385 | 112,324 | 104,395 | 126,346 |

(a) According to the articles of association of Yunfu Jinhong, the Company shall pay the subscribed capital contribution of RMB9,000,000 before 30 April 2019. As the payment has not been made, the relevant liability obligations were recognised.

(b) The non-trade payable balance of RMB49,000 was settled in August 2023.

The amounts due to related parties were unsecured, non-interest bearing and repayable on demand.

**40 BENEFITS AND INTERESTS OF DIRECTORS**

**(a) Directors' and supervisors' emoluments**

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 years ended 31 December 2020, 2021 and 2022 and 31 May 2022 and 2023 are set out as follows:

| Name of Directors | Fees | Salaries and bonuses | Welfare, medical and other expenses | Employer's contribution to pension scheme | Share-based payment | Total |
|---|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Year ended 31 December 2020** | | | | | | |
| **Directors** | | | | | | |
| Mr. Chen *(i)* | – | – | – | – | 46,223 | 46,223 |
| Mr. Yang Zeyun *(ii)* | – | 455 | 6 | – | 23,150 | 23,611 |
| Mr. Ye Jiajie *(iii)* | – | 329 | 17 | – | 12 | 358 |
| Mr. Zhan Zhanlin *(iv)* | – | – | – | – | – | – |
| Mr. Huang Jiao *(ii)* | – | – | – | – | – | – |
| Dr. Wan Yu *(xiii)* | – | – | – | – | – | – |
| | – | 784 | 23 | – | 69,385 | 70,192 |
| **Directors and Supervisor who resigned** | | | | | | |
| Mr. Jiang Manlan *(v)* | – | – | – | – | – | – |
| Mr. Yang Lihua *(v)* | – | – | – | – | – | – |
| Mr. Zhang Pengfei *(vi)* | – | – | – | – | – | – |
| Ms. Chen Jinyue *(vi)* | – | – | – | – | – | – |
| Mr. Wu Xiudong *(vii)* | – | – | – | – | – | – |
| Ms. Xiong Jin *(vii)* | – | – | – | – | – | – |
| Mr. Ma Dongsheng *(viii)* | – | 797 | – | – | – | 797 |
| Mr. Tang Zheng *(iv)* | – | – | – | – | – | – |
| Ms. Zhang Yuyu *(xi)* | – | – | – | – | – | – |
| Mr. Wei Shengqing *(ix)* | – | – | – | – | – | – |
| Mr. Li Shangzhi *(ix)* | – | 410 | 21 | – | 22 | 453 |
| | – | 1,207 | 21 | – | 22 | 1,250 |
| **Supervisors** | | | | | | |
| Ms. Lin Minting *(x)* | – | – | – | – | – | – |
| Mr. Hu Muzhou *(x)* | – | 170 | 10 | – | – | 180 |
| Mr. Liao Han *(x)* | – | – | – | – | – | – |
| | – | 170 | 10 | – | – | 180 |

| Name of Directors | Fees | Salaries and bonuses | Welfare, medical and other expenses | Employer's contribution to pension scheme | Share-based payment | Total |
|---|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Year ended 31 December 2021** | | | | | | |
| **Directors** | | | | | | |
| Mr. Chen *(i)* | – | – | – | – | 399,364 | 399,364 |
| Mr. Yang Zeyun *(ii)* | – | 698 | 629 | 9 | 56,278 | 57,614 |
| Mr. Ye Jiajie *(iii)* | – | 494 | 26 | 6 | 2,317 | 2,843 |
| Mr. Zhan Zhanlin *(iv)* | – | – | – | – | – | – |
| Mr. Huang Jiao *(ii)* | – | – | – | – | – | – |
| Dr. Wan Yu *(xiii)* | – | – | – | – | – | – |
| | – | 1,192 | 655 | 15 | 457,959 | 459,821 |
| **Directors and Supervisor who resigned** | | | | | | |
| Mr. Jiang Manlan *(v)* | – | – | – | – | – | – |
| Mr. Yang Lihua *(v)* | – | – | – | – | – | – |
| Mr. Zhang Pengfei *(vi)* | – | – | – | – | – | – |
| Ms. Chen Jinyue *(vi)* | – | – | – | – | – | – |
| Mr. Wu Xiudong *(vii)* | – | – | – | – | – | – |
| Ms. Xiong Jin *(vii)* | – | – | – | – | – | – |
| Mr. Ma Dongsheng *(viii)* | – | – | – | – | – | – |
| Mr. Tang Zheng *(iv)* | – | – | – | – | – | – |
| Ms. Zhang Yuyu *(xi)* | – | – | – | – | – | – |
| Mr. Wei Shengqing *(ix)* | – | – | – | – | – | – |
| Mr. Li Shangzhi *(ix)* | – | 395 | 22 | 6 | 721 | 1,144 |
| | – | 395 | 22 | 6 | 721 | 1,144 |
| **Supervisors** | | | | | | |
| Ms. Lin Minting *(x)* | – | – | – | – | – | – |
| Mr. Hu Muzhou *(x)* | – | 189 | 11 | 6 | 41 | 247 |
| Mr. Liao Han *(x)* | – | – | – | – | – | – |
| | – | 189 | 11 | 6 | 41 | 247 |
| **Year ended 31 December 2022** | | | | | | |
| **Directors** | | | | | | |
| Mr. Chen *(i)* | – | – | – | – | – | – |
| Mr. Yang Zeyun *(ii)* | – | 671 | 17 | 11 | 3,096 | 3,795 |
| Mr. Ye Jiajie *(iii)* | – | 498 | 26 | 7 | 960 | 1,491 |
| Mr. Zhan Zhanlin *(iv)* | – | – | – | – | – | – |
| Mr. Huang Jiao *(ii)* | – | – | – | – | – | – |
| Dr. Wan Yu *(xiii)* | – | – | – | – | – | – |
| | – | 1,169 | 43 | 18 | 4,056 | 5,286 |

| Name of Directors | Fees | Salaries and bonuses | Welfare, medical and other expenses | Employer's contribution to pension scheme | Share-based payment | Total |
|---|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Year ended 31 December 2022** | | | | | | |
| **Directors and Supervisor who resigned** | | | | | | |
| Mr. Jiang Manlan *(v)* | – | – | – | – | – | – |
| Mr. Yang Lihua *(v)* | – | – | – | – | – | – |
| Mr. Zhang Pengfei *(vi)* | – | – | – | – | – | – |
| Ms. Chen Jinyue *(vi)* | – | – | – | – | – | – |
| Mr. Wu Xiudong *(vii)* | – | – | – | – | – | – |
| Ms. Xiong Jin *(vii)* | – | – | – | – | – | – |
| Mr. Ma Dongsheng *(viii)* | – | – | – | – | – | – |
| Mr. Tang Zheng *(iv)* | – | – | – | – | – | – |
| Ms. Zhang Yuyu *(xi)* | – | – | – | – | – | – |
| Mr. Wei Shengqing *(ix)* | – | – | – | – | – | – |
| Mr. Li Shangzhi *(ix)* | – | 437 | 22 | 7 | 9 | 475 |
| | – | 437 | 22 | 7 | 9 | 475 |
| **Supervisors** | | | | | | |
| Ms. Lin Minting *(x)* | – | – | – | – | – | – |
| Mr. Hu Muzhou *(x)* | – | 193 | 11 | 7 | 249 | 460 |
| Mr. Liao Han *(x)* | – | – | – | – | – | – |
| | – | 193 | 11 | 7 | 249 | 460 |
| **Five months ended 31 May 2023** | | | | | | |
| **Directors** | | | | | | |
| Mr. Chen *(i)* | – | – | – | – | – | – |
| Mr. Yang Zeyun *(ii)* | – | 328 | 11 | 5 | 605 | 949 |
| Mr. Ye Jiajie *(iii)* | – | 215 | 11 | 3 | 878 | 1,107 |
| Mr. Zhan Zhanlin *(iv)* | – | – | – | – | – | – |
| Mr. Huang Jiao *(ii)* | – | – | – | – | – | – |
| Dr. Wan Yu *(xiii)* | – | – | – | – | – | – |
| | – | 543 | 22 | 8 | 1,483 | 2,056 |
| **Five months ended 31 May 2023** | | | | | | |
| **Directors and Supervisor who resigned** | | | | | | |
| Mr. Jiang Manlan *(v)* | – | – | – | – | – | – |
| Mr. Yang Lihua *(v)* | – | – | – | – | – | – |
| Mr. Zhang Pengfei *(vi)* | – | – | – | – | – | – |
| Ms. Chen Jinyue *(vi)* | – | – | – | – | – | – |
| Mr. Wu Xiudong *(vii)* | – | – | – | – | – | – |
| Ms. Xiong Jin *(vii)* | – | – | – | – | – | – |
| Mr. Ma Dongsheng *(viii)* | – | – | – | – | – | – |
| Mr. Tang Zheng *(iv)* | – | – | – | – | – | – |

| Name of Directors | Fees | Salaries and bonuses | Welfare, medical and other expenses | Employer's contribution to pension scheme | Share-based payment | Total |
|---|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Ms. Zhang Yuyu *(xi)* | – | – | – | – | – | – |
| Mr. Wei Shengqing *(ix)* | – | – | – | – | – | – |
| Mr. Li Shangzhi *(ix)* | – | 186 | 10 | 3 | 63 | 262 |
| | – | 186 | 10 | 3 | 63 | 262 |
| **Supervisors** | | | | | | |
| Ms. Lin Minting *(x)* | – | – | – | – | – | – |
| Mr. Hu Muzhou *(x)* | – | 99 | 5 | 3 | 37 | 144 |
| Mr. Liao Han *(x)* | – | – | – | – | – | – |
| | – | 99 | 5 | 3 | 37 | 144 |
| **(Unaudited)** | | | | | | |
| **Five months ended 31 May 2022** | | | | | | |
| **Directors** | | | | | | |
| Mr. Chen *(i)* | – | – | – | – | – | – |
| Mr. Yang Zeyun *(ii)* | – | 238 | 5 | 4 | 139 | 386 |
| Mr. Ye Jiajie *(iii)* | – | 214 | 11 | 3 | 391 | 619 |
| Mr. Zhan Zhanlin *(iv)* | – | – | – | – | – | – |
| Mr. Huang Jiao *(ii)* | – | – | – | – | – | – |
| Dr. Wan Yu *(xiii)* | – | – | – | – | – | – |
| | – | 452 | 16 | 7 | 530 | 1,005 |
| **(Unaudited)** | | | | | | |
| **Five months ended 31 May 2022** | | | | | | |
| **Directors and Supervisor who resigned** | | | | | | |
| Mr. Jiang Manlan *(v)* | – | – | – | – | – | – |
| Mr. Yang Lihua *(v)* | – | – | – | – | – | – |
| Mr. Zhang Pengfei *(vi)* | – | – | – | – | – | – |
| Ms. Chen Jinyue *(vi)* | – | – | – | – | – | – |
| Mr. Wu Xiudong *(vii)* | – | – | – | – | – | – |
| Ms. Xiong Jin *(vii)* | – | – | – | – | – | – |
| Mr. Ma Dongsheng *(viii)* | – | – | – | – | – | – |
| Mr. Tang Zheng *(iv)* | – | – | – | – | – | – |
| Ms. Zhang Yuyu *(xi)* | – | – | – | – | – | – |
| Mr. Wei Shengqing *(ix)* | – | – | – | – | – | – |
| Mr. Li Shangzhi *(ix)* | – | 183 | 9 | 3 | 13 | 208 |
| | – | 183 | 9 | 3 | 13 | 208 |

| Name of Directors | Fees | Salaries and bonuses | Welfare, medical and other expenses | Employer's contribution to pension scheme | Share-based payment | Total |
|---|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Supervisors** | | | | | | |
| Ms. Lin Minting *(x)* | – | – | – | – | – | – |
| Mr. Hu Muzhou *(x)* | – | 83 | 4 | 3 | 93 | 183 |
| Mr. Liao Han *(x)* | – | – | – | – | – | – |
| | – | 83 | 4 | 3 | 93 | 183 |

(i) Mr. Chen was appointed as director of the Company in June 2015 and was redesignated as an executive director of the Company in October 2022.

(ii) Mr. Yang Zeyun and Mr. Huang Jiao were appointed as directors of the Company in January 2022, and was redesignated as an executive director and a non-executive director of the Company in October 2022, respectively.

(iii) Mr. Ye Jiajie was appointed as a director of the Company in April 2020, and was redesignated as an executive director of the Company in October 2022.

(iv) Mr. Zhan Zhanlin was appointed as a director of the Company in August 2020, and was redesignated as a non-executive director of the Company in October 2022. Mr. Tang Zheng was appointed as a director of the Company in August 2020, and resigned as a director of the Company in August 2022.

(v) Mr. Jiang Manlan and Mr. Yang Lihua were appointed as executive directors of the Company in December 2015 and December 2019, respectively and resigned in August 2020.

(vi) Mr. Zhang Pengfei and Ms. Chen Jinyue were appointed as director and supervisor of the Company, respectively in December 2017 and resigned in August 2020.

(vii) Mr. Wu Xiudong and Ms. Xiong Jin were appointed as executive directors of the Company in March 2019 and August 2020 and resigned in March 2020 and January 2022, respectively.

(viii) Mr. Ma Dongsheng resigned on 26 January 2022.

(ix) Mr. Wei Shengqing and Mr. Li Shangzhi were appointed as supervisors of the Company in June 2015 and August 2017, and resigned in December 2020 and March 2020, respectively.

(x) Ms. Lin Minting, Mr. Hu Muzhou and Mr. Liao Han were appointed as supervisors of the company in August 2020, March 2020 and March 2022, respectively.

(xi) Ms. Zhang Yuyu was appointed as a supervisor of the Company in December 2020 and resigned in March 2022.

(xii) Dr. Xing Wei and Ms. Wong Yan Ki, Angel were appointed as the Company's independent non-executive Directors in October 2022. Mr. Tang Zongwei was appointed as the Company's independent non-executive Director in October 2022 and resigned in March 2023. Mr. Liu Xin was appointed as the Company's independent non-executive Director in March 2023. During the years ended 31 December 2020, 2021 and 2022 and the five months ended 31 May 2022 and 2023, the independent non-executive directors have not yet been appointed and did not receive any directors' remuneration in the capacity of independent non-executive directors of the Company.

(xiii) Dr. Wan Yu was appointed as a non-executive director of the Company in October 2022.

**(b) Directors' retirement benefits**

During the years ended 31 December 2020, 2021 and 2022 and the five months ended 31 May 2022 and 2023, there were no additional retirement benefits received by the directors except for the contribution to defined contribution retirement scheme administration and operated by the local municipal government in accordance with the rules and regulations in the PRC.

**(c) Directors' termination benefits**

There were no termination benefits paid to or receivable by any Director during the Track Record Period.

**(d) Consideration provided to third parties for making available Directors' services**

During the years ended 31 December 2020, 2021 and 2022 and the five months ended 31 May 2022 and 2023, no consideration was provided to or receivable by third parties for making available director's services.

**(e) Information about loans, quasi-loans and other dealings in favour of Directors**

Other than those disclosed in note 39(b), there were no loans, quasi-loans and other dealings entered into between the Group and the Directors and in favour of the Directors during the Track Record Period.

**(f) Directors' material interests in transactions, arrangements or contracts**

There were no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the Track Record Period.

### 41 CONTINGENCIES

As at 31 December 2020, 2021 and 2022 and 31 May 2023, save as disclosed in the Historical Financial Information in respect of financial guarantee obligation and legal claims (note 35) and bank borrowing guarantee (note 32), the Group and the Company had not other significant contingencies.

### 42 SUBSEQUENT EVENTS

On 20 June 2023, 29 eligible employees were granted 12,065,000 share options of the Group at an exercise price of RMB8 per option. The share options will be vested 40%, 30% and 30% respectively over next 3 years, subject to certain performance conditions.

## III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies comprising the Group in respect of any period subsequent to 31 May 2023 and up to the date of this report.

*The following information does not form part of the Accountant's Report from PricewaterhouseCoopers, Certified Public Accountants, the reporting accountant of the Company, as set forth in Appendix I to this prospectus, and is included herein for information only. The unaudited pro forma financial information should be read in conjunction with the section entitled "Financial Information" in this prospectus and the "Accountant's Report" set forth in Appendix I to this prospectus.*

## A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group prepared in accordance with Rule 4.29 of the Listing Rules is for illustrative purposes only, and is set out below to illustrate the effect of the Global Offering on the net tangible assets of the Group attributable to the owners of the Company as at 31 May 2023 as if the Global Offering had taken place on 31 May 2023.

This unaudited pro forma statement of adjusted consolidated net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group as at 31 May 2023 or at any future dates following the Global Offering.

| | Audited Consolidated Net Tangible Assets of the Group attributable to the owners of the Company as at 31 May 2023 | Estimated Net Proceeds from the Global Offering | Estimated Impact to the Net Tangible Assets on the vesting of issued shares under the Share Incentive Scheme upon the Listing | Unaudited Pro Forma Adjusted Consolidated Net Tangible Assets Attributable to the Owners of the Company as at 31 May 2023 | Unaudited Pro Forma Adjusted Consolidated Net Tangible Assets per Share | |
|---|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB* | *HK$* |
| | *(Note 1)* | *(Note 2)* | *(Note 3)* | | *(Note 4)* | *(Note 5)* |
| Based on an Offer Price of HK$19.35 per Offer Share | 2,204,615 | 1,318,752 | 54,000 | 3,577,367 | 6.91 | 7.51 |
| Based on an Offer Price of HK$21.35 per Offer Share | 2,204,615 | 1,460,357 | 54,000 | 3,718,972 | 7.18 | 7.80 |

*Notes:*

(1) The audited consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 May 2023 is extracted from the Accountant's Report set out in Appendix I to this prospectus, which is based on the audited consolidated net assets of the Group attributable to the owners of the Company as at 31 May 2023 of approximately RMB2,229,873,000 after deducting the Group's intangible assets attributable to the owners of the Company of approximately RMB25,258,000 as at 31 May 2023.

(2) The estimated net proceeds from the Global Offering are based on 79,520,000 Offer Shares and the indicative Offer Price of HK$19.35 per Offer Share and HK$21.35 per Offer Share, being low and high end of the indicative Offer Price range after deduction of the underwriting fees and other listing expenses (excluding the listing expenses of RMB1,117,000 which had been accounted for in the consolidated statements of profit or loss for the year ended 31 December 2022 and the five months ended 31 May 2023).

(3) Upon the Listing and the completion of the Global Offering, 18,000,000 shares issued by the Company under the Share Incentive Scheme will be unconditionally vested and the Company will have no obligation to repurchase these shares. The payables arising from these treasury shares will be derecognised with the corresponding release of the treasury shares reserve. Accordingly, for the purpose of the unaudited pro forma financial information, the unaudited pro forma adjusted net tangible assets attributable to the owners of the Company will be increased by RMB54,000,000, being the carrying amounts of the payables arising from these treasury shares as at 31 May 2023.

(4) The unaudited pro forma adjusted consolidated net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 518,041,669 Shares (representing 438,521,669 ordinary Shares as at 31 May 2023 which includes 18,000,000 issued shares under the Share Incentive Scheme to be vested upon the Listing and 79,520,000 Offer Shares to be issued upon the completion of the Global Offering) were in issue, assuming that the Global Offering had been completed on 31 May 2023 but does not take into account of any Shares which may be allotted and issued by the Company pursuant to the exercise of any options may be granted under the Pre-IPO Share Incentive Scheme or any Shares which may be allotted and issued or repurchased by the Company pursuant to the general mandates granted to the Directors as described in the section headed "Share Capital" in this prospectus.

(5) For the purpose of the unaudited pro forma statement of adjusted consolidated net tangible assets, the translation of Renminbi amounts into Hong Kong dollars was at rate of RMB0.9199 to HK$1.00. No representation is made that Renminbi amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.

(6) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets to reflect any trading results or other transactions of the Group entered into subsequent to 31 May 2023.

## B. REPORT FROM THE REPORTING ACCOUNTANT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.

pwc 羅兵咸永道

## INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Sino-Synergy Hydrogen Energy Technology (Jiaxing) Co., Ltd. (國鴻氫能科技(嘉興)股份有限公司)

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Sino-Synergy Hydrogen Energy Technology (Jiaxing) Co., Ltd. (國鴻氫能科技(嘉興)股份有限公司) (the "Company") and its subsidiaries (collectively the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as at 31 May 2023 and related notes (the "Unaudited Pro Forma Financial Information") as set out on pages II-1 to II-2 of the Company's prospectus dated 27 November 2023, in connection with the proposed global offering of the H Shares of the Company (the "Prospectus"). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on pages II-1 to II-2 of the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed global offering on the Group's financial position as at 31 May 2023 as if the proposed global offering had taken place at 31 May 2023. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial information for the five months ended 31 May 2023, on which an accountant's report has been published.

### Directors' Responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7, *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars*, ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

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**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 behaviour.

Our firm applies Hong Kong Standard on Quality Control (HKSQC) 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements* issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Reporting Accountant's Responsibilities**

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the proposed global offering at 31 May 2023 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and

- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our work has not been carried out in accordance with auditing standards or other standards and practices generally accepted in the United States of America or auditing standards of the Public Company Accounting Oversight Board (United States) or standards and practices of any professional body in any other overseas jurisdiction and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

**Opinion**

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

**PricewaterhouseCoopers**
*Certified Public Accountants*
Hong Kong, 27 November 2023

## 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 adviser 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 document, which is subject to change or adjustment and may have retrospective effect. No issues on PRC or Hong Kong taxation other than income tax, capital appreciation and profit tax, business 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 31 August 2018 and its implementation rules, for individual income including interest, dividend and bonus, individual income tax with applicable proportional tax rate of 20% shall be paid. Unless otherwise provided by the competent financial and taxation authorities under the State Council, all the interest, dividend and bonus are deemed as derived from the PRC whether the payment place is in the PRC. Pursuant to the Circular on Certain Issues Concerning the Policies of Individual Income Tax (《關於個人所得稅若干政策問題的通知》) promulgated on 13 May 1994, overseas individuals are exempted from the individual income tax for dividends or bonuses received from foreign-invested enterprises.

#### *Enterprise Investors*

In accordance with the EIT Law and its implementation rules, a uniform enterprise income tax rate of 25% is imposed on all resident enterprises in China, including foreign-invested enterprises; a non-resident enterprise is generally subject to enterprise income tax at a rate of 10% on PRC-sourced income (including dividends received from a PRC resident enterprise that issues shares in Hong Kong), if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. The aforesaid income tax payable for non-resident enterprises is deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise when such payment is made or due.

The Circular on Issues relating to the Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-Resident Enterprise Shareholders of H Shares (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》), which was issued by the SAT on 6 November 2008, further clarifies that a PRC-resident enterprise must withhold enterprise income tax at a rate of 10% on the dividends distributed to overseas non-resident enterprise shareholders of H Shares in 2008 and any subsequent year. In addition, the Response to Questions on Levying Enterprise Income Tax on Dividends Derived by Non-resident Enterprise from Holding Stock such as B Shares (《國家稅務總局關於非居民企業取得B股等股票股息徵收企業所得稅問題的批覆》), which was issued by the SAT on 24 July 2009, further provides that any PRC-resident enterprise whose shares are listed on overseas stock exchanges must withhold and remit enterprise income tax at a rate of 10% on dividends distributed to overseas non-resident enterprise shareholders of H Shares in 2008 and any subsequent year. Such tax rates may be further modified pursuant to the tax treaty or agreement that China has entered into with a relevant country or area, where applicable.

Pursuant to the Arrangement between the Mainland and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》), which was signed on 21 August 2006, the Chinese Government may levy taxes on the dividends paid by a Chinese company to Hong Kong residents (including natural persons and legal entities) in an amount not exceeding 10% of the total dividends payable by the Chinese company. If a Hong Kong resident directly holds 25% or more of the equity interest in a Chinese company, then such tax shall not exceed 5% of the total dividends payable by the Chinese company. The Fifth Protocol of the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》第五議定書), which came in to effect on 6 December 2019, adds a criteria for the qualification of entitlement to enjoy treaty benefits. Although there may be other provisions under the Arrangement, the treaty benefits under the criteria shall not be granted in the circumstance where the main purposes for the arrangement or transactions which will bring any direct or indirect benefits under this Arrangement, after taking into account all relevant facts and conditions, are reasonably deemed to be obtaining such benefits, except when the grant of such benefits under such circumstance is consistent with relevant objective and goal under the Arrangement. The application of the dividend clause of tax agreements is subject to the statutory requirements of PRC tax law documents, such as the Notice of the SAT on the Issues Concerning the Enforcement of the Dividend Clauses of Tax Treaties (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》).

*Tax Treaties*

Non-PRC resident investors residing in countries which have entered into treaties for the avoidance of double taxation with the PRC or residing in Hong Kong or Macau are entitled to a reduction of the withholding taxes imposed on the dividends received from PRC companies. The PRC currently has entered into Avoidance of Double Taxation Treaties/Arrangements with a number of countries and regions including Hong Kong, Macau, Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom and the United States. Non-PRC resident enterprises entitled to preferential tax rates in accordance with the relevant income tax treaties or arrangements are required to apply to the Chinese tax authorities for a refund of the withholding tax in excess of the agreed tax rate, and the refund payment is subject to approval by the Chinese tax authorities.

**Taxation on Share Transfer**

*Individual Investor*

According to the IIT Law and its implementation rules, gains realized on the sale of equity interests in the PRC resident enterprises are subject to individual income tax at a rate of 20%.

Pursuant to the Circular on Continuing to Temporarily Exempt Individual Income Tax on Income from the Transfer of Shares by Individuals (《財政部、國家稅務總局關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) issued by the MOF and the SAT in March 1998, from 1 January 1997, income of individuals from transfer of the shares of listed enterprises shall continue to be exempted from individual income tax. On 31 December 2009, the MOF, the SAT and CSRC jointly issued the Circular on Issues on Levying Individual Income Tax over the Income Received by Individuals from the Transfer of Restricted Shares of Listed Company (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知》), this circular provides that any individual's income from the transfer of listed shares on the Shanghai Stock Exchange and the Shenzhen Stock Exchange shall continue to be exempted from individual income tax, except for the relevant shares which are subject to sales restriction (as defined in the Supplementary Notice on Issues on Levying Individual Income Tax over the Income Received by Individuals from the Transfer of Restricted Shares of Listed Company (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的補充通知》) jointly issued by the abovementioned three departments on 10 November 2010).

As of the Latest Practicable Date, no aforesaid provisions had expressly provided that whether individual income tax shall be levied from non-PRC resident individuals on the transfer of shares in PRC resident enterprises listed on overseas stock exchanges. To the knowledge of the Company, in practice, the PRC tax authorities have not levied income tax from non-PRC resident individuals on gains from the transfer of PRC resident enterprises listed on overseas stock exchange. However, there is no assurance that the PRC tax authorities will not change these practices which could result in levying income tax on non-PRC resident individuals on gains from the sale of H shares.

### *Enterprise Investors*

In accordance with the EIT Law and its implementation rules, a non-resident enterprise is generally subject to enterprise income tax at the rate of a 10% on PRC-sourced income, including gains derived from the disposal of equity interests in a PRC resident enterprise, if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. Such income tax payable for non-resident enterprises is deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise when such payment is made or due. Such tax may be reduced or exempted pursuant to relevant tax treaties or agreements on avoidance of double taxation.

### *Stamp Duty*

Pursuant to the Stamp Duty Law of the PRC (《中華人民共和國印花稅法》) issued by the SCNPC on 10 June 2021 and implemented on 1 July 2022, the PRC stamp duty applies to entities and individuals that conclude taxable documents and conduct securities transactions within the PRC and the entities and individuals that conclude taxable documents outside the PRC which are used within the PRC. Therefore, the requirements of the stamp duty imposed on the transfer of shares of PRC listed companies does not apply to the acquisition and disposal of H shares outside the PRC by non-PRC investors.

### *Estate Duty*

The PRC currently does not impose any estate duty.

## HONG KONG TAXATION

### Taxation on Dividends

No tax is payable in Hong Kong in respect of dividends paid by our Company.

### Profits Tax

Hong Kong profits tax will not be payable by any Shareholders (other than Shareholders carrying on a trade, profession or business in Hong Kong and holding the Shares for trading purposes) on any capital gains made on the sale or other disposal of the Shares. Shareholders should take advice from their own professional 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, whether or not the sale or purchase is on or off the Stock Exchange. The

Shareholder selling the Shares and the purchaser will each be liable for one-half of the amount of Hong Kong stamp duty payable upon such transfer. In addition, a fixed duty of HK$5 is currently payable on any instrument of transfer of Shares.

**Estate Duty**

Hong Kong estate duty was abolished effective from 11 February 2006. No Hong Kong estate duty is payable by Shareholders in relation to the Shares owned by them upon death.

**Major Taxes on the Company in the PRC**

***EIT***

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

***Value-Added Tax***

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

## TAXATION OF OUR COMPANY IN HONG KONG

### Profits Tax

Our subsidiaries incorporated in Hong Kong, are subject to Hong Kong profits tax rate of 8.25% on assessable profits up to HK$2,000,000 and 16.5% on any part of assessable profits over HK$2,000,000 during the Track Record Period.

## PRC LAWS AND REGULATIONS RELATING TO FOREIGN EXCHANGE

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

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

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

On 26 December 2014, the SAFE issued the Notice of the State Administration of Foreign Exchange on Issues Concerning the Foreign Exchange Administration of Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》). Pursuant to the notice, a domestic company shall, within 15 business days of the date of the end of its overseas listing issuance, register the overseas listing with the Administration of Foreign Exchange at the place of its establishment; the proceeds from an overseas listing of a domestic company may be remitted to the domestic account or deposited in an overseas account, but the use of the proceeds shall be consistent with the content of the prospectus and other disclosure documents. A domestic company (except for bank financial institutions) shall present its certificate of overseas listing to open a "special account for overseas listing of domestic company" at a local bank for its initial public offering (or follow-on offering) and repurchase business to handle the exchange, remittance, and transfer of funds for the business concerned.

This Appendix contains a summary of laws and regulations on companies and securities in the PRC. The principal objective of this summary is to provide potential investors with an overview of the principal laws and regulations applicable to us. This summary is with no intention to include all the information which may be important to the potential investors. For discussion of laws and regulations specifically governing the business of the Company, see "Regulatory Overview".

**PRC LEGAL SYSTEM**

The PRC legal system is based on the Constitution of the PRC (《中華人民共和國憲法》) (the "**Constitution**") and is made up of written laws, administrative regulations, local regulations, separate regulations, autonomous regulations, rules and regulations of departments, rules and regulations of local governments, international treaties of which the PRC government is a signatory, and other regulatory documents. Court verdicts do not constitute binding precedents. However, they may be used as judicial reference and guidance.

According to the Constitution and the Legislation Law of the PRC (2023 revision) (《中華人民共和國立法法(2023修正)》 (the "**Legislation Law**"), the NPC and the Standing Committee of the NPC are empowered to exercise the legislative power of the State in accordance with the Constitution. The NPC has the power to formulate and amend basic laws governing civil and criminal matters, state organs and other matters. The Standing Committee of the NPC is empowered to formulate and amend laws other than those required to be enacted by the NPC and to supplement and amend any parts of laws enacted by the NPC during the adjournment of the NPC, provided that such supplements and amendments are not in conflict with the basic principles of such laws.

The State Council is the highest organ of the PRC administration and has the power to formulate administrative regulations based on the Constitution and laws.

The people's congresses of provinces, autonomous regions and municipalities and their respective standing committees may formulate local regulations based on the specific circumstances and actual requirements of their own respective administrative areas, provided that such local regulations do not contravene any provision of the Constitution, laws or administrative regulations.

The ministries and commissions of the State Council, PBOC, the State Audit Administration, organs endowed with administrative functions directly under the State Council and the organizations prescribed by laws may, in accordance with the laws as well as the administrative regulations, decisions and orders of the State Council and within the limits of their power, formulate rules.

The people's congresses of cities divided into districts and their respective standing committees may formulate local regulations in terms of urban and rural development and management, ecological civilization development, grassroots governance, and historical and cultural protection based on the specific circumstances and actual requirements of such cities, which will become enforceable after being reported to and approved by the standing committees of the people's congresses of the relevant provinces or autonomous regions but such local regulations shall conform with the Constitution, laws, administrative regulations, and the relevant local regulations of the relevant provinces or autonomous regions. People's congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in light of the political, economic and cultural characteristics of the nationality (nationalities) in the areas concerned.

The people's governments of the provinces, autonomous regions, and municipalities directly under the central government and the cities divided into districts or autonomous prefectures may enact rules, in accordance with laws, administrative regulations and the local regulations of their respective provinces, autonomous regions or municipalities.

The Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations may contravene the Constitution. The authority of laws is greater than that of administrative regulations, local regulations and rules. The authority of administrative regulations is greater than that of local regulations and rules. The authority of local regulations is greater than that of the rules of the local governments at or below the corresponding level. The authority of the rules enacted by the people's governments of the provinces or autonomous regions is greater than that of the rules enacted by the people's governments of the city divided into districts or autonomous prefecture within the administrative areas of the provinces and the autonomous regions.

The NPC has the power to alter or annul any inappropriate laws enacted by its Standing Committee, and to annul any autonomous regulations or separate regulations which have been approved by its Standing Committee but which contravene the Constitution or the Legislation Law. The Standing Committee of the NPC has the power to annul any administrative regulations that contravene the Constitution and laws, to annul any local regulations that contravene the Constitution, laws or administrative regulations, and to annul any autonomous regulations or local regulations which have been approved by the standing committees of the people's congresses of the relevant provinces, autonomous regions or municipalities directly under the central government, but which contravene the Constitution and the Legislation Law. The State Council has the power to alter or annul any inappropriate ministerial rules and rules of local governments. The people's congresses of provinces, autonomous regions or municipalities directly under the central government have the power to alter or annul any inappropriate local regulations enacted or approved by their respective standing committees. The people's governments of provinces and autonomous regions have the power to alter or annul any inappropriate rules enacted by the people's governments at a lower level.

According to the Constitution and the Legislation Law, the power to interpret laws is vested in the Standing Committee of the NPC. According to the Decision of the Standing Committee of the NPC Regarding the Strengthening of Interpretation of Laws (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) passed on 10 June 1981, the Supreme People's Court of the PRC (the "**Supreme People's Court**") has the power to give general interpretation on questions involving the specific application of laws and decrees in court trials. The State Council and its ministries and commissions are also vested with the power to give interpretation of the administrative regulations and department rules which they have promulgated. At the regional level, the power to give interpretations of the local laws and regulations as well as administrative rules is vested in the regional legislative and administrative organs which promulgate such laws, regulations and rules.

## PRC JUDICIAL SYSTEM

Under the Constitution and the PRC Law on the Organization of the People's Courts (2018 revision) (《中華人民共和國人民法院組織法(2018年修訂)》), the PRC judicial system is made up of the Supreme People's Court, the local people's courts and special people's courts.

The local people's courts are comprised of the primary people's courts, the intermediate people's courts and the higher people's courts. The higher level people's courts supervise the primary and intermediate people's courts. The people's procuratorates also have the right to exercise legal supervision over the civil proceedings of people's courts of the same level and lower levels. The Supreme People's Court is the highest judicial body in the PRC. It supervises the judicial administration of the people's courts at all levels.

The PRC Civil Procedure Law (《中華人民共和國民事訴訟法》) (the "**Civil Procedure Law**") was adopted in 1991 and amended in 2007, 2012, 2017, 2021 and 2023, and will have its latest version come into effect on 1 January 2024. The Civil Procedure Law sets forth the criteria for instituting a civil action, the jurisdiction of the people's courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or order. All parties to a civil action conducted within the PRC must comply with the Civil Procedure Law. Generally, a civil case is initially heard by a local court of the municipality or province in which the defendant resides. The parties to a contract may, by express agreement, select a judicial court where civil actions may be brought, provided that the judicial court is either the plaintiff's or the defendant's domicile, the place of execution or implementation of the contract or the place of the object of the action, provided that the provisions of this law regarding the level of jurisdiction and exclusive jurisdiction shall not be violated.

A foreign national or enterprise generally has the same litigation rights and obligations as a citizen or legal person of the PRC. If a foreign country's judicial system limits the litigation rights of PRC citizens and enterprises, the PRC courts may apply the same limitations to the citizens and enterprises of that foreign country within the PRC.

If any party to a civil action refuses to comply with a judgment or ruling made by a people's court or an award made by an arbitration panel in the PRC, the other party may apply to the people's court for the enforcement of the same. There are time limits of two years imposed on the right to apply for such enforcement. If a person fails to satisfy a judgment made by the court within the stipulated time, the court will, upon application by either party, enforce the judgment in accordance with the law.

A party seeking to enforce a judgment or ruling of a people's court against a party who is not personally or whose property is not within the PRC may apply to a foreign court with jurisdiction over the case for recognition and enforcement of the judgment or ruling. A foreign judgment or ruling may also be recognized and enforced by the people's court according to PRC enforcement procedures if the PRC has entered into or acceded to an international treaty with the relevant foreign country, which provides for such recognition and enforcement, or if the judgment or ruling satisfies the court's examination according to the principle of reciprocity. However, if the people's court finds that the recognition or enforcement of such judgment or ruling will result in a violation of the basic legal principles of the PRC, its sovereignty or security or against social and public interest, or if other circumstances specified in Article 300 of the Civil Procedure Law occur, the people's court shall, upon examination, not to recognize or enforce such judgment or ruling.

## THE PRC COMPANY LAW, TRIAL MEASURES AND PRC GUIDELINES ON AOA

A joint stock limited company which was incorporated in the PRC and seeking a listing on the Hong Kong Stock Exchange is mainly subject to the following laws and regulations in the PRC:

- The PRC Company Law which was promulgated by the Standing Committee of the NPC on 29 December 1993, came into effect on 1 July 1994, revised on 25 December 1999, 28 August 2004, 27 October 2005 and 28 December 2013 respectively and the latest revision of which was implemented on 26 October 2018;
- The Trial Measures and its five guidelines which were promulgated by the CSRC on 17 February 2023 and came into effect on 31 March 2023, applicable to the overseas offering and listing of joint stock limited companies; and
- The Guidelines on the Application of Regulatory Rules – No. 1 for Overseas Offering and Listing (《監管規則適用指引 – 境外發行上市類第1號》) which was promulgated by the CSRC on 17 February 2023, according to which the domestic companies that directly offer and list securities on overseas markets, shall formulate their articles of association making reference to the Guidelines for the Articles of Association of Listed Companies (《上市公司章程指引》) (the "**PRC Guidelines on AoA**") promulgated by the CSRC on 5 January 2022.

Set out below is a summary of the major provisions of the PRC Company Law, Trial Measures and the PRC Guidelines on AoA.

**General**

A joint stock limited company refers to an enterprise legal person incorporated under the PRC Company Law with its registered capital divided into shares of equal par value. The liability of its shareholders is limited to the amount of shares held by them and the company is liable to its creditors for an amount equal to the total value of its assets.

A joint stock limited company shall conduct its business in accordance with laws and administrative regulations. It may invest in other limited liability companies and joint stock limited companies and its liabilities with respect to such invested companies are limited to the amount invested. Unless otherwise provided by law, the joint stock limited company may not be a contributor that undertakes joint and several liabilities for the debts of the invested companies.

**Incorporation**

A joint stock limited company may be incorporated by promotion or public subscription.

A joint stock limited company may be incorporated by a minimum of two but not more than 200 promoters, and at least half of the promoters must have residence within the PRC.

The promoters must convene an inaugural meeting within 30 days after the issued shares have been fully paid up, and must give notice to all subscribers or make an announcement of the date of the inaugural meeting 15 days before the meeting. The inaugural meeting may be convened only with the presence of promoters or subscribers representing at least half of the shares in the company. At the inaugural meeting, matters including the adoption of articles of association and the election of members of the board of directors and members of the board of supervisors of the company will be dealt with. All resolutions of the meeting require the approval of subscribers with more than half of the voting rights present at the meeting.

Within 30 days after the conclusion of the inaugural meeting, the board of directors must apply to the registration authority for registration of the establishment of the joint stock limited company. Joint stock limited companies established by the subscription method shall file the approval on the offering of shares issued by the securities administration department of the State Council with the company registration authority for record.

A joint stock limited company's promoters shall be liable for: (i) the payment of all expenses and debts incurred in the incorporation process jointly and severally if the company cannot be incorporated; (ii) the refund of subscription monies to the subscribers, together with interest, at bank rates for a deposit of the same term jointly and severally if the company cannot be incorporated; and (iii) damages suffered by the company as a result of the default of the promoters in the course of incorporation of the company.

**Share Capital**

The promoters of a company can make capital contributions in cash or in kind, which can be valued in currency and transferable according to law such as intellectual property rights or land use rights based on their appraised value.

If capital contribution is made other than in cash, valuation and verification of the property contributed must be carried out and converted into shares.

A company may issue registered or bearer share. However, shares issued to promoter(s) or legal person(s) shall be in the form of registered share and shall be registered under the name(s) of such promoter(s) or legal person(s) and shall not be registered under a different name or the name of a representative.

Under the Trial Measures, if a domestic enterprise issues shares overseas, it may raise funds and make dividend distributions in foreign currency or RMB. Subject to specific circumstances, the Trial Measures requires that, among other things, (i) initial public offerings or listings on overseas markets of domestic companies shall be filed with the CSRC within three working days after the relevant application is submitted overseas, (ii) subsequent securities offerings of an issuer on the same overseas market where it has previously offered and listed securities shall be filed with the CSRC within three working days after the offering is completed, and (iii) subsequent securities offerings or listings of an issuer on other overseas markets other than where it has offered and listed securities shall be filed with the CSRC within three working days after the relevant application is submitted overseas.

The share offering price may be equal to or greater than nominal value, but shall not be less than nominal value.

The transfer of shares by shareholders should be conducted via the legally established stock exchange or in accordance with other methods as stipulated by the State Council. Transfer of registered shares by a shareholder must be made by means of an endorsement or by other means stipulated by laws or administrative regulations. Bearer shares are transferred by delivery of the share certificates to the transferee.

Shares held by a promoter of a company shall not be transferred within one year after the date of the company's incorporation. Shares issued by a company prior to the public offer of its shares shall not be transferred within one year from the date of listing of the shares of the company on a stock exchange. Directors, supervisors and senior management of a company shall not transfer over 25% of the shares held by each of them in the company each year during their term of office and shall not transfer any share of the company held by each of them within one year after the listing date. There is no restriction under the PRC Company Law as to the percentage of shareholding a single shareholder may hold in a company.

Transfers of shares may not be entered in the register of shareholders within 20 days before the date of a shareholders' meeting or within five days before the record date set for the purpose of distribution of dividends.

**Allotment and Issue of Shares**

All issue of shares of a joint stock limited company shall be based on the principles of equality and fairness. The same class of shares must carry equal rights. Shares issued at the same time and within the same class must be issued on the same conditions and at the same price. It may issue shares at par value or at a premium, but it may not issue shares below the par value.

Under the Trial Measures, if a domestic enterprise issues shares overseas, it may raise funds and make dividend distributions in foreign currency or RMB. Subject to specific circumstances, the Trial Measures requires that, among other things, (i) initial public offerings or listings on overseas markets of domestic companies shall be filed with the CSRC within three working days after the relevant application is submitted overseas, (ii) subsequent securities offerings of an issuer on the same overseas market where it has previously offered and listed securities shall be filed with the CSRC within three working days after the offering is completed, and (iii) subsequent securities offerings or listings of an issuer on other overseas markets other than where it has offered and listed securities shall be filed with the CSRC within three working days after the relevant application is submitted overseas.

**Registered Shares**

Under the PRC Company Law, the shareholders may make capital contributions in cash, or alternatively may make capital contributions with such valuated non-monetary property as physical items, intellectual property rights, and land-use rights that may be valued in monetary term and may be transferred in accordance with the law.

Under the PRC Company Law, when the company issues shares in registered form, it shall maintain a register of shareholders, stating the following matters:

- the name and domicile of each shareholder;
- the number of shares held by each shareholder;
- the serial numbers of shares held by each shareholder; and
- the date on which each shareholder acquired the shares.

**Increase of Share Capital**

According to the PRC Company Law, when the joint stock limited company issues new shares, resolutions shall be passed by a shareholders' general meeting, approving the class and number of the new shares, the issue price of the new shares, the commencement and end of the new share issuance and the class and amount of new shares to be issued to existing shareholders. When the company launches a public issuance of new shares with the approval of the securities regulatory authorities of the State Council, it shall publish a document and financial and accounting reports, and prepare the share subscription form. After the new share issuance has been paid up, the change shall be registered with the company registration authorities and an announcement shall be made.

**Reduction of Share Capital**

A company may reduce its registered capital in accordance with the following procedures prescribed by the PRC Company Law:

- it shall prepare a balance sheet and a property list;
- the reduction of registered capital shall be approved by a shareholders' general meeting;
- it shall inform its creditors of the reduction in capital within 10 days and publish an announcement of the reduction in the newspaper within 30 days after the resolution approving the reduction has been passed;
- creditors may within 30 days after receiving the notice, or within 45 days of the public announcement if no notice has been received, require the company to pay its debts or provide guarantees covering the debts; and
- it shall apply to the relevant administration of registration for the registration of the reduction in registered capital.

**Repurchase of Shares**

According to the PRC Company Law, a joint stock limited company may not purchase its shares other than for one of the following purposes: (i) to reduce its registered capital; (ii) to merge with another company that holds its shares; (iii) to grant its shares for carrying out an employee stock ownership plan or equity incentive plan; (iv) to purchase its shares from shareholders who are against the resolution regarding the merger or division with other companies at a shareholders' general meeting; (v) use of shares for conversion of convertible corporate bonds issued by a listed company; and (vi) the share buyback is necessary for a listed company to maintain its company value and protect its shareholders' interest.

The purchase of shares on the grounds set out in (i) and (ii) above shall require approval by way of a resolution passed by the shareholders' general meeting. For a company's share buyback under any of the circumstances stipulated in (iii), (v) or (vi) above, a resolution of the company's board of directors shall be made by a two-third majority of directors attending the meeting according to the provisions of the company's articles of association or as authorized by the shareholders' meeting.

Following the purchase of shares in accordance with (i), such shares shall be canceled within 10 days from the date of purchase. The shares shall be assigned or deregistered within six months if the share buyback is made under the circumstances stipulated in either (ii) or (iv). The shares held in total by a company after a share buyback under any of the circumstances stipulated in (iii), (v) or (vi) shall not exceed 10% of the company's total issued shares, and shall be assigned or deregistered within three years.

Listed companies making a share buyback shall perform their obligation of information disclosure according to the provisions of the Securities Law. If the share buyback is made under any of the circumstances stipulated in (iii), (v) or (vi) hereof, centralized trading shall be adopted publicly.

**Transfer of Shares**

Shares held by shareholders may be transferred in accordance with the relevant laws and regulations. Pursuant to the PRC Company Law, transfer of shares by shareholders shall be carried out at a legally established securities exchange or in other ways stipulated by the State Council. No modifications of registration in the share register caused by transfer of registered shares shall be carried out within 20 days prior to the convening of shareholder's general meeting or five days prior to the base date for determination of dividend distributions. However, where there are separate provisions by law on alternation of registration in the share register of listed companies, those provisions shall prevail.

Under the PRC Company law, shares issued prior to the public issuance of shares shall not be transferred within one year from the date of the joint stock limited company's listing on a stock exchange. Directors, supervisors and the senior management shall declare to the company their shareholdings in the company and any changes of such shareholdings. They shall not transfer more than 25% of all the shares they hold in the company annually during their tenure. They shall not transfer the shares they hold within one year from the date on which the company's shares are listed and commenced trading on a stock exchange, nor within six months after their resignation from their positions with the company.

**Shareholders**

Under the PRC Company Law and the PRC Guidelines on AoA, the rights of holders of ordinary shares of a joint stock limited company include:

- the right to require, convene, preside over, participate in or send proxies of shareholders to attend shareholders' general meeting and to exercise the corresponding voting rights according to the law;

- the right to transfer, donate or pledge their shares in accordance with laws, administrative regulations and provisions of the articles of association;

- the right to supervise, make suggestions on or question the Company's operations;

- the right to inspect the company's articles of association, share register, counterfoil of company debentures, minutes of shareholder's general meetings, resolutions of meetings of the board of directors, resolutions of meetings of the board of supervisors and financial and accounting reports;

- any shareholder who has a different view on a resolution on the merger or division of the Company made by a shareholders' general meeting has the right to require the Company to buy back his/its shares;

- the right to receive dividends and other types of interest distributed in proportion to the number of shares held;

- in the event of the termination or liquidation of the company, the right to participate in the distribution of residual properties of the company in proportion to the number of shares held; and

- other rights granted by laws, administrative regulations, other regulatory documents and the company's articles of association.

The obligations of a shareholder include the obligation to abide by the Company's articles of association, to pay the subscription moneys in respect of the shares subscribed for and in accordance with the form of making capital contributions, to be liable for the company's debts and liabilities to the extent of the amount of his or her subscribed shares and any other shareholders' obligation specified in the company's articles of association.

**Shareholders' General Meetings**

The shareholders' general meeting is the organ of authority of the company, which exercises its powers in accordance with the PRC Company Law.

Under the PRC Company Law, the shareholders' general meeting exercises the following principal powers:

- to decide on the company's operational policies and investment plans;
- to elect or remove the directors and supervisors (other than the representative of the employees of the company) and to decide on matters relating to the remuneration of directors and supervisors;
- to examine and approve reports of the board of directors;
- to examine and approve reports of the board of supervisors;
- to examine and approve the company's proposed annual financial budget and final accounts;
- to examine and approve the company's proposals for profit distribution plans and loss recovery plans;
- to decide on any increase or reduction of the company's registered capital;
- to decide on the issue of bonds by the company;
- to decide on issues such as merger, division, dissolution and liquidation of the company and other matters;
- to amend the company's articles of association; and
- other powers as provided for in the articles of association.

Shareholders' annual general meetings are required to be held once every year. Under the PRC Company Law, an extraordinary shareholders' general meeting is required to be held within two months after the occurrence of any of the following:

- the number of directors is less than the number stipulated by the law or less than two thirds of the number specified in the articles of association;
- the aggregate losses of the company which are not recovered reach one-third of the company's total paid-in share capital;

- when shareholders alone or in aggregate holding 10% or more of the company's shares request the convening of an extraordinary general meeting;
- whenever the board of directors deems necessary;
- when the board of supervisors so requests; or
- other circumstances as provided for in the articles of associations.

Under the PRC Company Law, shareholders' general meetings shall be convened by the board of directors, and presided over by the chairman of the board of directors. In the event that the chairman is incapable of performing or does not perform his duties, the meeting shall be presided over by the vice chairman. In the event that the vice chairman is incapable of performing or not performing his duties, a director nominated by more than half of directors shall preside over the meeting.

Where the board of directors is incapable of performing or not performing its duties of convening the shareholders' general meeting, the board of supervisors shall convene and preside over such meeting in a timely manner. In case the board of supervisors fails to convene and preside over such meeting, shareholders alone or in aggregate holding more than 10% of the company's shares for 90 days consecutively may unilaterally convene and preside over such meeting.

Under the PRC Company Law, notice of shareholders' general meeting shall state the time, venue and matters to be considered at the meeting and shall be given to all shareholders 20 days before the meeting. Notice of extraordinary shareholder's general meetings shall be given to all shareholders 15 days prior to the meeting. For the issuance of bearer share certificates, the time and venue of and matters to be considered at the meeting shall be announced 30 days before the meeting.

Under the PRC Company Law, shareholders present at shareholders' general meeting have one vote for each share they hold, save that shares held by the company are not entitled to any voting rights.

Pursuant to the provisions of the articles of association or a resolution of the shareholders' general meeting, the accumulative voting system may be adopted for the election of directors and supervisors at the shareholders' general meeting. Under the accumulative voting system, each share shall be entitled to vote equivalent to the number of directors or supervisors to be elected at the shareholders' general meeting and shareholders may consolidate their voting rights when casting a vote.

Pursuant to the PRC Company Law and the PRC Guidelines on AoA, resolutions of the shareholders' general meeting shall be adopted by more than half of the voting rights held by the shareholders present at the meeting. However, resolutions of the shareholders' general meeting regarding the following matters shall be adopted by more than two-thirds of the voting rights held by the shareholders present at the meeting: (i) amendments to the articles of association; (ii) the increase or decrease of registered capital; (iii) the merger, division, dissolution, liquidation or change in the form of the company; (iv) any purchase or sale of major assets or any provision of guarantee within one year in an amount in excess of 30% of the Company's latest audited total assets; (v) any equity incentive scheme; and (vi) any other matters specified by laws, administrative regulations or the Articles of Association and other matters considered by the shareholders' general meeting, by way of an ordinary resolution, to be of a nature which may have a material impact on the company and should be adopted by a special resolution.

Under the PRC Company Law, meeting minutes shall be prepared in respect of decisions on matters discussed at the shareholders' general meeting. The chairman of the meeting and directors attending the meeting shall sign to endorse such minutes. The minutes shall be kept together with the shareholders' attendance register and the proxy forms.

**Board**

Under the PRC Company Law, a joint stock limited company shall have a board of directors, which shall consist of 5 to 19 members. Members of the board of directors may include representatives of the employees of the company, who shall be democratically elected by the company's staff at the staff representative assembly, general staff meeting or otherwise. The term of a director shall be stipulated in the articles of association, but no term of office shall last for more than three years. Directors may serve consecutive terms if re-elected. A director shall continue to perform his duties in accordance with the laws, administrative regulations and articles of association until a duly re-elected director takes office, if re-election is not conducted in a timely manner upon the expiry of his term of office, or if the resignation of directors results in the number of directors being less than the quorum.

Under the PRC Company Law, the board of directors mainly exercises the following powers:

- to convene the shareholders' general meetings and report on its work to the shareholders' general meetings;
- to implement the resolutions passed in shareholders' general meetings;
- to decide on the company's business plans and investment proposals;
- to formulate the company's proposed annual financial budget and final accounts;

- to formulate the company's profit distribution proposals and loss recovery proposals;

- to formulate proposals for the increase or reduction of the company's registered capital and the issuance of corporate bonds;

- to prepare plans for the merger, division, dissolution and change in the form of the company;

- to formulate the company's basic management system; and

- to exercise any other power under the articles of association.

**Board Meetings**

Under the PRC Company Law, meetings of the board of directors of a joint stock limited company shall be convened at least twice a year. Notice of meeting shall be given to all directors and supervisors 10 days before the meeting. Interim board meetings may be proposed to be convened by shareholders representing more than 10% of voting rights, more than one-third of the directors or the board of supervisors. The chairman shall convene and preside over such meeting within 10 days after receiving such proposal. Meetings of the board of directors shall be held only if half or more of the directors are present. Resolutions of the board of directors shall be passed by more than half of all directors. Each director shall have one vote for resolutions to be approved by the board of directors. Directors shall attend board meetings in person. If a director is unable to attend a board meeting, he may appoint another director by a written power of attorney specifying the scope of the authorization to attend the meeting on his behalf.

If a resolution of the board of directors violates the laws, administrative regulations or the articles of association, and as a result of which the company sustains serious losses, the directors participating in the resolution are liable to compensate the company. However, if it can be proved that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director may be released from that liability.

**Chairman of the Board**

Under the PRC Company Law, the board of directors shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman are elected with approval of more than half of all the directors. The chairman shall convene and preside over board meetings and examine the implementation of board resolutions. The vice chairman shall assist the work of the chairman. In the event that the chairman is incapable of performing or not performing his duties, the duties shall be performed by the vice chairman. In the event that the vice chairman is incapable of performing or not performing his duties, a director nominated by more than half of the directors shall perform his duties.

**Qualification of Directors**

The PRC Company Law provides that the following persons may not serve as a director:

- a person who is unable or has limited ability to undertake any civil liabilities;
- a person who has been convicted of an offense of bribery, corruption, embezzlement or misappropriation of property, or the destruction of socialist market economy order; or who has been deprived of his political rights due to his crimes, in each case where less than five years have elapsed since the date of completion of the sentence;
- a person who has been a former director, factory manager or manager of a company or an enterprise that has entered into insolvent liquidation and who was personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the bankruptcy and liquidation of the company or enterprise;
- a person who has been a legal representative of a company or an enterprise that has had its business license revoked due to violations of the law and has been ordered to close down by law and the person was personally responsible, where less than three years have elapsed since the date of such revocation; or
- a person who is liable for a relatively large amount of debts that are overdue.

**Board of Supervisors**

A joint stock limited company shall have a board of supervisors composed of not less than three members. The board of supervisors is made up of representatives of the shareholders and an appropriate proportion of representatives of the employees of the company. The actual proportion shall be stipulated in the articles of association, provided that the proportion of representatives of the employees shall not be less than one third of the supervisors. Representatives of the employees of the company in the board of supervisors shall be democratically elected by the employees at the employees' representative assembly, employees' general meeting or otherwise.

The directors and senior management may not act concurrently as supervisors.

The board of supervisors shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman of the board of supervisors are elected with approval of more than half of all the supervisors. The chairman of the board of supervisors shall convene and preside over the meetings of the board of supervisors. In the event that the chairman of the board of supervisors is incapable of performing or not performing his duties, the vice chairman of the board of supervisors shall convene and preside over the meetings of the board of supervisors. In the event that the vice chairman of the board of supervisors is incapable of performing or not performing his duties, a supervisor nominated by more than half of the supervisors shall convene and preside over the meetings of the board of supervisors.

Each term of office of a supervisor is three years and he or she may serve consecutive terms if re-elected. A supervisor shall continue to perform his duties in accordance with the laws, administrative regulations and articles of association until a duly re-elected supervisor takes office, if re-election is not conducted in a timely manner upon the expiry of his term of office, or if the resignation of supervisors results in the number of supervisors being less than the quorum.

The board of supervisors of a company shall hold at least one meeting every six months.

The board of supervisors exercises the following powers:

- to review the company's financial position;
- to supervise the directors and senior management in their performance of their duties and to propose the removal of directors and senior management who have violated laws, regulations, the articles of association or the resolutions of shareholders' meeting;
- when the acts of directors and senior management are harmful to the company's interests, to require correction of those acts;
- to propose the convening of extraordinary shareholders' general meetings and to convene and preside over shareholders' general meetings when the board of directors fails to perform the duty of convening and presiding over shareholders' general meeting under this law;
- to initiate proposals for resolutions to shareholders' general meeting;
- to initiate proceedings against directors and senior management;
- other powers specified in the articles of association; and
- Supervisors may attend board meetings and make enquiries or proposals in respect of board resolutions. The board of supervisors may initiate investigations into any irregularities identified in the operation of the company and, where necessary, may engage an accounting firm to assist their work at the company's expense.

**Manager and Senior Management**

Under the PRC Company Law, a company shall have a manager who shall be appointed or removed by the board of directors. The manager shall report to the board of directors and may exercise the following powers:

- to supervise the business and administration of the company and arrange for the implementation of resolutions of the board of directors;
- to arrange for the implementation of the company's annual business plans and investment proposals;
- to formulate the general administration system of the company;
- to formulate the company's detailed rules;
- to recommend the appointment and dismissal of deputy managers and person in charge of finance;
- to appoint or dismiss other administration officers (other than those required to be appointed or dismissed by the board of directors); and
- other powers conferred by the board of directors or the articles of association.

The manager shall comply with other provisions of the articles of association concerning his/her powers. The manager shall attend board meetings.

According to the PRC Company Law, senior management shall mean the manager, deputy manager(s), person-in-charge of finance, board secretary (in case of a listed company) of a company and other personnel as stipulated in the articles of association.

**Duties of Directors, Supervisors and Senior Management**

Directors, supervisors and senior management of the company are required under the PRC Company Law to comply with the relevant laws, regulations and the articles of association, and have fiduciary and diligent duties to the company. Directors, supervisors and senior management are prohibited from abusing their powers to accept bribes or other unlawful income and from misappropriating of the company's properties. Directors and senior management are prohibited from:

- misappropriation of the company's capital;
- depositing the company's capital into accounts under his own name or the name of other individuals;

- loaning company funds to others or providing guarantees in favor of others supported by the company's assets in violation of the articles of association or without prior approval of the shareholders' general meeting or board of directors;

- entering into contracts or deals with the company in violation of the articles of association or without prior approval of the shareholders' general meeting;

- using their position and powers to procure business opportunities for themselves or others that should have otherwise been available to the company or operating for their own benefits or managing on behalf of others businesses similar to that of the company without prior approval of the shareholders' general meeting;

- accept and possess commissions paid by a third party for transactions conducted with the company;

- unauthorized divulgence of confidential business information of the company; or

- other acts in violation of their duty of loyalty to the company.

A director, supervisor or senior management who contravenes any law, regulation or the company's articles of association in the performance of his duties resulting in any loss to the company shall be personally liable to the company.

**Finance and Accounting**

Under the PRC Company Law, a company shall establish financial and accounting systems according to laws, administrative regulations and the regulations of the financial department of the State Council and shall at the end of each financial year prepare a financial and accounting report which shall be audited by an accounting firm as required by law. The company's financial and accounting report shall be prepared in accordance with provisions of the laws, administrative regulations and the regulations of the financial department of the State Council.

Pursuant to the PRC Company Law, the company shall deliver its financial and accounting reports to all shareholders within the time limit stipulated in the articles of association and make its financial and accounting reports available at the company for inspection by the shareholders at least 20 days before the convening of an annual general meeting of shareholders. It must also publish its financial and accounting reports.

When distributing each year's after-tax profits, it shall set aside 10% of its after-tax profits into a statutory common reserve fund (except where the fund has reached 50% of its registered capital).

If its statutory common reserve fund is not sufficient to make up losses of the previous year, profits of the current year shall be applied to make up losses before allocation is made to the statutory common reserve fund pursuant to the above provisions.

After allocation of the statutory common reserve fund from after-tax profits, it may, upon a resolution passed at the shareholders' general meeting, allocate discretionary common reserve fund from after-tax profits.

The remaining after-tax profits after making up losses and allocation of common reserve fund shall be distributed in proportion to the number of shares held by the shareholders, unless otherwise stipulated in the articles of association.

Shares held by the Company shall not be entitled to any distribution of profit.

The premium received through issuance of shares at prices above par value and other incomes required by the financial department of the State Council to be allocated to the capital reserve fund shall be allocated to the company's capital reserve fund.

The Company's reserve fund shall be applied to make up losses of the company, expand its business operations or be converted to increase the registered capital of the company. However, the capital reserve fund may not be applied to make up the company's losses. Upon the conversion of statutory common reserve fund into capital, the balance of the statutory common reserve fund shall not be less than 25% of the registered capital of the company before such conversion.

The Company shall have no other accounting books except the statutory accounting books. Its assets shall not be deposited in any accounts opened in the name of any individual.

**Appointment and Retirement of Accounting Firms**

Pursuant to the PRC Company Law, the appointment or dismissal of accounting firms responsible for the auditing of the company shall be determined by shareholders' general meeting or board of directors in accordance with provisions of articles of association. The accounting firm should be allowed to make representations when the shareholders' general meeting or board of directors conducts a vote on the dismissal of the accounting firm. The company should provide true and complete accounting evidences, books, financial and accounting reports and other accounting data to the accounting firm it employs without any refusal, withholding and misrepresentation.

**Distribution of Profits**

According to the PRC Company Law, a company shall not distribute profits before losses are covered and the statutory common reserve is drawn.

**Amendments to Articles of Association**

Any amendments to the company's articles of association must be made in accordance with the procedures set out in the company's articles of association. In relation to matters involving the company's registration, its registration with the authority must also be changed.

**Dissolution and Liquidation**

According to the PRC Company Law, a company shall be dissolved by reason of the following: (i) the term of its operations set down in the articles of association has expired or other events of dissolution specified in the articles of association have occurred; (ii) the shareholders' general meeting have resolved to dissolve the company; (iii) the company is dissolved by reason of merger or division; (iv) the business license is revoked; the company is ordered to close down or be dissolved; or (v) the company is dissolved by the people's court in response to the request of shareholders holding shares that represent more than 10% of the voting rights of all its shareholders, on the grounds that the company suffers significant hardship in its operation and management that cannot be resolved through other means, and the ongoing existence of the company would bring significant losses for shareholders.

In the event of (i) above, it may carry on its existence by amending its articles of association. The amendment of the articles of association in accordance with provisions set out above shall require approval of more than two thirds of voting rights of shareholders attending a shareholders' general meeting.

Where the company is dissolved in the circumstances described in subparagraphs (i), (ii), (iv), or (v) above, a liquidation group shall be established and the liquidation process shall commence within 15 days after the occurrence of an event of dissolution.

The members of the company's liquidation group shall be composed of its directors or the personnel appointed by the shareholders' general meeting. If a liquidation group is not established within the stipulated period, creditors may apply to the people's court and request the court to appoint relevant personnel to form the liquidation group. The people's court should accept such application and form a liquidation group to conduct liquidation in a timely manner.

The liquidation group shall exercise the following powers during the liquidation period:

- to handle the company's assets and to prepare a balance sheet and an inventory of the assets;
- to notify creditors through notice or public announcement;
- to deal with the company's outstanding businesses related to liquidation;
- to pay any tax overdue as well as tax amounts arising from the process of liquidation;
- to claim credits and pay off debts;
- to handle the company's remaining assets after its debts have been paid off; and
- to represent the company in civil lawsuits.

The liquidation group shall notify the company's creditors within 10 days after its establishment and issue public notices in newspapers within 60 days. A creditor shall lodge his claim with the liquidation group within 30 days after receiving notification, or within 45 days of the public notice if he did not receive any notification. A creditor shall state all matters relevant to his creditor rights in making his claim and furnish evidence. The liquidation group shall register such creditor rights. The liquidation group shall not make any debt settlement to creditors during the period of claim.

Upon liquidation of properties and the preparation of the balance sheet and inventory of assets, the liquidation group shall draw up a liquidation plan to be submitted to the shareholders' general meeting or people's court for confirmation.

The company's remaining assets after payment of liquidation expenses, wages, social insurance expenses and statutory compensation, outstanding taxes and debts shall be distributed to shareholders according to their shareholding proportion. It shall continue to exist during the liquidation period, although it can only engage in any operating activities that are related to the liquidation. The company's properties shall not be distributed to the shareholders before repayments are made in accordance to the foregoing provisions.

Upon liquidation of the company's properties and the preparation of the balance sheet and inventory of assets, if the liquidation group becomes aware that the company does not have sufficient assets to meet its liabilities, it must apply to the people's court for a declaration for bankruptcy.

Following such declaration, the liquidation group shall hand over all matters relating to the liquidation to the people's court.

Upon completion of the liquidation, the liquidation group shall submit a liquidation report to the shareholders' general meeting or the people's court for verification. Thereafter, the report shall be submitted to the registration authority of the company in order to cancel the company's registration, and a public notice of its termination shall be issued. Members of the liquidation group are required to discharge their duties honestly and in compliance with the relevant laws. Members of the liquidation group shall be prohibited from abusing their powers to accept bribes or other unlawful income and from misappropriating the company's properties.

A member of the liquidation group is liable to indemnify the company and its creditors in respect of any loss arising from his intentional or gross negligence.

**Overseas Listing**

Subject to specific circumstances, the Trial Measures and its guidelines require that, among other things, (i) initial public offerings or listings on overseas markets of domestic companies shall be filed with the CSRC within three working days after the relevant application is submitted overseas, (ii) subsequent securities offerings of an issuer on the same overseas market where it has previously offered and listed securities shall be filed with the CSRC within three working days after the offering is completed, (iii) subsequent securities offerings or listings of an issuer on other overseas markets other than where it has offered and listed securities shall be filed with the CSRC within three working days after the relevant application is submitted overseas; and (iv) if the overseas offering or listing has not been completed within one year upon the completion of the filing with CSRC, the filing documents shall be updated if such overseas offering or listing is going to further proceed.

**Loss of Share Certificates**

If a registered share certificate is lost, stolen or destroyed, the relevant shareholder may apply, in accordance with the relevant provisions set out in the Civil Procedure Law, to a people's court to declare such certificate invalid. After the people's court declares the invalidity of such certificate, the shareholder may apply to the company for a replacement share certificate.

**Termination of Listing**

The PRC Securities Law (2019 revision) (《中華人民共和國證券法》(2019年修訂)) ("**PRC Securities Law**") stipulates that the trading of shares of a company of a stock exchange may be terminated if so decided by the stock exchange.

Where the stock exchange decides on delisting of securities, it shall promptly announce and file records with the securities regulatory authority of the State Council.

The Trial Measures requires that, upon the occurrence of voluntary or mandatory delisting after an issuer has offered and listed securities on an overseas market, the issuer shall submit a report to CSRC within three working days after the occurrence and public announcement of such event.

**Merger and Demerger**

Companies may merge through merger by absorption or through the establishment of a newly merged entity. If it merges by absorption, the company which is absorbed shall be dissolved. If it merges by forming a new corporation, both companies will be dissolved.

## SECURITIES LAW AND REGULATIONS

CSRC, a ministerial-level public institution directly under the State Council, performs a unified regulatory function, according to the relevant laws and regulations, and with the authority by the State Council, over the securities and futures market of China, maintains an orderly securities and futures market order, and ensure a legal operation of the capital market.

The PRC Securities Law took effect on 1 July 1999 and was revised on 28 August 2004, 27 October 2005, 29 June 2013, 31 August 2014 and 28 December 2019, respectively. This is the first national securities law in the PRC, which is divided into 14 chapters and 226 articles regulating, among other things, the issue and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of the State Council's securities regulatory authorities. The PRC Securities Law comprehensively regulates activities in the PRC securities market. Article 224 of the PRC Securities Law provides that domestic enterprises shall comply with the relevant provisions of the State Council to list its shares outside the PRC. Currently, the issue and trading of foreign issued shares (including H shares) are mainly governed by the rules and regulations promulgated by the State Council and the CSRC.

## ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARDS

The Arbitration Law of the PRC (《中華人民共和國仲裁法》) (the "**Arbitration Law**") was passed by the Standing Committee of the NPC on 31 August 1994, became effective on 1 September 1995 and was amended on 27 August 2009 and 1 September 2017. Under the Arbitration Law, an arbitration committee may, before the promulgation by the PRC Arbitration Association of arbitration regulations, formulate interim arbitration rules in accordance with the Arbitration Law and the Civil Procedure Law. Where the parties have by agreement provided arbitration as the method for dispute resolution, the people's court will refuse to handle the case except when the arbitration agreement is declared invalid.

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 amended on 4 November 2014 and implemented on 1 January 2015, CIETAC shall deal with economic and trading disputes over contractual or non-contractual transactions, based on an agreement of the parties, including disputes involving Hong Kong based on the agreement of the parties.

Under the Arbitration Law and the Civil Procedure Law, an arbitral award is final and binding on the parties. If a party fails to comply with an award, the other party to the award may apply to the people's court for enforcement. A people's court may refuse to enforce an arbitral award made by an arbitration commission if there is any irregularity on the procedures or composition of arbitrators specified by law or the award exceeds the scope of the arbitration agreement or is outside the jurisdiction of the arbitration commission.

A party seeking to enforce an arbitral award of PRC arbitration panel against a party who, or whose property, is not within the PRC, shall apply to a foreign court with jurisdiction over the case for enforcement. Similarly, an arbitral award made by a foreign arbitration body may be recognized and enforced by the PRC courts in accordance with the principles of reciprocity or any international treaty concluded or acceded to by the PRC. The PRC acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the "**New York Convention**") adopted on 10 June 1958 pursuant to a resolution of the Standing Committee of the NPC passed on 2 December 1986. The New York Convention provides that all arbitral awards made in a state which is a party to the New York Convention shall be recognized and enforced by all other parties to the New York Convention, subject to their right to refuse enforcement under certain circumstances, including where the enforcement of the arbitral award is against the public policy of the state to which the application for enforcement is made. It was declared by the Standing Committee of the NPC simultaneously with the accession of the PRC that (i) the PRC will only recognize and enforce foreign arbitral awards on the principle of reciprocity and (ii) the PRC will only apply the New York Convention in disputes considered under PRC laws to arise from contractual and non-contractual mercantile legal relations.

An arrangement was reached between Hong Kong and the Supreme People's Court for the mutual enforcement of arbitral awards. On 18 June 1999, the Supreme People's Court adopted the Arrangement on Mutual Enforcement of Arbitral Awards between Mainland China and Hong Kong (《關於內地與香港特別行政區相互執行仲裁裁決的安排》), which became effective on 1 February 2000. In accordance with this arrangement, and its supplemental arrangements, upon satisfying certain requirements, awards made by PRC arbitral authorities under the Arbitration Law can be enforced in Hong Kong, and Hong Kong arbitration awards are also enforceable in the PRC.

**Judicial judgment and its enforcement**

According to the Arrangement on Mutual Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland China and of the Hong Kong Special Administrative Region Pursuant to Agreed Jurisdiction by Parties Concerned (《最高人民法院關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) promulgated by the Supreme People's Court on 3 July 2008 and implemented on 1 August 2008, in the case of final judgment, defined with payment amount and enforcement power, made between the court of China and the court of the Hong Kong Special Administrative Region in a civil and commercial case with written jurisdiction agreement, any party concerned may apply to the People's Court of China or the court of the Hong Kong Special Administrative Region for recognition and enforcement based on this arrangement. "Written jurisdiction agreement" refers to a written agreement defining the exclusive jurisdiction of either the People's Court of China or the court of the Hong Kong Special Administrative Region in order to resolve dispute with particular legal relation occurred or likely to occur by the party concerned. Therefore, the party concerned may apply to the Court of China or the court of the Hong Kong Special Administrative Region to recognize and enforce the final judgment made in China or Hong Kong that meet certain conditions of the aforementioned regulations.

**Shareholding and Transfer of Shares**

Under PRC law, our Domestic 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.

## SHARES

### Issuance of Shares

The shares of the Company take the form of stock.

The shares of the Company shall be issued based on the principles of openness, fairness and justice. Shares of the same class shall carry equal rights.

The issue terms and price per share of the same class in the same issue shall be the same; the same price shall be paid for each share of the same class during the same share issue subscribed for by any entities or individuals.

The shares of the Company shall be in registered form. All the shares issued by the Company are ordinary shares having a par value of RMB1.00 for each share.

### Increase, Reduction and Repurchase of Shares

Based on operational and development needs and in accordance with the provisions of laws and regulations and the listing rules of the place where the shares of the Company are listed, the Company may, subject to resolution at a shareholders' general meeting, increase its capital.

The Company may increase its capital by way of:

(I) Public offering of shares;

(II) Non-public offering of shares;

(III) Distributing bonus shares to its existing shareholders;

(IV) Converting the reserve funds into share capital;

(V) Other means as permitted by the laws, administrative regulations and approved by governmental authorities.

The Company may reduce its registered capital. The Company's capital reduction shall be conducted in accordance with the Company Law, the Listing Rules and other relevant regulations and the procedures set out in the Articles of Association.

The Company shall prepare a balance sheet and a list of assets when reducing its registered capital.

The Company shall notify its creditors within 10 days from the date of the Company's resolution for reduction of registered capital and shall make an announcement in a newspaper within 30 days from the date of such resolution. The creditors shall, within 30 days of receipt of the notice or within 45 days of the date of the announcement in the case of failure of receipt of the notice, be entitled to require the Company to repay its debts or to provide a corresponding guarantee for repayment.

The Company's registered capital after reduction shall not be less than the statutory minimum amount.

The Company shall not acquired the Shares of the Company with one of the following exceptions:

(I) Reducing the registered capital of the Company;

(II) Merging with another company that holds the shares of the Company;

(III) Granting the shares for the employee shareholding scheme or as share incentives;

(IV) Shareholders who disagree with the resolutions for the merger and separation of the Company made in a shareholders' general meeting may demand the Company to repurchase their shares;

(V) Using the shares to satisfy the conversion of corporate bonds convertible into the shares issued by the Company;

(VI) Safeguarding corporate value and shareholders' rights as deems necessary;

When relevant laws and regulations, regulatory documents and relevant regulations of the securities regulatory authority where the shares of the Company are listed provide otherwise on matters related to the aforementioned share repurchase, such provisions shall prevail.

The shares repurchase by the Company under the circumstances described in Clauses (I) and (II) above shall be subject to resolution at a shareholders' general meeting. The shares repurchase by the Company under the circumstances described in Clauses (III), (V) and (VI) above shall obtain approval from a Board meeting where over two-thirds of the directors are present, in accordance with the provisions of the Articles of Associations or the authorization by a shareholders' general meeting.

After the Company has repurchased its shares in accordance with the Article 25 of the Articles of Association, such shares, in case of the circumstance described Clause (I), shall be cancelled within 10 days after repurchase; or in case of the circumstances described in Clauses (II) and (IV), shall be transferred or cancelled within 6 months; or in case of the circumstances described in Clauses (III), (V) and (VI), shall be transferred or cancelled within three years, provided that the aggregate number of the shares held by the Company shall not exceed 10% of the total number of issued shares of the Company. Where the Company repurchases its own shares under the circumstances described in Clauses (III), (V) and (VI), it shall be carried out by open and centralized trade.

**Transfer of Shares**

Shares of the Company can be transferred in accordance with laws. The Company shall not accept its shares as the subject of a pledge.

The shares of the Company held by the promoters shall not be transferred within one year from the date of establishment of the Company. The shares issued before the public issuance of any shares by the Company shall not be transferred within one year from the date when the shares of the Company are listed and traded in a stock exchange.

During their terms of office, the directors, supervisors and senior officers of the Company shall report to the Company their shareholdings in the Company and changes therein and shall not transfer more than 25% of the total number of shares of the Company held by them each year during their terms of office; the shares of the Company held by them shall not be transferred within one year from the date when the shares of the Company are listed and traded. The aforesaid persons shall not transfer the shares of the Company held by them within six months from the date when they leave office.

**Financial Assistance for the Acquisition of Shares in Our Company**

The Company and its subsidiaries shall not provide any financial assistance in forms such as grants, advances, guarantees, compensation or loans to persons who acquire or propose to acquire shares of the Company.

**Register of Shareholders**

The Company shall have a register of shareholders which is a sufficient evidence of the shareholders' shareholding in the Company. A shareholder shall enjoy relevant rights and assume relevant obligations in accordance with the class of shares he/she holds. Shareholders holding the same class of shares shall have the same rights and assume the same obligations.

When the Company intends to convene a shareholders' general meeting, distribute dividends, enter into liquidation and engage in other activities that require resolution of shareholdings, the Board of Directors or the convenor of a general meeting shall determine an equity record date, and shareholders registered on the register of members after the close of market on such date shall be the shareholders entitled to the relevant rights and interests.

## SHAREHOLDERS AND SHAREHOLDERS' GENERAL MEETING

### Rights and Obligations of Shareholders

Shareholders of the Company shall enjoy the following rights:

(I) To receive dividends and other forms of profit distributions in proportion to the number of shares held by them;

(II) To request, convene, preside over, attend or appoint proxies to attend general meeting and exercise corresponding right of speech and voting rights in accordance with the laws;

(III) To supervise the operation of the Company and to make suggestions and enquiries;

(IV) To transfer, donate or pledge shares held by them in accordance with the requirements of laws, administrative regulations, and the Articles of Association;

(V) To inspect the Articles of Association, the register of shareholders, corporate bond stubs of the Company, the minutes of general meetings, resolutions of the Board of Directors, resolutions of the Supervisory Committee, and financial accounting report;

(VI) To participate in the distribution of remaining assets of the Company in proportion to the number of shares held by them upon termination or liquidation of the Company;

(VII) To request the Company to acquire the shares from shareholders who object to the resolutions on the merger or division of the Company made at the general meeting;

(VIII) To inspect the Hong Kong branch register of shareholders of the Company, but the Company may suspend the registration of shareholders in accordance with the equivalent provisions of section 632 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong);

(IX) To enjoy other rights as stipulated in laws, administrative regulations, departmental rules, and the Articles of Association.

The shareholders of the Company shall assume the following obligations:

(I) To comply with laws, administrative regulations and the Articles of Association;

(II) To pay subscription monies according to the shares subscribed and the method of subscription;

(III) Not to return shares unless prescribed otherwise in laws and administrative regulations;

(IV) Not to abuse shareholders' rights to infringe upon the interests of the Company or other shareholders; not to abuse the Company's status as an independent legal entity or the limited liability of shareholders to harm the interests of the Company's creditors;

(V) Other obligations imposed by laws, administrative regulations, departmental rules, normative documents, and the Articles of Association.

Any shareholder who abuses shareholders' rights and causes the Company or other shareholders to suffer a loss shall be liable for making compensation in accordance with the law. Any Company's shareholder who abuses the status of the Company as an independent legal entity or the limited liability of shareholders to evade debts and severely harm the interests of the Company's creditors shall assume joint and several liability for the Company's debts.

**Proxies of Shareholders**

Shareholders may attend a general meeting in person and may appoint a proxy (who may not a shareholder) to attend and vote on their behalf.

The proxy form issued by a shareholder to appoint an proxy to attend a general meeting shall contain the following information:

(I) The name of the proxy;

(II) Whether he/she has the right to vote;

(III) Instructions to vote for, against or abstain from voting on each matter included in the agenda of the shareholders' meeting, respectively;

(IV) The date of issuance and expiration date of the proxy;

(V) The signature (or seal) of the principal. If the proxy is a legal person shareholder, the seal of the legal person shall be affixed.

In the event that proxy form is signed by another person authorized by the appointer, the authorization or other authorization instrument shall be notarized. The proxy form and such notarized authorization or other authorization instrument shall be maintained at the domicile of the Company or at such other locations as specified for that purpose in the notice regarding the convening of the meeting at the same time.

In the event that an appointer is a legal person, its legal representative or such person as authorized by a resolution of its board of directors or other governing body may attend the general meeting of the Company in the capacity of a representative.

Form for the appointment of proxies shall contain a statement which states that, in the absence of instructions by the shareholder, the proxy may vote in his/her own discretion.

**Power of the Shareholders' General Meeting and Matters to be Determined**

The general meeting shall be the organ of authority of the Company and shall exercise the following functions and powers:

(I) To decide on the operating guidelines and investment plans of the Company;

(II) To elect and replace the directors and supervisors who are not representatives of the staff and decide on matters relating to the remuneration of the directors and supervisors;

(III) To consider and approve reports of the board of directors;

(IV) To consider and approve reports of the Supervisory Committee;

(V) To consider and approve the Company's annual financial budgets and final accounts;

(VI) To consider and approve the Company's profit distribution plans and plans for making up losses;

(VII) To decide on increases or reductions in the Company's registered capital;

(VIII) Make resolutions on the issue of corporate bonds;

(IX) To decide on merger, division, dissolution, liquidation or change in the form of the Company;

(X) To amend the Articles of Association;

(XI) To decide on the Company's appointment and removal of accounting firms;

(XII) To consider and approve transactions and guarantees that should be decided by the general meeting of shareholders as stipulated in the Articles of Association and the Rules of Procedure of General Meetings;

(XIII) Consider the acquisition or disposal of significant assets in an amount exceeding 30% of the latest audited total assets of the Company, which were carried out by the Company within 12 months;

(XIV) To consider and approve change of the use of proceeds;

(XV) To consider share incentive plans and employee stock ownership programs;

(XVI) To consider the repurchase of the Company's shares in accordance with the circumstances set forth in subparagraph (I) and (II) of the first paragraph of Article 25 of the Articles of Association;

(XVII) To consider other matters that required to be resolved by the general meeting as prescribed by laws, administrative regulations, departmental rules, the Articles of Association and the Rules of Procedure for General Meetings.

Resolutions of the general meeting include ordinary resolutions and special resolutions.

Ordinary resolution at a general meeting shall be passed by more than one half of the voting shares held by shareholders (including their proxies) attending the general meeting.

Special resolution at a general meeting shall be passed by more than two-thirds of the voting rights held by shareholders (including their proxies) attending the general meeting.

The shareholders (including their proxies) shall exercise their voting rights according to the number of voting shares that they represent. Each share shall carry one voting right.

Shares held by the Company do not carry voting rights, and shall not be counted in the total number of voting shares represented by shareholders present at a general meeting.

The following matters shall be resolved by a special resolution at a general meeting:

(I) Increase or reduction in the registered capital of the Company;

(II) Separation, division, merger, dissolution, and liquidation (including voluntary winding up) of the Company;

(III) Amendment of the Articles of Association;

(IV) The acquisition or disposal of significant assets or provision of a guarantee in an amount exceeding 30% of the latest audited total assets of the Company, which were carried out by the Company within 12 months;

(V) The share incentives schemes or employee stock ownership programs;

(VI) Other matters subject to special resolutions, as required by laws, administrative regulations, the Articles of Association, and the Rules of Procedure of General Meetings, and which have a material impact on the Company as determined by way of an ordinary resolution at the general meeting.

The following matters are subject to ordinary resolutions at a general meeting:

(I) Work reports of the board of directors and the Supervisory Committee;

(II) Profit distribution plans and plans for covering loss which are prepared by the board of directors;

(III) Removal and appointment of members of the board of directors and the Supervisory Committee, their remuneration and method of payment of their remuneration;

(IV) The Company's annual budget programs and final account plans;

(V) Annual report of the Company;

(VI) Other matters which are subject to resolutions other than special resolutions, at a general meeting in accordance with laws, administrative regulations, and the Articles of Association.

**Convening, Proposal and Notice of the Meeting**

Shareholders who individually or collectively hold 10% or more of the Company's shares shall have the right to request the Board of Directors to convene an extraordinary general meeting and shall submit the request in writing to the Board of Directors. If the Board of Directors does not agree to convene an extraordinary general meeting or does not provide feedback within 10 days after receiving the request, shareholders who individually or collectively hold 10% or more of the Company's shares shall have the right to propose to the Supervisory Committee to convene an extraordinary general meeting, and shall submit the request in writing to the Supervisory Committee. If the Supervisory Committee agrees to convene an extraordinary general meeting, it shall issue a notice to convene the general meeting within 5 days after receiving the request. If the Supervisory Committee fails to issue the notice of the general meeting within the prescribed period, it shall be deemed that the Supervisory Committee does not convene and preside over the general meeting, and shareholders who individually or collectively hold 10% or more of the Company's shares for more than 90 consecutive days may convene and preside over the general meeting on their own.

The contents of proposals shall fall within the authority of general meetings.

The Board of Directors, the Supervisory Committee and shareholders individually or jointly holding no less than 3% of the shares of the Company shall be entitled to add proposed resolutions to the Company.

A shareholder alone or shareholders jointly holding no less than 3% of the shares of the Company may add proposed resolutions to the meeting agenda in writing to the convenor 10 days prior to the date of general meeting. The convenor shall issue a supplemental notice of general meeting within two days after receipt of the motion, with such proposed resolution being announced.

Except as provided in the preceding paragraph, the convenor, after issuing the notice of the general meeting, shall neither modify the proposed resolution stated in the notice of general meetings nor add new proposed resolution.

The general meetings shall include annual general meetings and extraordinary general meetings. The general meeting shall be convened by the board of directors. The annual general meeting shall be convened once a year and shall be held within six months from the end of the preceding accounting year.

The Company shall convene an extraordinary general meeting within two months upon the occurrence of any of the following circumstances:

(I) The number of directors is less than that prescribed by the Company Law or less than the two-thirds of the number required by the Articles of Association;

(II) The uncovered losses of the Company amount to one-third of the total paid-in share capital;

(III) At the request of shareholders who individually or collectively hold more than 10% (inclusive) of the Company's shares;

(IV) Whenever the board of directors considers necessary;

(V) When the Supervisory Committee suggests a meeting;

(VI) Other circumstances as specified by relevant laws, administrative regulations, departmental rules, or the Articles of Association.

If the Company convenes a general meeting, the convener shall give an announcement of the meeting to the shareholders 20 business days or 21 days before an annual general meeting (whichever is later), or 10 business days or 15 days before an extraordinary general meeting (whichever is later).

Notice of the general meeting shall include the following:

(I) the time, venue and duration of the meeting;

(II) subject matters and proposals submitted for consideration and approval on the meeting;

(III) particulars shall be in clear text that all shareholders are entitled to attend general meetings and may appoint their proxies in writing to attend and vote at the meetings. Such proxies need not be shareholders of the Company;

(IV) shareholders are entitled to present on the equity determination date of general meetings;

(V) name(s) and telephone number(s) of the standing contact person(s) for the affairs of meetings;

(VI) online or other means of voting time and voting procedures.

## DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

### Appointment, Removal and Retirement

Directors are subject to election or replacement at a general meeting, and may be removed before the expiry of their terms of office at the general meeting. Directors serve for a term of 3 years and are eligible for re-election at the expiry of their term of office. The board of directors shall consist of at least nine directors, including no less than three independent non-executive directors representing at least one-third of the board.

The Board shall have one chairman, which shall be elected by a majority of the directors.

The Directors shall abide by the laws, administrative regulations and the Articles of Association and have the following duty of loyalty to the Company:

(I) Directors shall not take advantage of his power to accept bribes or other illegal income, and shall not embezzle the property of the Company;

(II) Directors shall not misappropriate the Company's funds;

(III) Directors shall not open an account for depositing the Company's assets or funds in its own name or in the name of another individual;

(IV) Directors shall not violate the provisions of the Articles of Association by lending the Company's funds to others or providing guarantees for others with the Company's property without the consent of a general meeting or the Board of Directors;

(V) Directors shall not enter into contracts or conduct transactions with the Company in violation of the Articles of Association or without the consent of a general meeting;

(VI) without the consent of a general meeting, he/she shall not take advantage of his/her position to seek business opportunities for himself or others that should belong to the Company, or to operate the same kind of business as that of the Company for himself or for others;

(VII) Directors shall not accept commissions from transactions conducted between others and the Company;

(VIII) Directors shall not disclose the Company's secrets without authorization;

(IX) Directors shall not make use the affiliated relationship to prejudice the interests of the Company;

(X) other duties of loyalty stipulated by the provisions of laws, administrative regulations, departmental rules, and the Articles of Association.

Any income derived by a director from violation of the provisions of the preceding paragraph shall belong to the Company, and for the relevant loss incurred by the Company, such director shall be liable for compensation.

Directors shall abide by the laws, administrative regulations and the Articles of Association and shall be subject to the following diligence obligations to the Company:

(I) the Company shall exercise the rights granted by the Company in a prudent, conscientious and diligent manner to ensure that the Company's commercial activities comply with the requirements of national laws, administrative regulations and various national economic policies, and that the extent of the commercial activities do not exceed the business scope stipulated in the business license;

(II) all shareholders shall be treated fairly;

(III) keep abreast of the Company's business operation and management;

(IV) a written confirmation of the Company's periodic reports shall be signed to ensure that the information disclosed by the Company is true, accurate and complete;

(V) truthfully provide relevant information and materials to the Supervisory Committee, and shall not hinder the Supervisory Committee or the Supervisors from exercising their powers;

(VI) other diligence obligations stipulated by laws, administrative regulations, departmental rules, and the Articles of Association.

A person may not serve as a director, supervisor and senior management officer of the Company if any of the following circumstances applies:

(I) A person without capacity or with restricted capacity for civil acts;

(II) A person who has been penalized or sentenced due to an offence of corruption, bribery, infringement of property, misappropriation of property or disruption of the socialist market economy order, or who has been deprived of his political rights due to the committing of any crime, and in each case, five years not having elapsed since the completion of the relevant penalty, sentence or deprivation;

(III) A person who, being a director or the factory director or manager of a company or enterprise that went into bankruptcy and liquidation, was personally liable for the bankruptcy of the said company or enterprise, where less than three years have elapsed from the date liquidation of the company or enterprise was completed;

(IV) A person who, being the statutory representative of a company or an enterprise, the business license of which was revoked for violation of law and which was ordered to close down, was personally liable for the above, where less than three years have elapsed from the date the business license of the company or enterprise was revoked;

(V) A person who has a relatively large amount of debts due and outstanding;

(VI) The period of being banned from the securities market by the CSRC has not yet expired;

(VII) The circumstances specified by laws, administrative regulations or department regulations.

**Power to Dispose of the Assets of Our Company or Any Subsidiary**

The Board of Directors shall determine the authority of investment, acquisition and sale of assets, loans, asset pledge, guarantee, entrusted financial management, connected transactions, donations, etc., and establish strict review and decision-making procedures; as for major investment projects, the Board of Directors shall be evaluated by relevant experts and professionals and reported to the general meeting for approval.

**Borrowing Powers**

The Articles of Association do not contain any specific provisions regarding Directors' exercise of lending powers, but there are relevant provisions that require the issuance of corporate bonds to be approved by shareholders.

## FINANCIAL AND ACCOUNTING SYSTEM, PROFIT DISTRIBUTION AND AUDIT

**Accounts and Audit**

The financial and accounting systems of the Company are formulated by the Company in accordance with laws, administrative regulations and relevant authorities' regulations of China. Where the relevant provisions of the securities regulatory authorities at the place where the shares of the Company are listed have any other provisions in respect of the aforesaid financial and accounting systems, such provisions shall prevail.

The Company shall issue annually a consolidated annual financial audit report for the previous year in accordance with the PRC accounting system, which shall be submitted to the Board of Directors and the general meeting of Shareholders for approval after being audited by the accounting firm engaged by the Company. Where the relevant provisions of the securities regulatory authorities and stock exchanges at the place where the shares of the Company are listed have any other provisions in respect of the aforesaid financial and accounting systems, such provisions shall prevail.

**Profit Distribution**

In distributing the current year's profit after tax, 10% of the profit shall be allocated to the Company's statutory reserve fund. When the aggregate amount of the statutory reserve fund has reached 50% or more of the Company's registered capital, further appropriations are not required.

If the statutory reserve fund of the Company is insufficient to make up the losses of the previous year, the profits of the current year shall be used to make up such losses before allocating to the statutory reserve fund in accordance with the preceding paragraph.

After allocation of its profits after tax to its statutory reserve fund, the Company may allocate its profits after tax to its discretionary reserve fund upon a resolution of the shareholders' general meeting.

The remaining profits after tax after the Company has made up its losses and allocated to its reserve funds may be distributed to its shareholders in proportion to their shareholdings unless it is stipulated in the Articles of Association that no profit distribution shall be made in accordance with shareholdings.

If a shareholders' general meeting has, in violation of the preceding paragraph, distributed profits to shareholders before making up losses and allocating to the statutory reserve fund, shareholders shall return to the Company the profits distributed in violation of the provisions.

The Company's reserve funds shall be used to make up the losses or expand the production operations, or be converted to increase the share capital of the Company. However, the capital reserve fund shall not be used to make up the losses of the Company.

When the statutory reserve fund is converted into capital, the remainder of the fund shall not be less than 25% of the Company's registered capital prior to such conversion.

## MERGER, DIVISION, DISSOLUTION AND LIQUIDATION OF THE COMPANY

In the event of merger of the Company, the parties involved in the merger shall execute a merger agreement and prepare a balance sheet and a list of assets. The Company shall notify the creditors within 10 days from the date of the resolution and publish an announcement in newspapers within 30 days. The creditors shall, within 30 days after its receipt of notice or within 45 days of the announcement in the case of creditors that have not received notice, require the Company for settling its debt or providing relevant guarantee.

In the event of a division of the Company, its properties shall be divided up accordingly.

For the separation of the Company, a balance sheet and lists of property shall be formulated. The Company shall inform the creditors in 10 days after the date of making the resolution for such merger, and publish an announcement in newspapers within 30 days.

In any of the following circumstances, the Company shall be dissolved:

(I) The term of its operations specified in the Articles of Association has expired and other circumstance for dissolution specified in the Articles of Association has occurred;

(II) The general meeting decides to dissolve it;

(III) It is necessary to be dissolved due to merger or division of the Company;

(IV) Its business license is canceled or it is ordered to close down or to be dissolved according to the law;

(V) Where the Company runs deep into difficulties in operation and management, its continuous existence may cause material losses to shareholders' interests, and such difficulties cannot be dealt with in other ways, the shareholders holding more than ten percent of the voting rights of all shareholders of the Company may file an application to the People's Court to dissolve the Company.

Where the Company is to be dissolved according to the provisions of sub-paragraphs (I), (II), (IV) and (V) of the preceding Article, it shall establish a liquidation committee and liquidation shall commence within 15 days from the date on which the cause for dissolution arises. The liquidation committee shall be determined by Directors or the general meeting. If the Company fails to establish the liquidation committee and carry out the liquidation within the time limit, its creditors may petition a People's Court to designate relevant persons to form a liquidation committee and carry out the liquidation.

The liquidation committee shall notify creditors within ten days of its establishment, and make announcements on newspaper within 60 days of its establishment. Creditors shall declare their claims to the liquidation committee within 30 days from the date of receipt of the written notice or, if they did not receive a written notice, within 45 days from the date of the announcement. When declaring their claims, creditors shall explain the particulars relevant to their claims and submit supporting documentation. The liquidation committee shall register the claims. During the period of declaration of claims, the liquidation committee shall not repay the debts to creditors.

After the liquidation committee has liquidated the Company's property and prepared a balance sheet and property list, it shall formulate a liquidation plan and submit such plan to the general meeting or the People's Court for confirmation. The Company's property remaining after payment of the liquidation expenses, the wages, social insurance premiums and statutory compensation of the employees, the taxes owed and all the Company's debts, shall be distributed by the Company to the shareholders in proportion to the shares they hold.

During liquidation, the Company shall continue to exist but may not engage in any business activities unrelated to the liquidation. The Company's property will not be distributed to the shareholders until repayment of its debts in accordance with the preceding paragraph.

If the liquidation committee, having liquidated the Company's property and prepared a balance sheet and property list, discovers that the Company's property is insufficient to pay its debts in full, it shall apply to the People's Court for a declaration of bankruptcy in accordance with the law. After the People's Court has ruled to declare the Company bankrupt, the liquidation committee shall turn over the liquidation matters to the People's Court.

Following the completion of liquidation of the Company, the liquidation committee shall formulate a liquidation report, submit the same to the general meeting or the People's Court for confirmation, and submit the aforementioned documents to the company registration authority to apply for company deregistration, and announce the Company's termination.

## OTHER PROVISIONS MATERIAL TO OUR COMPANY AND OUR SHAREHOLDERS

### General Provisions

The Company is a company limited by shares, with perpetual duration.

From the date on which the Articles of Association come into effect, they shall constitute a legally binding document regulating the Company's organization and activities, and the rights and obligations as between the Company and its shareholders and among the shareholders.

**Board of Directors**

The board of directors shall be accountable to the general meeting and exercise the following functions and powers:

(I) To convene the general meeting and report to the general meeting;

(II) To implement the resolutions adopted at general meetings;

(III) To decide on the Company's business plans and investment proposals;

(IV) To formulate the Company's annual financial budgets and final accounts;

(V) To formulate the Company's proposals on profit distribution and plan for recovery of losses;

(VI) To formulate proposal for the Company to increase or decrease of its registered capital, issue bonds or other securities and listing thereof;

(VII) To formulate plans for the Company's major acquisition, repurchase the Shares of the Company, or mergers, divisions, dissolution and alteration of corporate form of the Company;

(VIII) to decide on matters such as investments, purchase and sale of assets, pledge of assets, external guarantee, entrustment of financial management, connected transactions and donations of the Company within the scope of authorization by the general meeting;

(IX) To decide on establishment of internal management organizations of the Company;

(X) to decide on the appointment or dismissal of the Company's general manager, secretary to the Board of Directors and other senior management members, and to decide on matters over the remunerations and rewards and punishments thereof; and to decide on the appointment or dismissal of the Company's deputy general manager, chief financial officer and other senior management as well as their remunerations and rewards and punishments according to the nomination of the general manager;

(XI) To formulate the basic management system of the Company;

(XII) To formulate proposals to amend the Articles of Association;

(XIII) To manage information disclosure of the Company;

(XIV) To propose to the board of directors on the appointment or replacement of the accounting firms which provide audit services to the Company;

(XV) To hear to work reports of the general manager and review his/her work;

(XVI) To decide to acquire shares of the Company in accordance with the circumstances specified in paragraphs (III), (V) and (VI) of Article 25 of the Articles of Association, in accordance with the authorization of the general meeting of shareholders;

(XVII) Other authorities and powers specified by laws, administrative regulations, departmental rules, and the Articles of Association.

A director is not required to hold shares of the Company.

Unless otherwise specified in laws, administrative regulations, departmental rules, normative documents, the listing rules of the stock exchange where the Company's shares are listed and the Articles of Association, the powers and authorities specified in the above items (VI), (VII) and (XI) are subject to approval by more than two-thirds of the directors by voting, and other powers and authorities may be subject to approval by a majority of directors by voting.

A meeting of the Board shall not be held unless a majority of directors are present.

Each director has one vote. Unless otherwise provided by laws, administrative regulations and other articles in the Articles of Association, resolutions made by the Board are subject to approval by a majority of directors.

In the case of an equality of votes, the chairman of the board of directors shall have a casting vote.

**General Manager**

The Company has one general manager, who is subject to appointment or removal by the board of directors. The general manager shall be accountable to the board of directors and exercise the following functions and powers:

(I) To be in charge of the production, operation and management of the Company, to arrange implementation of resolutions of the board of directors, and to report to the board of directors;

(II) To arrange implementation of the Company's annual business plans and investment plans;

(III) To propose plans for establishment of the Company's internal management organization;

(IV) To formulate the Company's basic management system;

(V) To formulate the specific rules and regulations of the Company;

(VI) To propose to the board of directors the appointment or dismissal of the Company's deputy general manager(s) and person-in-charge of finance;

(VII) To appoint or dismiss the management officers other than those required to be appointed or dismissed by the board of directors;

(VIII) To exercise other functions and powers conferred by the Articles of Association and the board of directors.

The general manager shall attend the meetings of the board of directors.

**Secretary to the Board of Directors**

The Company shall have a secretary to the board of directors, whose primary responsibilities include preparing general meetings and board meetings of the Company, maintaining documents and managing shareholder information of the Company, etc.

**Supervisory Committee**

The directors and senior management officers shall not concurrently act as supervisors.

The term of office of a supervisor shall be 3 years, renewable upon re-election and re-appointment.

The Company shall establish the Supervisory Committee. The Supervisory Committee is comprised of three supervisors. Members of the Supervisory Committee shall include shareholder representatives, and an appropriate proportion of employee representatives, which shall not be less than one-third. Employee representatives in the Supervisory Committee are elected by employees of the Company at the employee representatives' meeting, employee meeting or otherwise democratically.

There shall be one chairman in the Supervisory Committee. The chairman of the Supervisory Committee shall be passed by more than one half of the members of the Supervisory Committee by voting.

The Supervisory Committee shall exercise the following functions and powers:

(I) Review and give written opinions on the Company's periodic reports prepared by the Board of Directors;

(II) Examine the Company's financial affairs;

(III) Supervise the directors and senior management officers during their performance of duties to the Company, and advise on the dismissal of directors or senior management officers who contravene the law, administrative regulations, the Articles of Association or resolutions of general meetings;

(IV) Demand rectification from directors and senior management officers when the acts of such persons are harmful to the Company's interest;

(V) Propose convening of extraordinary general meeting and to convene and preside over the general meeting when the board of directors fails to perform such duties as prescribed by the Company Law;

(VI) Submit proposals to the general meetings;

(VII) Initiate proceedings against directors and senior management officers pursuant to Article 151 of the Company Law;

(VIII) Investigate, and if necessary, to engage professionals such as accounting firms or law firms to assist its work with expenses being borne by the Company, in case of any queries or any abnormal matters during the business operation of the Company.

The Supervisory Committee shall convene at least one regular meeting every six months. The chairman of the Supervisory Committee shall convene and preside over the meetings of Supervisory Committee.

Where the chairman of the Supervisory Committee cannot or does not fulfil the duty thereof, more than half of the supervisors may jointly elect a supervisor to convene and preside over the meetings of Supervisory Committee.

**Amendments to Constitutional Documents**

Under any of the following circumstances, the Company shall amend the Articles of Association:

(I) If the PRC Company Law or relevant laws and administrative regulations have been amended, the matters stipulated in the Articles of Association are in conflict with the provisions of the revised laws and administrative regulations;

(II) The circumstances of the Company have changed, which are inconsistent with the matters recorded in the Articles of Association;

(III) The general meeting decides to amend the Articles of Association.

Any amendment to these Articles of Association shall take effect after being deliberated and approved by way of a special resolution of the general meeting of the Company; if, in accordance with the laws and regulations in force at the time, the amendments to these Articles of Association are subject to the approval of competent authorities, the amendments shall be filed to the competent authorities for approval; and if the amendments involve matters subject to company registration, the changes shall be registered in accordance with the law.

## A. FURTHER INFORMATION ABOUT OUR COMPANY

### 1. Incorporation of Our Company

Our Company was established as a limited liability company under the laws of the PRC on 30 June 2015 and was converted into a joint stock company with limited liability on 22 March 2022. As at the Latest Practicable Date, the registered share capital of our Company was RMB438,521,669, divided into 438,521,669 Shares with a nominal value of RMB1.00 each.

The registered office of our Company is Room 501-2, Block No.37, Hangzhou Bay New Economic Park, Port District, Jiaxing City, Zhejiang Province, PRC. Our Company has established a place of business in Hong Kong at 31/F, 148 Electric Road, North Point, Hong Kong. Our Company was registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and the Companies (Non-Hong Kong Companies) Regulation (Chapter 622J of the Laws of Hong Kong) on 25 October 2022. Ms. Leung Ho Yee (梁可怡) is appointed as the Hong Kong authorized representative of our Company for acceptance of the service of process and any notices required to be served on our Company in Hong Kong.

As our Company was incorporated in the PRC, its operations are subject to the relevant laws and regulations of the PRC. A summary of the relevant aspects of laws and regulations of the PRC and the Articles of Association is set out in Appendix IV and Appendix V of this prospectus, respectively.

### 2. Changes in the Share Capital of our Company

As of the date of our incorporation, our registered capital was RMB100 million. On 22 March 2022, our Company was converted into a joint stock company with limited liability.

The following sets out the changes in the issued share capital of our Company during the two years immediately preceding the date of this prospectus:

On 11 August 2022, the registered share capital of the Company was increased from RMB375,622,294 to RMB404,377,919.

On 23 September 2022, the registered share capital of the Company was increased from RMB404,377,919 to RMB438,521,669.

Save as disclosed above, there has been no alteration in the share capital of our Company within two years immediately preceding the date of this prospectus.

### 3. Changes in the Share Capital of Our Subsidiaries

The following sets out the changes in the share capital of our subsidiaries during the two years immediately preceding the date of this prospectus.

On 18 January 2023, the registered capital of Guangdong Hongli was decreased from approximately RMB233.3 million to RMB163.3 million.

Save as disclosed above, there has been no alteration in the share capital of any of our subsidiaries within the two years immediately preceding the date of this prospectus.

### 4. Resolutions Passed by Our Shareholders' General Meeting in Relation to the Global Offering

At the extraordinary general meeting of the Shareholders held on 28 October 2022, the following resolutions, among other things, were duly passed:

(i) the issue by our Company of H Shares with a nominal value of RMB1.00 each and such H Shares be listed on the Stock Exchange;

(ii) the number of H shares to be issued shall be no more than 25% of the total issued share capital upon the Global Offering;

(iii) authorization of the Board or its authorized individual to handle all matters relating to, among other things, the Global Offering, the issue and listing of H Shares on the Stock Exchange; and

(iv) subject to the completion of the Global Offering, the conditional adoption of the revised Articles of Association, which shall become effective on the Listing Date.

### 5. Restrictions on Repurchase

Please refer to "Appendix IV – Summary of Principal PRC Legal And Regulatory Provision – The PRC Company Law, Trial Measures and PRC Guidelines on AoA – Repurchase of Shares" and "Appendix V – Summary of the Articles of Association – Shares – Increase, Reduction and Repurchase of Shares" to this prospectus for details.

## B. FURTHER INFORMATION ABOUT THE BUSINESS

### 1. Summary of Material Contracts

Our Group has entered into the following contracts (not being contract entered into in the ordinary course of business) within the two years immediately preceding the date of this prospectus that are or may be material:

(a) a capital injection agreement (增資協議) dated 18 July 2022 entered into between our Company and Shaanxi Xingcan Shanmei Zero Carbon Equity Investment Fund Partnership (Limited Partnership) (陝西星璨善美零碳股權投資基金合夥企業(有限合夥)), pursuant to which, Shaanxi Xingcan Shanmei Zero Carbon Equity Investment Fund Partnership (Limited Partnership) (陝西星璨善美零碳股權投資基金合夥企業(有限合夥)) agreed to subscribe 12,500,000 Shares in our Company at a consideration of RMB200,000,000;

(b) a capital injection agreement (增資協議) dated 22 September 2022 entered into between our Company and Jiaxing Guohong Hydrogen Port Equity Investment Partnership (Limited Partnership) (嘉興國鴻氫港股權投資合夥企業(有限合夥)), pursuant to which, Jiaxing Guohong Hydrogen Port Equity Investment Partnership (Limited Partnership) (嘉興國鴻氫港股權投資合夥企業(有限合夥)) agreed to subscribe 31,250,000 Shares in our Company at a consideration of RMB500,000,000; and

(c) the Hong Kong Underwriting Agreement.

## 2. Intellectual Property Rights

As at the Latest Practicable Date, the following intellectual property rights are material to our Group's business:

### *(a) Trademarks*

As at the Latest Practicable Date, our Group had registered the following trademarks which we consider to be material to our business:

| No. | Trademark | Class of Registration | Trademark Owner | Place of Registration | Registration Number | Effective Period |
|---|---|---|---|---|---|---|
| 1. | 鸿源 | 12 | Our Company | PRC | 59607067 | 7 May 2023 to 6 May 2033 |
| 2. | 鸿锐 | 35 | Our Company | PRC | 59613511 | 21 April 2023 to 20 April 2033 |
| 3. | 鸿途 | 7 | Our Company | PRC | 59638877 | 21 February 2023 to 20 February 2033 |
| 4. | | 35 | Our Company | PRC | 60400940 | 21 December 2022 to 20 December 2032 |
| 5. | | 35 | Our Company | PRC | 60405319 | 28 November 2022 to 27 November 2032 |
| 6. | | 7 | Our Company | PRC | 60427184 | 7 October 2022 to 6 October 2032 |
| 7. | | 7 | Our Company | PRC | 60429536 | 7 October 2022 to 6 October 2032 |
| 8. | | 35 | Our Company | PRC | 62586605 | 28 September 2022 to 27 September 2032 |
| 9. | | 35 | Our Company | PRC | 62595997 | 28 September 2022 to 27 September 2032 |
| 10. | 鸿途 | 7 | Our Company | PRC | 59638877A | 7 June 2022 to 6 June 2032 |
| 11. | 鸿捷 | 40 | Our Company | PRC | 59749560 | 7 June 2022 to 6 June 2032 |

| No. | Trademark | Class of Registration | Trademark Owner | Place of Registration | Registration Number | Effective Period |
|---|---|---|---|---|---|---|
| 12. | 鸿瀚 | 1 | Our Company | PRC | 59749574 | 7 June 2022 to 6 June 2032 |
| 13. | 鸿迈 | 1 | Our Company | PRC | 59751033 | 7 June 2022 to 6 June 2032 |
| 14. | 鸿瀚 | 7 | Our Company | PRC | 59752951 | 7 April 2022 to 6 April 2032 |
| 15. | 鸿捷 | 37 | Our Company | PRC | 59754120 | 7 June 2022 to 6 June 2032 |
| 16. | 鸿瀚 | 6 | Our Company | PRC | 59756104 | 7 April 2022 to 6 April 2032 |
| 17. | 鸿迈 | 12 | Our Company | PRC | 59758896 | 7 June 2022 to 6 June 2032 |
| 18. | 鸿瀚 | 39 | Our Company | PRC | 59759277 | 7 June 2022 to 6 June 2032 |
| 19. | 鸿迈 | 4 | Our Company | PRC | 59760893 | 7 April 2022 to 6 April 2032 |
| 20. | 鸿捷 | 39 | Our Company | PRC | 59761646 | 7 June 2022 to 6 June 2032 |
| 21. | 鸿迈 | 39 | Our Company | PRC | 59761650 | 7 April 2022 to 6 April 2032 |
| 22. | 鸿迈 | 6 | Our Company | PRC | 59762393 | 7 June 2022 to 6 June 2032 |
| 23. | 鸿迈 | 9 | Our Company | PRC | 59763565 | 7 June 2022 to 6 June 2032 |
| 24. | 鸿捷 | 1 | Our Company | PRC | 59772354 | 7 April 2022 to 6 April 2032 |
| 25. | 鸿迈 | 35 | Our Company | PRC | 59774346 | 7 June 2022 to 6 June 2032 |
| 26. | 鸿锐 | 11 | Our Company | PRC | 59625150 | 28 June 2022 to 27 June 2032 |
| 27. | 鸿迈 | 7 | Our Company | PRC | 59754561 | 14 June 2022 to 13 June 2032 |
| 28. | 鸿瀚 | 9 | Our Company | PRC | 59761679 | 21 June 2022 to 20 June 2032 |
| 29. | 鸿迈 | 37 | Our Company | PRC | 59767706 | 14 June 2022 to 13 June 2032 |
| 30. | 鸿捷 | 7 | Our Company | PRC | 59767732 | 21 June 2022 to 20 June 2032 |
| 31. | 鸿捷 | 9 | Our Company | PRC | 59774381 | 21 June 2022 to 20 June 2032 |
| 32. | 鸿瀚 | 11 | Our Company | PRC | 59774389 | 21 June 2022 to 20 June 2032 |

| No. | Trademark | Class of Registration | Trademark Owner | Place of Registration | Registration Number | Effective Period |
|---|---|---|---|---|---|---|
| 33. | | 1 | Our Company | PRC | 60401354 | 28 June 2022 to 27 June 2032 |
| 34. | | 1 | Our Company | PRC | 60429509 | 28 June 2022 to 27 June 2032 |
| 35. | 鸿锐 | 42 | Our Company | PRC | 59598036 | 21 May 2022 to 20 May 2032 |
| 36. | 鸿芯 | 37 | Our Company | PRC | 59598963 | 21 May 2022 to 20 May 2032 |
| 37. | 鸿锐 | 9 | Our Company | PRC | 59599521 | 21 May 2022 to 20 May 2032 |
| 38. | 鸿芯 | 42 | Our Company | PRC | 59605873 | 21 May 2022 to 20 May 2032 |
| 39. | 鸿途 | 37 | Our Company | PRC | 59607935 | 21 May 2022 to 20 May 2032 |
| 40. | 鸿芯 | 6 | Our Company | PRC | 59610068 | 21 May 2022 to 20 May 2032 |
| 41. | 鸿芯 | 7 | Our Company | PRC | 59610084 | 21 May 2022 to 20 May 2032 |
| 42. | 鸿途 | 11 | Our Company | PRC | 59613119 | 28 May 2022 to 27 May 2032 |
| 43. | 鸿途 | 9 | Our Company | PRC | 59618668 | 21 May 2022 to 20 May 2032 |
| 44. | 鸿锐 | 39 | Our Company | PRC | 59623119 | 21 May 2022 to 20 May 2032 |
| 45. | 鸿源 | 7 | Our Company | PRC | 59631321 | 28 May 2022 to 27 May 2032 |
| 46. | 鸿锐 | 37 | Our Company | PRC | 59632420 | 21 May 2022 to 20 May 2032 |
| 47. | 鸿途 | 42 | Our Company | PRC | 59635701 | 21 May 2022 to 20 May 2032 |
| 48. | 鸿锐 | 6 | Our Company | PRC | 59635714 | 28 May 2022 to 27 May 2032 |
| 49. | 鸿途 | 6 | Our Company | PRC | 59637539 | 28 May 2022 to 27 May 2032 |
| 50. | 鸿途 | 1 | Our Company | PRC | 59638864 | 28 May 2022 to 27 May 2032 |
| 51. | 鸿迈 | 40 | Our Company | PRC | 59754134 | 28 March 2022 to 27 March 2032 |
| 52. | 鸿瀚 | 4 | Our Company | PRC | 59756100 | 28 March 2022 to 27 March 2032 |
| 53. | 鸿芯 | 1 | Our Company | PRC | 59636995 | 21 March 2022 to 20 March 2032 |

| No. | Trademark | Class of Registration | Trademark Owner | Place of Registration | Registration Number | Effective Period |
|---|---|---|---|---|---|---|
| 54. | 鸿途 | 39 | Our Company | PRC | 59625647 | 21 March 2022 to 20 March 2032 |
| 55. | 鸿锐 | 1 | Our Company | PRC | 59619689 | 21 March 2022 to 20 March 2032 |
| 56. | 鸿芯 | 12 | Our Company | PRC | 59605857 | 21 March 2022 to 20 March 2032 |
| 57. | 鸿芯 | 39 | Our Company | PRC | 59602946 | 21 March 2022 to 20 March 2032 |
| 58. | 鸿锐 | 7 | Our Company | PRC | 59608702 | 21 March 2022 to 20 March 2032 |
| 59. | 鸿芯 | 40 | Our Company | PRC | 45989166 | 14 December 2020 to 13 December 2030 |
| 60. | 鸿源 | 1 | Our Company | PRC | 45987741 | 7 February 2021 to 6 February 2031 |
| 61. | 鸿途 | 40 | Our Company | PRC | 45987716 | 7 February 2021 to 6 February 2031 |
| 62. | 鸿途 | 11 | Our Company | PRC | 45987709 | 14 February 2021 to 13 February 2031 |
| 63. | 鸿途 | 7 | Our Company | PRC | 45987705 | 14 February 2021 to 13 February 2031 |
| 64. | 国鸿氢能 | 11 | Our Company | PRC | 45986579 | 7 March 2021 to 6 March 2031 |
| 65. | 鸿枫 | 40 | Our Company | PRC | 45982168 | 7 February 2021 to 6 February 2031 |
| 66. | 鸿源 | 9 | Our Company | PRC | 45982147 | 14 February 2021 to 13 February 2031 |
| 67. | 鸿途 | 9 | Our Company | PRC | 45982104 | 7 March 2021 to 6 March 2031 |
| 68. | 鸿枫 | 42 | Our Company | PRC | 45980786 | 14 December 2020 to 13 December 2030 |
| 69. | 鸿枫 | 37 | Our Company | PRC | 45980778 | 14 February 2021 to 13 February 2031 |
| 70. | 鸿枫 | 9 | Our Company | PRC | 45980574 | 7 February 2021 to 6 February 2031 |

| No. | Trademark | Class of Registration | Trademark Owner | Place of Registration | Registration Number | Effective Period |
|---|---|---|---|---|---|---|
| 71. | 鸿芯 | 4 | Our Company | PRC | 45973982 | 28 December 2020 to 27 December 2030 |
| 72. | 国鸿氢能 | 42 | Our Company | PRC | 45971993 | 28 December 2020 to 27 December 2030 |
| 73. | 鸿锐 | 9 | Our Company | PRC | 45971660 | 14 February 2021 to 13 February 2031 |
| 74. | 鸿芯 | 42 | Our Company | PRC | 45970327 | 21 February 2021 to 20 February 2031 |
| 75. | 鸿途 | 42 | Our Company | PRC | 45968710 | 7 February 2021 to 6 February 2031 |
| 76. | 鸿途 | 4 | Our Company | PRC | 45968695 | 28 December 2020 to 27 December 2030 |
| 77. | 国鸿氢能 | 1 | Our Company | PRC | 45968023 | 7 March 2021 to 6 March 2031 |
| 78. | 鸿锐 | 37 | Our Company | PRC | 45966189 | 14 February 2021 to 13 February 2031 |
| 79. | 鸿源 | 37 | Our Company | PRC | 45965496 | 28 February 2021 to 27 February 2031 |
| 80. | 鸿芯 | 37 | Our Company | PRC | 45962500 | 7 February 2021 to 6 February 2031 |
| 81. | 鸿芯 | 7 | Our Company | PRC | 45962464 | 7 March 2021 to 6 March 2031 |
| 82. | 鸿芯 | 12 | Our Company | PRC | 45961132 | 21 January 2021 to 20 January 2031 |
| 83. | 鸿芯 | 9 | Our Company | PRC | 45961112 | 7 February 2021 to 6 February 2031 |
| 84. | 鸿途 | 37 | Our Company | PRC | 45961025 | 7 February 2021 to 6 February 2031 |
| 85. | 鸿源 | 7 | Our Company | PRC | 45960701 | 7 February 2021 to 6 February 2031 |
| 86. | 鸿枫 | 12 | Our Company | PRC | 45960419 | 14 December 2020 to 13 December 2030 |

| No. | Trademark | Class of Registration | Trademark Owner | Place of Registration | Registration Number | Effective Period |
|---|---|---|---|---|---|---|
| 87. | 鸿枫 | 4 | Our Company | PRC | 45960402 | 14 December 2020 to 13 December 2030 |
| 88. | 鸿枫 | 1 | Our Company | PRC | 45960397 | 7 February 2021 to 6 February 2031 |
| 89. | 鸿枫 | 11 | Our Company | PRC | 45955819 | 7 February 2021 to 6 February 2031 |
| 90. | 鸿锐 | 40 | Our Company | PRC | 45955782 | 7 February 2021 to 6 February 2031 |
| 91. | 鸿源 | 42 | Our Company | PRC | 45955744 | 14 February 2021 to 13 February 2031 |
| 92. | 鸿芯 | 1 | Our Company | PRC | 45953823 | 7 February 2021 to 6 February 2031 |
| 93. | 鸿枫 | 35 | Our Company | PRC | 45952017 | 14 December 2020 to 13 December 2030 |
| 94. | 鸿枫 | 7 | Our Company | PRC | 45951991 | 7 February 2021 to 6 February 2031 |
| 95. | 鸿锐 | 42 | Our Company | PRC | 45951961 | 14 February 2021 to 13 February 2031 |
| 96. | 鸿锐 | 7 | Our Company | PRC | 45951935 | 7 February 2021 to 6 February 2031 |
| 97. | 鸿锐 | 4 | Our Company | PRC | 45951070 | 7 February 2021 to 6 February 2031 |
| 98. | 鸿锐 | 1 | Our Company | PRC | 45951066 | 7 February 2021 to 6 February 2031 |
| 99. | 鸿源 | 40 | Our Company | PRC | 45943144 | 14 February 2021 to 13 February 2031 |
| 100. | 鸿途 | 1 | Our Company | PRC | 45943071 | 14 February 2021 to 13 February 2031 |
| 101. | SINOSYNERGY POWER | 9 | Our Company | PRC | 23777333 | 14 April 2018 to 13 April 2028 |
| 102. | SINOSYNERGY | 40 | Our Company | PRC | 23776433 | 14 April 2018 to 13 April 2028 |
| 103. | | 7 | Our Company | PRC | 23776249 | 14 April 2018 to 13 April 2028 |
| 104. | | 1 | Our Company | PRC | 23776249 | 14 April 2018 to 13 April 2028 |

| No. | Trademark | Class of Registration | Trademark Owner | Place of Registration | Registration Number | Effective Period |
|---|---|---|---|---|---|---|
| 105. | | 9 | Our Company | PRC | 23776249 | 14 April 2018 to 13 April 2028 |
| 106. | SINOSYNERGY POWER | 7 | Our Company | PRC | 23772641 | 14 April 2018 to 13 April 2028 |
| 107. | 国鸿氢能 | 7 | Our Company | PRC | 23772636 | 7 July 2018 to 6 July 2028 |
| 108. | 国鸿氢能 | 37 | Our Company | PRC | 23772602 | 7 July 2018 to 6 July 2028 |
| 109. | 国鸿氢能 | 40 | Our Company | PRC | 23771366 | 7 July 2018 to 6 July 2028 |
| 110. | SINOSYNERGY | 37 | Our Company | PRC | 23771355 | 7 July 2018 to 6 July 2028 |
| 111. | SINOSYNERGY POWER | 1 | Our Company | PRC | 23745757 | 14 April 2018 to 13 April 2028 |
| 112. | SINOSYNERGY POWER | 4 | Our Company | PRC | 23734016 | 14 April 2018 to 13 April 2028 |
| 113. | 国鸿氢能 | 4 | Our Company | PRC | 23734012 | 7 July 2018 to 6 July 2028 |
| 114. | | 40 | Our Company | PRC | 23733992 | 7 July 2018 to 6 July 2028 |
| 115. | SINOSYNERGY | 42 | Our Company | PRC | 23285453 | 7 June 2018 to 6 June 2028 |
| 116. | SINOSYNERGY | 37 | Our Company | PRC | 23284847 | 7 June 2018 to 6 June 2028 |
| 117. | SINOSYNERGY | 9 | Our Company | PRC | 23284692 | 14 March 2018 to 13 March 2028 |
| 118. | SINOSYNERGY | 7 | Our Company | PRC | 23284585 | 14 March 2018 to 13 March 2028 |
| 119. | SINOSYNERGY | 1 | Our Company | PRC | 23284417 | 7 March 2018 to 6 March 2028 |
| 120. | 国鸿氢能 | 37 | Our Company | PRC | 23284212 | 21 June 2018 to 20 June 2028 |
| 121. | 国鸿氢能 | 9 | Our Company | PRC | 23283994 | 21 March 2018 to 20 March 2028 |
| 122. | 国鸿氢能 | 7 | Our Company | PRC | 23283857 | 7 June 2018 to 6 June 2028 |
| 123. | 国鸿氢能 | 42 | Our Company | PRC | 18490917 | 14 January 2017 to 13 January 2027 |
| 124. | | 42 | Our Company | PRC | 18490785 | 14 May 2017 to 13 May 2027 |

| No. | Trademark | Class of Registration | Trademark Owner | Place of Registration | Registration Number | Effective Period |
|---|---|---|---|---|---|---|
| 125. | | 9 | Our Company | PRC | 18490249 | 14 May 2017 to 13 May 2027 |
| 126. | 国鸿氢能 | 9 | Our Company | PRC | 18489192 | 14 March 2017 to 13 March 2027 |
| 127. | 国鸿氢能 | 7 | Our Company | PRC | 18488548 | 14 May 2017 to 13 May 2027 |
| 128. | | 7 | Our Company | PRC | 18488488 | 14 January 2017 to 13 January 2027 |
| 129. | | 1 | Our Company | PRC | 18488360 | 14 March 2017 to 13 March 2027 |
| 130. | 国鸿氢能 | 1 | Our Company | PRC | 18488230 | 14 March 2017 to 13 March 2027 |
| 131. | 鸿力氢动 | 39 | Hongli Hydrogen | PRC | 59631235 | 28 July 2022 to 27 July 2032 |
| 132. | 鸿力氢动 | 42 | Hongli Hydrogen | PRC | 45980601 | 7 February 2021 to 6 February 2031 |
| 133. | 鸿力氢动 | 11 | Hongli Hydrogen | PRC | 45980597 | 14 April 2021 to 13 April 2031 |
| 134. | 鸿力氢动 | 12 | Hongli Hydrogen | PRC | 45971584 | 7 April 2021 to 6 April 2031 |
| 135. | 鸿力氢动 | 1 | Hongli Hydrogen | PRC | 45971574 | 7 June 2021 to 6 June 2031 |
| 136. | 鸿力氢动 | 7 | Hongli Hydrogen | PRC | 45969951 | 7 June 2021 to 6 June 2031 |
| 137. | 鸿力氢动 | 37 | Hongli Hydrogen | PRC | 45963726 | 7 April 2021 to 6 April 2031 |
| 138. | 鸿力氢动 | 40 | Hongli Hydrogen | PRC | 45960993 | 28 March 2021 to 27 March 2031 |
| 139. | 鸿力氢动 | 9 | Hongli Hydrogen | PRC | 45943048 | 14 January 2021 to 13 January 2031 |

As at the Latest Practicable Date, our Group had registered the following trademarks in Hong Kong which are material to our business:

| No. | Trademark | Class of Application | Name of Applicant | Place of Application | Application Number | Registration Date |
|---|---|---|---|---|---|---|
| 1. | 国鸿氢能 | 1, 7, 9, 11, 12, 35, 37 | Our Company | Hong Kong | 305790862 | 3 November 2021 |
| 2. | 国鸿氢能 SINOSYNERGY<br>国鸿氢能 SINOSYNERGY | 1, 7, 9, 11, 12, 35, 37 | Our Company | Hong Kong | 305791131 | 3 November 2021 |
| 3. | 国鸿氢能<br>国鸿氢能 | 1, 7, 9, 11, 12, 35, 37 | Our Company | Hong Kong | 305791140 | 3 November 2021 |
| 4. | 国鸿氢能 SINOSYNERGY<br>国鸿氢能 SINOSYNERGY | 1, 7, 9, 11, 12, 35, 37 | Our Company | Hong Kong | 305791168 | 3 November 2021 |
| 5. | 国鸿氢能<br>国鸿氢能 | 1, 7, 9, 11, 12, 35, 37 | Our Company | Hong Kong | 305791177 | 3 November 2021 |
| 6. | | 1, 7, 9, 11, 12, 35, 37 | Our Company | Hong Kong | 305790844 | 3 November 2021 |
| 7. | | 1, 7, 9, 11, 12, 35, 37 | Our Company | Hong Kong | 305790853 | 3 November 2021 |
| 8. | SINOSYNERGY | 1, 7, 9, 11, 12, 35, 37 | Our Company | Hong Kong | 305790871 | 3 November 2021 |
| 9. | SINO SYNERGY | 1, 7, 9, 11, 12, 35, 37 | Our Company | Hong Kong | 305790916 | 3 November 2021 |
| 10. | SINO SYNERGY | 1, 7, 9, 11, 12, 35, 37 | Our Company | Hong Kong | 305790925 | 3 November 2021 |

| No. | Trademark | Class of Application | Name of Applicant | Place of Application | Application Number | Registration Date |
|---|---|---|---|---|---|---|
| 11. | SINO SYNERGY | 1, 7, 9, 11, 12, 35, 37 | Our Company | Hong Kong | 305790943 | 3 November 2021 |
| 12. | SINOSYNERGY<br>SINOSYNERGY | 1, 7, 9, 11, 12, 35, 37 | Our Company | Hong Kong | 305790961 | 3 November 2021 |
| 13. | SINOSYNERGY<br>SINOSYNERGY | 1, 7, 9, 11, 12, 35, 37 | Our Company | Hong Kong | 305790970 | 3 November 2021 |

***(b) Patents***

As at the Latest Practicable Date, our Group had registered the following patents which we consider to be material to our business:

| No. | Patent Number | Patent Name | Class of Patent | Patent Owner | Patent Application Date | Jurisdiction of Registration | Effective period |
|---|---|---|---|---|---|---|---|
| 1. | ZL202010432028.8 | A start-stop method and device for water transport bipolar plate fuel cells (一種導水雙極板燃料電池的啟停方法及裝置) | Invention | Our Company | 20 May 2020 | PRC | 20 years |
| 2. | ZL202010513609.4 | A fuel cell capacity control method and device for vehicle (一種車輛燃料電池功率控制方法及裝置) | Invention | Our Company | 8 June 2020 | PRC | 20 years |
| 3. | ZL202010550666.X | A purging pipeline system for water transport bipolar plate fuel cell (導水雙極板燃料電池吹掃管路系統) | Invention | Our Company | 16 June 2020 | PRC | 20 years |

| No. | Patent Number | Patent Name | Class of Patent | Patent Owner | Patent Application Date | Jurisdiction of Registration | Effective period |
|---|---|---|---|---|---|---|---|
| 4. | ZL202221806680.2 | An air subsystem for fuel cell (燃料電池的空氣子系統) | Utility model | Our Company | 13 July 2022 | PRC | 10 years |
| 5. | ZL202221806678.5 | A combined structure of voltage acquisition device (一種電池電壓採集裝置組合結構) | Utility model | Our Company | 13 July 2022 | PRC | 10 years |
| 6. | ZL202221879166.1 | A pole plate leveling tool (一種電池極板整平工裝) | Utility model | Our Company | 20 July 2022 | PRC | 10 years |
| 7. | ZL202221886524.1 | A vehicle, a fuel cell engine and a humidification system thereof (一種車輛、燃料電池發動機及其加濕系統) | Utility model | Our Company | 20 July 2022 | PRC | 10 years |
| 8. | ZL202221910564.5 | A pole plate cleaning tool (一種電池極板清洗工裝) | Utility model | Our Company | 21 July 2022 | PRC | 10 years |
| 9. | ZL202221910686.4 | A fuel cell engine water pump system (一種燃料電池發動機水泵系統) | Utility model | Our Company | 21 July 2022 | PRC | 10 years |
| 10. | ZL202223035329.0 | An air compressor energy recovery system for fuel cells (用於燃料電池的空壓機能量回收系統) | Utility model | Our Company | 14 November 2022 | PRC | 10 years |
| 11. | ZL202223022257.6 | Polar plates for PEM water electrolyzer (PEM水電解槽的極板) | Utility model | Our Company | 14 November 2022 | PRC | 10 years |
| 12. | ZL202223039086.8 | PEM water electrolyzer (PEM水電解槽) | Utility model | Our Company | 14 November 2022 | PRC | 10 years |
| 13. | ZL202010638775.7 | A fuel cell capacity control method when a vehicle is in a high power demand situation (一種車輛處於大功率需求工況時燃料電池功率控制方法) | Invention | Our Company | 3 July 2020 | PRC | 20 years |

| No. | Patent Number | Patent Name | Class of Patent | Patent Owner | Patent Application Date | Jurisdiction of Registration | Effective period |
|---|---|---|---|---|---|---|---|
| 14. | ZL202221564694.8 | Connection terminal, Fuel cell inspection connector and fuel cell (連接端子、燃料電池巡檢連接器和燃料電池) | Utility model | Our Company | 21 June 2022 | PRC | 10 years |
| 15. | ZL202010406381.9 | A control system for an air-cooled fuel cell stacks (一種風冷燃料電池電堆的控制系統) | Invention | Our Company | 13 May 2020 | PRC | 20 years |
| 16. | ZL202011509613.X | An air-cooled graphite composite bipolar plate and a preparation method thereof (一種風冷式石墨複合雙極板及其製備方法) | Invention | Our Company | 18 December 2020 | PRC | 20 years |
| 17. | ZL202220327985.9 | An air tightness testing technological equipment for fuel cell stacks (一種燃料電池電堆氣密性檢測工裝) | Utility model | Our Company | 17 February 2022 | PRC | 10 years |
| 18. | ZL202220294332.5 | A connection structure and stacks assembly for CVM controller of stacks and fuel cells (一種電堆與燃料電池CVM控制器的連接結構及電堆總成) | Utility model | Our Company | 14 February 2022 | PRC | 10 years |
| 19. | ZL202220278206.0 | An integrated hot-press device for cell (一種一體化單池熱壓裝置) | Utility model | Our Company | 11 February 2022 | PRC | 10 years |
| 20. | ZL202220221981.2 | A integrated fuel cell engine (一種集成式燃料電池發動機) | Utility model | Our Company | 26 January 2022 | PRC | 10 years |
| 21. | ZL202220218976.6 | A fuel cell thermal cycling system (一種燃料電池熱循環系統) | Utility model | Our Company | 26 January 2022 | PRC | 10 years |

| No. | Patent Number | Patent Name | Class of Patent | Patent Owner | Patent Application Date | Jurisdiction of Registration | Effective period |
|---|---|---|---|---|---|---|---|
| 22. | ZL202220205870.2 | A polishing equipment for the pole plate of fuel cells (一種用於燃料電池極板的打磨工裝) | Utility model | Our Company | 25 January 2022 | PRC | 10 years |
| 23. | ZL202220209262.9 | A structure of fuel cell stack (一種燃料電池堆結構) | Utility model | Our Company | 25 January 2022 | PRC | 10 years |
| 24. | ZL202220194122.9 | A thermal cycling system for fuel cell stack (一種燃料電池熱循環系統) | Utility model | Our Company | 24 January 2022 | PRC | 10 years |
| 25. | ZL202220178174.7 | A screen printing device for the pole plate of fuel cells (一種燃料電池電極板用絲印裝置) | Utility model | Our Company | 21 January 2022 | PRC | 10 years |
| 26. | ZL202220178237.9 | A storage rack for dies tools (一種模具工裝的存放架) | Utility model | Our Company | 21 January 2022 | PRC | 10 years |
| 27. | ZL202220160860.1 | A structure of fuel cell bipolar plates (一種燃料電池雙極板結構) | Utility model | Our Company | 20 January 2022 | PRC | 10 years |
| 28. | ZL202220160777.4 | Fuel cell and its flow field structure (燃料電池及其流場結構) | Utility model | Our Company | 20 January 2022 | PRC | 10 years |
| 29. | ZL202220160988.8 | A hydrogen fuel cell and hydrogen fuel cell engine (一種氫燃料電池及氫燃料電池發動機) | Utility model | Our Company | 20 January 2022 | PRC | 10 years |
| 30. | ZL202220144252.1 | An integrated fuel cell (一種一體化結構的燃料電池單體) | Utility model | Our Company | 19 January 2022 | PRC | 10 years |
| 31. | ZL202220133759.7 | A leakproof structure of fuel cell (一種燃料電池密封結構) | Utility model | Our Company | 18 January 2022 | PRC | 10 years |

| No. | Patent Number | Patent Name | Class of Patent | Patent Owner | Patent Application Date | Jurisdiction of Registration | Effective period |
|---|---|---|---|---|---|---|---|
| 32. | ZL202220131603.5 | A leakproof structure of integrated full cell membrane electrodes (一種一體化膜電極燃料電池的密封結構) | Utility model | Our Company | 18 January 2022 | PRC | 10 years |
| 33. | ZL202220102907.9 | A assembly and anchor point structure of fuel cell bipolar plates (一種燃料電池雙極板組裝定位點結構) | Utility model | Our Company | 14 January 2022 | PRC | 10 years |
| 34. | ZL202220106914.6 | A heating equipment for hydrogen combination valve of hydrogen fuel cell (一種氫燃料電池氫氣組合閥件的加熱裝置) | Utility model | Our Company | 14 January 2022 | PRC | 10 years |
| 35. | ZL202120728630.6 | A flexible graphite metal composite bipolar plate (一種柔性石墨金屬複合雙極板) | Utility model | Our Company | 9 April 2021 | PRC | 10 years |
| 36. | ZL202122201561.6 | A graphite bipolar plate for a proton exchange membrane fuel cells (一種質子交換膜燃料電池石墨雙極板) | Utility model | Our Company | 10 September 2021 | PRC | 10 years |
| 37. | ZL202122547980.5 | An inspection device and inspection connection system (一種巡檢裝置及巡檢連接結構) | Utility model | Our Company | 21 September 2021 | PRC | 10 years |
| 38. | ZL202122201459.6 | A pole plate and bipolar plate for cells (一種電池極板及雙極板) | Utility model | Our Company | 10 September 2021 | PRC | 10 years |
| 39. | ZL202122187624.7 | A assembly structure and cells for fuel cells (一種燃料電池的裝配結構及電池) | Utility model | Our Company | 10 September 2021 | PRC | 10 years |

| No. | Patent Number | Patent Name | Class of Patent | Patent Owner | Patent Application Date | Jurisdiction of Registration | Effective period |
|---|---|---|---|---|---|---|---|
| 40. | ZL201910504181.4 | A Ru-P Catalyst and its preparation and application (一種Ru-P催化劑及其製備方法和應用) | Invention | Our Company, Foshan (Yunfu) Hydrogen Energy Industry and New Materials Development Research Institute (佛山(雲浮)氫能產業與新材料發展研究院) | 11 June 2019 | PRC | 20 years |
| 41. | ZL202011098135.8 | A purging method and system for proton exchange membrane fuel cells (一種用於質子交換膜燃料電池的吹掃方法及系統) | Invention | Our Company, Foshan (Yunfu) Hydrogen Energy Industry and New Materials Development Research Institute (佛山(雲浮)氫能產業與新材料發展研究院) | 14 October 2020 | PRC | 20 years |
| 42. | ZL202010765539.1 | A test method for the dew point temperature of a fuel cell humidification reaction gas (一種燃料電池增濕反應氣體的露點溫度的測試方法) | Invention | Our Company | 31 July 2020 | PRC | 20 years |
| 43. | ZL202022427862.6 | A testing device for fuel cell stacks (一種燃料電池電堆多堆測試裝置) | Utility model | Our Company | 27 October 2020 | PRC | 10 years |
| 44. | ZL201810170393.9 | A method and device for restoring the performance of fuel cell stacks (一種恢復燃料電池電堆性能的方法及裝置) | Invention | Our Company | 28 February 2018 | PRC | 20 years |

| No. | Patent Number | Patent Name | Class of Patent | Patent Owner | Patent Application Date | Jurisdiction of Registration | Effective period |
|---|---|---|---|---|---|---|---|
| 45. | ZL201810306955.8 | A fuel cell bipolar plate manufacturing equipment and method thereof (一種燃料電池雙極板製造設備及其方法) | Invention | Our Company, Foshan (Yunfu) Hydrogen Energy Industry and New Materials Development Research Institute (佛山(雲浮)氫能產業與新材料發展研究院) | 8 April 2018 | PRC | 20 years |
| 46. | ZL202022011033.X | A kind of vapour separator (一種汽水分離器) | Utility model | Our Company | 14 September 2020 | PRC | 10 years |
| 47. | ZL202022845315.X | A cathode plate, bipolar plate and fuel cell for a proton exchange membrane fuel cell (一種質子交換膜燃料電池的陰極板、雙極板及燃料電池) | Utility model | Our Company | 30 November 2020 | PRC | 10 years |
| 48. | ZL202022032173.5 | A fuel cell stack assembly (一種燃料電池電堆組件) | Utility model | Our Company | 16 September 2020 | PRC | 10 years |
| 49. | ZL202022032270.4 | A fuel cell stack current collector plate (一種燃料電池電堆集流板) | Utility model | Our Company | 16 September 2020 | PRC | 10 years |
| 50. | ZL202022116700.0 | All-in-one membrane electrode preparation device (一體化膜電極的製備裝置) | Utility model | Our Company | 23 September 2020 | PRC | 10 years |
| 51. | ZL201810175866.4 | A distribution head for fuel cell bipolar plate (一種燃料電池雙極板分配頭) | Invention | Our Company | 2 July 2018 | PRC | 20 years |
| 52. | ZL202010427573.8 | A fuel cell stack activation method (一種燃料電池的電堆活化方法) | Invention | Our Company | 19 May 2020 | PRC | 20 years |

| No. | Patent Number | Patent Name | Class of Patent | Patent Owner | Patent Application Date | Jurisdiction of Registration | Effective period |
|---|---|---|---|---|---|---|---|
| 53. | ZL202010427640.6 | A low-temperature start-up method for a fuel cell stack (一種燃料電池電堆的低溫啟動方法) | Invention | Our Company | 19 May 2020 | PRC | 20 years |
| 54. | ZL202022033547.5 | A pole plate structure for air-cooled fuel cells (一種風冷燃料電池極板結構) | Utility model | Our Company | 16 September 2020 | PRC | 10 years |
| 55. | ZL202022047937.8 | An integrated sealed membrane electrode structure (一種一體化密封的膜電極結構) | Utility model | Our Company | 17 September 2020 | PRC | 10 years |
| 56. | ZL202022050895.3 | A continuous roll forming device for making carbon bipolar plates (一種用於製作石墨雙極板的連續輥壓成型裝置) | Utility model | Our Company | 17 September 2020 | PRC | 10 years |
| 57. | ZL202022287043.6 | A battery thermal management system using hydrogen gas as the cooling medium (一種以氫氣為冷卻介質的電池熱管理系統) | Utility model | Our Company | 14 October 2020 | PRC | 10 years |
| 58. | ZL202022288607.8 | A fuel cell case and battery pack (一種燃料電池箱體及電池包) | Utility model | Our Company | 14 October 2020 | PRC | 10 years |
| 59. | ZL201811472701.X | A remote monitoring system and method for fuel cells (燃料電池遠程監控系統和方法) | Invention | Our Company, Foshan (Yunfu) Hydrogen Energy Industry and New Materials Development Research Institute (佛山(雲浮)氫能產業與新材料發展研究院) | 4 December 2018 | PRC | 20 years |

| No. | Patent Number | Patent Name | Class of Patent | Patent Owner | Patent Application Date | Jurisdiction of Registration | Effective period |
|---|---|---|---|---|---|---|---|
| 60. | ZL202021249752.9 | A fluid manifold structure for fuel cells (一種燃料電池流體歧管結構) | Utility model | Our Company | 30 June 2020 | PRC | 10 years |
| 61. | ZL201910792340.5 | A humidifier test system for fuel cells (一種燃料電池加濕器測試系統) | Invention | Our Company, Foshan (Yunfu) Hydrogen Energy Industry and New Materials Development Research Institute (佛山(雲浮)氫能產業與新材料發展研究院) | 26 August 2019 | PRC | 20 years |
| 62. | ZL202021142186.1 | A stack purging device for a stack-encapsulated fuel cell system (一種電堆封裝式燃料電池系統的電堆吹掃裝置) | Utility model | Our Company | 18 June 2020 | PRC | 10 years |
| 63. | ZL202021746164.6 | A fuel cell hydrogen supply system and fuel cell system (一種燃料電池供氫系統及燃料電池系統) | Utility model | Our Company | 19 August 2020 | PRC | 10 years |
| 64. | ZL202021925655.7 | A vapour separator and integrated fuel cell system (一種汽水分離器及集成式燃料電池系統) | Utility model | Our Company | 4 September 2020 | PRC | 10 years |
| 65. | ZL202021120936.5 | A fuel cell system (一種燃料電池系統) | Utility model | Our Company | 16 June 2020 | PRC | 10 years |
| 66. | ZL202021786838.5 | A dew point testing device (一種露點測試裝置) | Utility model | Our Company | 24 August 2020 | PRC | 10 years |
| 67. | ZL201810131266.8 | An alignment device for bipolar plate bonding (雙極板黏接對準裝置) | Invention | Our Company | 7 February 2018 | PRC | 20 years |

| No. | Patent Number | Patent Name | Class of Patent | Patent Owner | Patent Application Date | Jurisdiction of Registration | Effective period |
|---|---|---|---|---|---|---|---|
| 68. | ZL201810131907.X | A start-up control method and device for fuel cells (一種燃料電池啟動控制方法及裝置) | Invention | Our Company | 8 February 2018 | PRC | 20 years |
| 69. | ZL201810999856.2 | An emergency power control system and control method for fuel cells (一種燃料電池應急電源控制系統及控制方法) | Invention | Our Company, Foshan (Yunfu) Hydrogen Energy Industry and New Materials Development Research Institute (佛山(雲浮)氫能產業與新材料發展研究院) | 30 August 2018 | PRC | 20 years |
| 70. | ZL202020797378.X | A control system for an air-cooled fuel cell stacks (一種風冷燃料電池電堆的控制系統) | Utility model | Our Company | 13 May 2020 | PRC | 10 years |
| 71. | ZL201810169874.8 | An automatic cleaning machine for carbon bipolar plates (石墨雙極板自動清潔機) | Invention | Our Company | 28 February 2018 | PRC | 20 years |
| 72. | ZL201910083659.0 | A test method for heat capacity of fuel cell stacks (燃料電池電堆熱容的測試方法) | Invention | Our Company, Foshan (Yunfu) Hydrogen Energy Industry and New Materials Development Research Institute (佛山(雲浮)氫能產業與新材料發展研究院) | 29 January 2019 | PRC | 20 years |
| 73. | ZL201810156827.X | A conversion device, testing device and testing method for fuel cell stacks (一種轉換裝置、燃料電池電堆測試裝置及測試方法) | Invention | Our Company | 24 February 2018 | PRC | 20 years |

| No. | Patent Number | Patent Name | Class of Patent | Patent Owner | Patent Application Date | Jurisdiction of Registration | Effective period |
|---|---|---|---|---|---|---|---|
| 74. | ZL201810585547.0 | A pre-assembly method for fuel cell stacks (一種燃料電池電堆預組裝方法) | Invention | Our Company | 7 June 2018 | PRC | 20 years |
| 75. | ZL201810109145.3 | Air transportation devices, fuel cell systems and vehicles (空氣運輸裝置、燃料電池系統和交通工具) | Invention | Our Company | 1 February 2018 | PRC | 20 years |
| 76. | ZL201810170394.3 | A method and apparatus for activating a fuel cell stack (活化燃料電池電堆的方法及裝置) | Invention | Our Company | 28 February 2018 | PRC | 20 years |
| 77. | ZL201810306966.6 | A moulding and scrap removal device and method for fuel cell bipolar plates (一種燃料電池雙極板模壓去廢料裝置及方法) | Invention | Our Company, Foshan (Yunfu) Hydrogen Energy Industry and New Materials Development Research Institute (佛山(雲浮)氫能產業與新材料發展研究院) | 8 April 2018 | PRC | 20 years |
| 78. | ZL201810120976.0 | A testing method for fuel cell stack insulation (一種燃料電池電堆絕緣性檢測方法) | Invention | Our Company | 6 February 2018 | PRC | 20 years |
| 79. | ZL201810151118.2 | Distribution manifold and fuel cell stack (分配歧管和燃料電池電堆組) | Invention | Our Company | 9 February 2018 | PRC | 20 years |

| No. | Patent Number | Patent Name | Class of Patent | Patent Owner | Patent Application Date | Jurisdiction of Registration | Effective period |
|---|---|---|---|---|---|---|---|
| 80. | ZL201810313921.1 | A bipolar plate waste separation device (一種雙極板廢料分離裝置) | Invention | Our Company, Foshan (Yunfu) Hydrogen Energy Industry and New Materials Development Research Institute (佛山(雲浮)氫能產業與新材料發展研究院) | 9 April 2018 | PRC | 20 years |
| 81. | ZL201810062276.0 | A heating device and fuel cell cooling system (一種加熱裝置及燃料電池冷卻系統) | Invention | Our Company | 22 January 2018 | PRC | 20 years |
| 82. | ZL201921396564.6 | A high-power hydrogen production device for sodium borohydride hydrolysis (一種大功率硼氫化鈉水解制氫裝置) | Utility model | Our Company, Foshan (Yunfu) Hydrogen Energy Industry and New Materials Development Research Institute (佛山(雲浮)氫能產業與新材料發展研究院) | 26 August 2019 | PRC | 10 years |
| 83. | ZL201921397284.7 | A hydrogen electrode plate for fuel cells (一種燃料電池氫極板) | Utility model | Our Company | 26 August 2019 | PRC | 10 years |
| 84. | ZL201921398540.4 | An oxygen electrode plate for fuel cells (一種燃料電池氧極板) | Utility model | Our Company | 26 August 2019 | PRC | 10 years |
| 85. | ZL201921399604.2 | A new type of tube fitting (一種新型卡套式管接頭) | Utility model | Our Company, Foshan (Yunfu) Hydrogen Energy Industry and New Materials Development Research Institute (佛山(雲浮)氫能產業與新材料發展研究院) | 26 August 2019 | PRC | 10 years |

| No. | Patent Number | Patent Name | Class of Patent | Patent Owner | Patent Application Date | Jurisdiction of Registration | Effective period |
|---|---|---|---|---|---|---|---|
| 86. | ZL201921405683.3 | A connection structure for detection of fuel cell carbon bipolar plate (用於燃料電池石墨雙極板檢測的連接結構) | Utility model | Our Company | 27 August 2019 | PRC | 10 years |
| 87. | ZL201921398651.5 | A hydrogen elimination device for hydrogen fuel cells (一種氫燃料電池消氫裝置) | Utility model | Our Company, Foshan (Yunfu) Hydrogen Energy Industry and New Materials Development Research Institute (佛山(雲浮)氫能產業與新材料發展研究院) | 26 August 2019 | PRC | 10 years |
| 88. | ZL201921397376.5 | A power supply system of hydrogen fuel cells (一種氫燃料電池電源系統) | Utility model | Our Company, Foshan (Yunfu) Hydrogen Energy Industry and New Materials Development Research Institute (佛山(雲浮)氫能產業與新材料發展研究院) | 26 August 2019 | PRC | 10 years |
| 89. | ZL201921398653.4 | A fuel cell bipolar plate (一種燃料電池雙極板) | Utility model | Our Company | 26 August 2019 | PRC | 10 years |
| 90. | ZL201920159022.0 | A heat capacity test device for fuel cell stacks (一種燃料電池電堆熱容測試裝置) | Utility model | Our Company, Foshan (Yunfu) Hydrogen Energy Industry and New Materials Development Research Institute (佛山(雲浮)氫能產業與新材料發展研究院) | 28 January 2019 | PRC | 10 years |

| No. | Patent Number | Patent Name | Class of Patent | Patent Owner | Patent Application Date | Jurisdiction of Registration | Effective period |
|---|---|---|---|---|---|---|---|
| 91. | ZL201821472163.X | A low-temperature protection control system for fuel cells (一種燃料電池低溫保護控制系統) | Utility model | Our Company, Foshan (Yunfu) Hydrogen Energy Industry and New Materials Development Research Institute (佛山(雲浮)氫能產業與新材料發展研究院) | 7 September 2018 | PRC | 10 years |
| 92. | ZL201821435633.5 | A hydrogen combination valve of fuel cell system (一種燃料電池系統氫氣組合閥) | Utility model | Our Company, Foshan (Yunfu) Hydrogen Energy Industry and New Materials Development Research Institute (佛山(雲浮)氫能產業與新材料發展研究院) | 31 August 2018 | PRC | 10 years |
| 93. | ZL201821432932.3 | A low-temperature protection device for fuel cells (一種燃料電池低溫保護裝置) | Utility model | Our Company, Foshan (Yunfu) Hydrogen Energy Industry and New Materials Development Research Institute (佛山(雲浮)氫能產業與新材料發展研究院) | 31 August 2018 | PRC | 10 years |
| 94. | ZL201820227077.6 | An automatic cleaning tooling for fuel cell bipolar plates (一種燃料電池雙極板自動化清洗工裝) | Utility model | Our Company | 7 February 2018 | PRC | 10 years |
| 95. | ZL201820227078.0 | A cleaning tooling for fuel cell bipolar plates (一種燃料電池雙極板清洗工裝) | Utility model | Our Company | 7 February 2018 | PRC | 10 years |

| No. | Patent Number | Patent Name | Class of Patent | Patent Owner | Patent Application Date | Jurisdiction of Registration | Effective period |
|---|---|---|---|---|---|---|---|
| 96. | ZL201820227731.3 | A cleaning and storage tooling for fuel cell bipolar plates (一種燃料電池雙極板的清洗存放工裝) | Utility model | Our Company | 7 February 2018 | PRC | 10 years |
| 97. | ZL201820107436.4 | Air filtration unit and its combination module (空氣過濾裝置及其組合模組) | Utility model | Our Company | 22 January 2018 | PRC | 10 years |
| 98. | ZL201820107536.7 | A flipping mechanism for fuel cells (用於燃料電池的翻轉機構) | Utility model | Our Company | 22 January 2018 | PRC | 10 years |
| 99. | ZL201820187717.5 | A device for continuous assembly of fuel cell stacks (一種燃料電池電堆連續化組裝裝置) | Utility model | Our Company | 1 February 2018 | PRC | 10 years |
| 100. | ZL201820188324.6 | An assembly device for a fuel cell stack (燃料電池電堆的裝配裝置) | Utility model | Our Company | 1 February 2018 | PRC | 10 years |
| 101. | ZL201820049121.9 | A disc spring assembler (一種碟形彈簧的裝配器) | Utility model | Our Company | 10 January 2018 | PRC | 10 years |
| 102. | ZL201820030627.5 | A fuel cell stack assembly equipment (一種燃料電池電堆組裝設備) | Utility model | Our Company | 5 January 2018 | PRC | 10 years |
| 103. | ZL201820051057.8 | A methanol reforming fuel cell system (一種甲醇重整燃料電池系統) | Utility model | Our Company | 10 January 2018 | PRC | 10 years |
| 104. | ZL201721921211.4 | An air tightness testing equipment for fuel cell stacks (一種燃料電池電堆氣密性檢測設備) | Utility model | Our Company | 28 December 2017 | PRC | 10 years |
| 105. | ZL201721925441.8 | An air tightness detection equipment for fuel cell bipolar plates (一種燃料電池雙極板氣密性檢測設備) | Utility model | Our Company | 28 December 2017 | PRC | 10 years |

| No. | Patent Number | Patent Name | Class of Patent | Patent Owner | Patent Application Date | Jurisdiction of Registration | Effective period |
|---|---|---|---|---|---|---|---|
| 106. | ZL201721011845.6 | A performance testing device for a water-cooled fuel cell cooling system (一種水冷型燃料電池冷卻系統性能檢測裝置) | Utility model | Our Company | 14 August 2017 | PRC | 10 years |
| 107. | ZL201721012494.0 | A test device for fuel cell air compressor system (一種燃料電池空氣壓縮機系統測試裝置) | Utility model | Our Company | 14 August 2017 | PRC | 10 years |
| 108. | ZL201720454618.4 | Remote monitoring system of hydrogen fuel cells (氫燃料電池遠程監控系統) | Utility model | Our Company, Beijing Guohong | 26 April 2017 | PRC | 10 years |
| 109. | ZL201720454619.9 | Base station monitoring system for hydrogen fuel backup power supply based on Internet of Things (基於物聯網的氫燃料備用電源基站監控系統) | Utility model | Our Company, Beijing Guohong | 26 April 2017 | PRC | 10 years |
| 110. | ZL201410117695.1 | A self-humidifying ordered polymer membrane electrode (一種自增濕的有序化聚合物膜電極) | Invention | Our Company | 26 March 2014 | PRC | 20 years |
| 111. | ZL201410117584.0 | A preparation method of self-humidifying ordered polymer membrane electrode (一種自增濕的有序化聚合物膜電極的製備方法) | Invention | Our Company | 26 March 2014 | PRC | 20 years |

| No. | Patent Number | Patent Name | Class of Patent | Patent Owner | Patent Application Date | Jurisdiction of Registration | Effective period |
|---|---|---|---|---|---|---|---|
| 112. | ZL201210580633.5 | A preparation method of composite electrolyte powder for medium and low temperature solid oxide fuel cell (一種用於中低溫固體氧化物燃料電池的複合電解質粉體的製備方法) | Invention | Our Company | 27 December 2012 | PRC | 20 years |
| 113. | ZL201110228927.7 | A composite electrode plate for an electrochemical reactor and a preparation method thereof (一種電化學反應器用複合極板及其製作方法) | Invention | Our Company | 10 August 2011 | PRC | 20 years |
| 114. | ZL201010120265.7 | Hydrogen storage unit and coupled fuel cell (儲氫單元及耦合型燃料電池) | Invention | Our Company | 8 March 2010 | PRC | 20 years |
| 115. | ZL202010399746.X | A fuel cell stack performance recovery method (一種燃料電池電堆性能恢復方法) | Invention | Our Company | 12 May 2020 | PRC | 20 years |
| 116. | ZL202120612515.2 | An inspection connection system of fuel cell bipolar plate and monitoring system of stack voltage (燃料電池雙極板的巡檢連接結構及電堆電壓的監測系統) | Utility model | Our Company | 25 March 2021 | PRC | 10 years |

| No. | Patent Number | Patent Name | Class of Patent | Patent Owner | Patent Application Date | Jurisdiction of Registration | Effective period |
|---|---|---|---|---|---|---|---|
| 117. | ZL201910136524.6 | A ultra-thin graphene composite flexible graphite bipolar plate and a preparation method thereof (一種超薄石墨烯複合柔性石墨雙極板及其制備方法) | Invention | Our Company, Foshan (Yunfu) Hydrogen Energy Industry and New Materials Development Research Institute (佛山(雲浮)氫能產業與新材料發展研究院) | 22 February 2019 | PRC | 20 years |
| 118. | ZL201910136765.0 | A low ESR metal bipolar plate and its preparation (一種低內阻金屬雙極板及其製備方法) | Invention | Our Company, Foshan (Yunfu) Hydrogen Energy Industry and New Materials Development Research Institute (佛山(雲浮)氫能產業與新材料發展研究院) | 22 February 2019 | PRC | 20 years |
| 119. | ZL201820205608.1 | A rapid detection device for the flow field volume of fuel cells pole plate (一種燃料電池極板流場體積的快速檢測裝置) | Utility model | Our Company, Foshan (Yunfu) Hydrogen Energy Industry and New Materials Development Research Institute (佛山(雲浮)氫能產業與新材料發展研究院) | 6 February 2018 | PRC | 10 years |
| 120. | ZL201820369829.2 | A performance recovery device for long-term use of fuel cells (一種燃料電池長期使用後性能恢復裝置) | Utility model | Our Company, Foshan (Yunfu) Hydrogen Energy Industry and New Materials Development Research Institute (佛山(雲浮)氫能產業與新材料發展研究院) | 19 March 2018 | PRC | 10 years |

| No. | Patent Number | Patent Name | Class of Patent | Patent Owner | Patent Application Date | Jurisdiction of Registration | Effective period |
|---|---|---|---|---|---|---|---|
| 121. | ZL202010416831.2 | A power distribution method and device for fuel cell system cluster (一種燃料電池系統集群的功率分配方法及裝置) | Invention | Hongli Hydrogen | 15 May 2020 | PRC | 20 years |
| 122. | ZL202010416835.0 | A power distribution method and device for fuel cell system cluster (一種燃料電池系統集群的功率分配方法及裝置) | Invention | Hongli Hydrogen | 15 May 2020 | PRC | 20 years |
| 123. | ZL202222172617.4 | An integrated device for ejection system and ejection integration system (一種用於引射系統的集成裝置以及引射集成系統) | Utility model | Beijing Guohong | 18 August 2022 | PRC | 10 years |
| 124. | ZL202222184046.6 | A fuel cell water tank and forklift (一種燃料電池集水箱及叉車) | Utility model | Beijing Guohong | 18 August 2022 | PRC | 10 years |
| 125. | ZL202222183821.6 | A gas-liquid separation device (一種氣液分離裝置) | Utility model | Beijing Guohong | 18 August 2022 | PRC | 10 years |
| 126. | ZL202222260847.6 | Hydrogen-fueled forklift (氫燃料叉車) | Utility model | Beijing Guohong | 26 August 2022 | PRC | 10 years |
| 127. | ZL202223032060.0 | A fuel cell power supply system (一種燃料電池供電系統) | Utility model | Beijing Guohong | 15 November 2022 | PRC | 10 years |
| 128. | ZL202021450804.9 | A test device for fuel cell hydrogen remover (一種燃料電池消氫器的測試裝置) | Utility model | Beijing Guohong | 21 July 2020 | PRC | 10 years |
| 129. | ZL201920357385.5 | A test device for gas filtration by fuel cell air filter (一種燃料電池空氣篩檢程式對氣體過濾的測試裝置) | Utility model | Beijing Guohong | 20 March 2019 | PRC | 10 years |

| No. | Patent Number | Patent Name | Class of Patent | Patent Owner | Patent Application Date | Jurisdiction of Registration | Effective period |
|---|---|---|---|---|---|---|---|
| 130. | ZL201821794283.1 | A portable hydrogenation device and docking device (一種可攜式加氫裝置及對接裝置) | Utility model | Beijing Guohong | 1 November 2018 | PRC | 10 years |
| 131. | ZL201820052641.5 | Exhaust waste water recycling system and fuel cell vehicle including the system (尾氣排水回收利用系統及包括該系統的燃料電池汽車) | Utility model | Beijing Guohong | 12 January 2018 | PRC | 10 years |
| 132. | ZL201820184013.2 | Generator, fuel cell hydrogen energy recovery system including the generator, and automobile (發電機、包括該發電機的燃料電池氫能回收系統及汽車) | Utility model | Beijing Guohong | 2 February 2018 | PRC | 10 years |
| 133. | ZL201820157717.0 | A mobile power generation system for a hydrogen fuel power vehicle (一種氫燃料電源車的移動發電系統) | Utility model | Beijing Guohong | 30 January 2018 | PRC | 10 years |

### *(c) Domain Names*

As at the Latest Practicable Date, our Group had registered the following domain names which are material to its business:

| No. | Domain Name | Registration Owner | Domain Name Registration Date | Domain Name Expiry Date |
|---|---|---|---|---|
| 1. | nation-synergy.com | Our Company | 20 July 2015 | 20 July 2024 |
| 2. | sinosynergypower.com | Our Company | 13 June 2017 | 13 June 2024 |
| 3. | infinityfct.com | Our Company | 16 May 2019 | 16 May 2024 |
| 4. | sinosynergypower.cn | Our Company | 5 July 2017 | 5 July 2024 |
| 5. | sinosynergypower.com.cn | Our Company | 5 July 2017 | 5 July 2024 |

*(d) Software Copyrights*

As at the Latest Practicable Date, our Group had registered the following software copyrights which are material to its business:

| No. | Name of Software | Certificate Number | Copyright Owner | Scope of Rights | Registration Date | Jurisdiction of Registration | Registration Number |
|---|---|---|---|---|---|---|---|
| 1. | Fuel Cell Module Monitoring Software V1.0 (燃料電池模組監測軟件V1.0) | RZDZ No. 3595973 | Our Company | Full rights | 25 February 2019 | PRC | 2019SR0175216 |
| 2. | Platform Software of Remote Monitoring System Server for Guohong Hydrogen Fuel Cell V1.0 (國鴻氫燃料電池遠程監控系統伺服器平台軟件V1.0) | RZDZ No. 3491602 | Our Company | Full rights | 22 January 2019 | PRC | 2019SR0070845 |
| 3. | Operation Control System Software for Fuel Cell Power Generation System V1.0 (燃料電池發電系統運行控制系統軟件V1.0) | RZDZ No. 1763073 | Our Company | Full rights | 13 May 2017 | PRC | 2017SR177789 |
| 4. | Operation Control Software for Energy Management System of Fuel Cell Hybrid Electric Vehicle V1.0 (燃料電池混合動力車輛能量管理系統運行控制軟件V1.0) | RZDZ No.1763070 | Our Company | Full rights | 13 May 2017 | PRC | 2017SR177786 |
| 5. | Labview-based CVM inspection and monitoring system for fuel cells (基於labview的燃料電池CVM巡檢監控系統) | RZDZ No. 9901660 | Our Company | Full rights | 19 July 2022 | PRC | 2022SR0947461 |

| No. | Name of Software | Certificate Number | Copyright Owner | Scope of Rights | Registration Date | Jurisdiction of Registration | Registration Number |
|---|---|---|---|---|---|---|---|
| 6. | Guohong Hydrogen Energy automotive data acquisition and real-time communication system V1.0 (國鴻氫能汽車數採實時通訊系統V1.0) | RZDZ No. 10759826 | Our Company | Full rights | 31 January 2023 | PRC | 2023SR0172655 |
| 7. | Guohong fuel cell data monitoring system (Uniapp version) (國鴻燃料電池數據監控系統(Uniapp版) | RZDZ No. 10944887 | Our Company | Full rights | 17 March 2023 | PRC | 2023SR0357716 |

***(e) Works Copyright***

As at the Latest Practicable Date, our Group had registered the following works copyrights which are material to our business:

| No. | Name of Works | Registration No. | Copyright Owner | Registration Date | First Publication Date |
|---|---|---|---|---|---|
| 1. | Guohong Hydrogen Energy Identification (國鴻氫能標識) | 2018-F-00006848 | Our Company | 8 September 2022 | 25 April 2017 |
| 2. | Guohong Hydrogen Energy (國鴻氫能) | 2017-F-00013568 | Our Company | 8 September 2022 | 25 April 2017 |

Save as disclosed herein, as at the Latest Practicable Date, there were no other trademarks, copyrights, domain names, patents or other intellectual or industrial property rights which were material to our business.

## C. FURTHER INFORMATION ABOUT OUR DIRECTORS, SUPERVISORS AND SUBSTANTIAL SHAREHOLDERS

### 1. Disclosure of interest

***(a) Interests and short positions of the Directors, chief executive and Supervisors of our Company in the Shares, underlying Shares and debentures of our Company and our associated corporations***

The following table sets out the interests and short positions of our Directors and chief executive of our Company immediately following completion of the Global Offering (without taking into account any Shares to be issued under the Pre-IPO Share Incentive Scheme) in our Shares, underlying Shares or debentures of our Company or any of our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to us and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, once our H Shares are listed:

For this purpose, the relevant provisions of the SFO will be interpreted as if they applied to the Supervisors:

| Name | Nature of Interest | Class of Shares | Number of Shares | Approximate percentage of interest<br>In the relevant class of Shares upon the completion of the Global Offering[1] | <br>In the total share capital of our Company upon the completion of the Global Offering[1] |
|---|---|---|---|---|---|
| Mr. Chen | Interest held by controlled corporations[2] | Domestic Shares (as of the date hereof) | 80,000,000 | 18.24% | 15.44% |
| | Beneficial Owner[2] | Domestic Shares | 5,000,000 | 1.14% | 0.97% |
| Mr. Yang Zeyun (楊澤雲) | Interest held by controlled corporations[3] | Domestic Shares (as of the date hereof) | 5,000,000 | 1.14% | 0.97% |
| | Beneficial Owner[3] | Domestic Shares | 1,200,000 | 0.27% | 0.23% |

| Name | Nature of Interest | Class of Shares | Number of Shares | Approximate percentage of interest In the relevant class of Shares upon the completion of the Global Offering(1) | Approximate percentage of interest In the total share capital of our Company upon the completion of the Global Offering(1) |
|---|---|---|---|---|---|
| Mr. Wang Jun (王駿) | Interest held by controlled corporations(4) | Domestic Shares | 3,065,000 | 0.70% | 0.59% |
| | Beneficial Owner(4) | Domestic Shares | 100,000 | 0.02% | 0.02% |
| Mr. Ye Jiajie (葉嘉傑) | Other(5) | Domestic Shares | 100,000 | 0.02% | 0.02% |
| Mr. Hu Muzhou (胡沐周) | Other(6) | Domestic Shares | 40,000 | 0.01% | 0.01% |

*Notes:*

(1) Without taking into account any Shares to be issued under the Pre-IPO Share Incentive Scheme.

(2) As at the Latest Practicable Date, Hongyun Hydrogen Energy was held as to 0.01% by Mr. Chen and 99.99% equity interest by Huahui Technology, which was in turn held by 80% by Mr. Chen as its general partner. By virtue of the SFO, Mr. Chen is deemed to be interested in the same number of Shares held by Hongyun Hydrogen Energy. Mr. Chen is interested in 5,000,000 Pre-IPO Share Options granted by the Company under the Pre-IPO Share Incentive Scheme.

(3) These 5,000,000 Shares comprise Shares held by GQ Zeyuan. As at the Latest Practicable Date, Mr. Yang Zeyun was the general partner of GQ Zeyuan and by virtue of the SFO, Mr. Yang Zeyun is deemed to be interested in the same number of Shares held by GQ Zeyuan. Mr. Yang is interested in 1,200,000 Pre-IPO Share Options granted by the Company under the Pre-IPO Share Incentive Scheme.

(4) These 3,065,000 Shares comprise Shares held by Hongsheng Fengyuan. As at the Latest Practicable Date, Mr. Wang Jun was the general partner of Hongsheng Fengyuan and by virtue of the SFO, Mr. Wang Jun is deemed to be interested in the same number of Shares held by Hongsheng Fengyuan. Mr. Wang is interested in 100,000 Pre-IPO Share Options granted by the Company under the Pre-IPO Share Incentive Scheme.

(5) As at the Latest Practicable Date, Mr. Ye Jiajie was a limited partner holding 2.18% equity interest of Hongsheng Fengtai, one of the ESOP Platforms and he is interested in 100,000 Shares held by Hongsheng Fengtai.

(6) As at the Latest Practicable Date, Mr. Hu Muzhou was a limited partner holding 1.31% equity interest of Hongsheng Fengyuan, one of the ESOP Platforms and he is interested in 40,000 Shares held by Hongsheng Fengyuan.

***(b) Substantial Shareholders***

*(i) Interests of the substantial Shareholders in the Shares*

Save as disclosed in the section headed "Substantial Shareholders" of this prospectus, immediately following the completion of the Global Offering (without taking into account any Shares to be issued under the Pre-IPO Share Incentive Scheme), our Directors are not aware of any other person (not being a Director or chief executive of our Company) who will have an interest or short position in the Shares or the underlying Shares which would fall to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the issued voting shares of our Company.

*(ii) Interests of the substantial shareholders of any members of our Group (except our Company)*

Save as set out above and in the table below, as of the Latest Practicable Date, our Directors are not aware of any persons (not being Directors or chief executive of our Company) who would, immediately following the completion of the Global Offering be directly or indirectly interested in 10% or more of the issued voting shares of any member of our Group (except our Company).

| Members of our Group[note] | Registered Capital | Party with 10% or more equity interest | Approximate percentage of shareholding (%) |
|---|---|---|---|
| Meijin Guohong (Zhejiang) Hydrogen Technology Co., Ltd. 美錦國鴻(浙江)氫能科技有限公司 | RMB200,000,000 | Meijin Energy (Zhejiang) Co. Ltd. (美錦能源(浙江)有限公司) | 30% |
| | | Zhejiang Hydrogen City Jingrui Hydrogen Energy Technology Co., Ltd. (浙江氫城景瑞氫能科技有限公司) | 19% |
| Ejin Horo Banner Wind and Hydrogen Energy Industry Development Co., Ltd. (伊金霍洛旗風光氫能產業發展有限公司) | RMB80,000,000 | Ejin Horo Banner State-owned Assets Operation Co., Ltd. (伊金霍洛旗國有資產運營有限責任公司) | 35% |

| Members of our Group[note] | Registered Capital | Party with 10% or more equity interest | Approximate percentage of shareholding (%) |
|---|---|---|---|
| Hong Kong Nation-Synergy International Hydrogen Power Technology Co., Limited (香港國鴻國際氫能科技有限公司) | HK$1,000,000 | Cullian Family Office (Hong Kong) Limited (世璽家族辦公室(香港)有限公司) | 49% |
| Yunfu Puhui Hydrogen Technology Co., Ltd. (雲浮市普匯氫能科技有限公司)[note] | RMB172,400,000 | Yunfu Foyun New Energy Transportation Investment Development Co., Ltd. (雲浮市佛雲新能源交通投資發展有限公司) | 34% |
| Wuhan Guoqing Energy Fuel Cell Co., Ltd. (武漢國氫能源燃料電池有限公司) | RMB18,000,000 | Wu Qinglv (武興旅)<br>Wuhu National Hydrogen Energy Co., Ltd. (蕪湖國氫能源股份有限公司) | 27.78%<br>27.78% |

*Note:*

For details as to the reasons for it to be considered as a subsidiary of our Company, please refer to the accountant's report as disclosed in Note 13(b) to the Accountant's Report as Appendix I to this prospectus.

## 2. Particulars of the Directors' and Supervisors' Service Contracts

Pursuant to Rules 19A.54 and 19A.55 of the Hong Kong Listing Rules, we will enter into a contract with each of our Directors and Supervisors in respect of, among other things (i) compliance of relevant laws and regulations, (ii) observance of the Articles of Association, and (iii) provisions on arbitration.

Save as disclosed above, none of the Directors or Supervisors has entered into any service contracts as a director or supervisor with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

## 3. Remuneration of Directors and Supervisors

For details of the remuneration of Directors and Supervisors, see section headed "Directors, Supervisors and Senior Management – Emolument of Directors, Supervisors and Senior Management" and note 40(a) of the Accountant's Report as Appendix I to this prospectus.

**4. Agency fees or commissions received**

Save as disclosed in this appendix, no commissions, discounts, agency fee, brokerages or other special terms in connection with the issue or sale of any capital of any member of our Group within the two years immediately preceding the date of this prospectus.

**5. Disclaimers**

Save as disclosed in this prospectus:

(a) None of our Directors, Supervisors or our chief executive has any interest or short position in the Shares, underlying Shares or debentures of us or any of our associated corporations (within the meaning of Part XV the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to us and the Stock Exchange pursuant to Model Code for Securities Transactions by Directors of Listed Issuers once the H Shares are listed on the Stock Exchange;

(b) None of our Directors or Supervisors is a director or employee of a company which is expected to have an interest in the Shares falling 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 once the H Shares are listed on the Stock Exchange;

(c) None of the Directors, Supervisors nor any of the experts referred to in "– E. Other Information – 8. Qualifications and Consents of Experts" below:

   (i) has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by, or leased to, any member of our Group, or are proposed to be acquired or disposed of by, or leased to, any member of our Group; or

   (ii) is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group;

(d) Save in connection with the Underwriting Agreements, none of the Directors, Supervisors nor any of the experts referred to in section headed "– E. Other Information – 8. Qualifications and Consents of Experts" below:

   (i) 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;

(e) So far as is known to the Directors, save as disclosed in "Business – Customers" of this prospectus, none of the Directors or their respectively close associates (as defined under the Listing Rules) or any Shareholders who are expected to be interested in 5% or more of the issued share capital of our Company has any interest in the top five customers or our top five suppliers of our Group as of the Latest Practicable Date.

## D. PRE-IPO SHARE INCENTIVE SCHEME

The Pre-IPO Share Incentive Scheme was adopted and approved by resolutions in writing by our Board on 28 October 2022. As of the Latest Practicable Date, the Company has issued an aggregate of 12,065,000 Pre-IPO Share Options granted to 29 Grantees on 20 June 2023 for their contribution to the operation and development of our Group. No further Option will be granted under the Pre-IPO Share Incentive Scheme after Listing. The purpose of the Pre-IPO Share Incentive Scheme is to further improve the long-term incentive mechanism of our Company, attract high-end technical and management talents in the industry and region while stabilizing the existing talent team and stimulating the enthusiasm of employees, and lay a solid foundation of core talent team and management mechanism for the realization of our development strategy. All Shares to be issued under the Pre-IPO Share Incentive Scheme are Domestic Shares of our Company.

The following is a summary of the principal terms of the Pre-IPO Share Incentive Scheme.

### (a) Who may participate

The eligible participants ("**Eligible Participants**") of the Pre-IPO Share Incentive Scheme are determined according to the Company Law, PRC Securities Law and other relevant laws and regulations and the relevant provisions of the Articles of Association.

The Eligible Participants under the Pre-IPO Share Incentive Scheme only cover the employees that made significant contribution to our operation and development, including senior officers or core technical personnel or other employees that have been working in our Group or those who are designated by our Board, excluding our independent non-executive Directors and Supervisors. Our Board has the sole discretion to determine the eligibility of the employees to participate in the Pre-IPO Share Incentive Scheme.

### (b) Grant of Options

Before granting any Option(s), each Eligible Participant shall enter into a share option grant agreement ("**Option Agreement**") with the Company, which specifies their respective rights and obligations under the scheme.

**(c) Maximum number of Shares in respect of which Options may be granted**

The maximum aggregate number of underlying Shares which may be issued upon exercise of all Options granted or to be granted (if any) under the Pre-IPO Share Incentive Scheme shall not exceed 19,733,475 Domestic Shares, representing approximately 3.81% of the total issued share capital of the Company in issue as at the Listing Date.

**(d) Exercise price**

Subject to the rules of the Pre-IPO Share Incentive Scheme, the exercise price in respect of any Options granted shall be RMB8.00, which was by reference to the Company's audited net assets per share when the Pre-IPO Share Incentive Scheme was adopted.

**(e) Term**

The term of the Pre-IPO Share Incentive Scheme commences on the date on which the Options are first granted until the date when the Options granted are fully exercised or fully canceled, which in any event will not be longer than 10 years.

**(f) Vesting and Exercise of Options**

The Options shall not be exercised before the Listing Date. Subject to the satisfaction of the relevant conditions of exercises, the Options shall be exercisable after the Listing in three tranches:

| Exercise period | Exercise time | Proportion of exercisable Options to the number of Options granted |
|---|---|---|
| The first exercise period | The first trading day of 12 months after the relevant Options are granted; or 6 months after our Company completes the Listing, whichever is later (the "**First Exercise Date**") | 40% |

| Exercise period | Exercise time | Proportion of exercisable Options to the number of Options granted |
|---|---|---|
| The second exercise period | The first trading day of 12 months after the First Exercise Date or the date on the disclosure of the Company's first annual report after the Listing, whichever is earlier | 30% |
| The third exercise period | The first trading day of 24 months after the First Exercise Date or the date on the disclosure of the Company's second annual report after the Listing, whichever is earlier | 30% |

Each of the Grantees shall undertake that (i) he/she will continue to serve in his/her position with us from the Option grant date to the Option exercise date; and (ii) he/she will endeavour to prevent the occurrence of any disqualification event. If a Grantee resigns from our Company after the date of Grant, or any disqualification event occurs, any Options granted shall be invalidated.

If the exercise conditions (including but not limited to the performance of the Company and the annual performance appraisals attained by the Grantees before any Options can be exercised) of each tranche of Options are not fulfilled, the relevant interests shall not be deferred to the next period. The starting date of the next exercise period shall not be earlier than the expiration date of the previous exercise period. In the event that the Grantee resigns from the Company after the date of Grant or an event occurs that disqualifies the Grantee, the Options held by the Grantee will lapse or will be cancelled by the Company.

**(g) Adjustment**

If our Company conducts capital reserve capitalisation, bonus shares issue, share subdivision of shares, share split, share reduction, allotment or issuance of shares, the Board shall adjust the number and price of the Pre-IPO Share Options.

**(h) Lock-up**

The Domestic Shares to be issued to the Grantees pursuant to the exercise of the Options are subject to lock-up restrictions in accordance with the Articles of Association, the Company Law, the PRC Securities Law, the Listing Rules and other relevant laws and regulations. In particular, where the Grantee is a Director, Supervisor or a member of the senior management of our Company, the number of Shares which may be transferred or disposed by the Grantee each year upon the exercise of the Options shall not exceed 25% of the total number of the Shares held by him/her. No Grantee shall transfer or dispose any Shares held by him/her within (i) one year from the Listing Date and (ii) six months after his/her resignation from the positions held in our Group.

**(i) Ranking of the Shares**

The Domestic Shares to be allotted and issued upon the exercise of an Option will be subject to the provisions of the Articles of Association and shall rank *pari passu* in all respects with other Shares in issue as of the date of allotment and will entitle the holders to participate in all dividends or other distributions paid or made on or after the date of exercise of the Option subject to the rules of the Pre-IPO Share Incentive Scheme. The Pre-IPO Share Option(s) held by the Grantees are not Share(s) and do not confer rights related to voting and dividends to the Grantees.

**(j) Transfer of Options**

The Options held by the Grantees shall not be exercised prior to Listing. After exercising the Options, the Grantee can obtain profits by reducing its shareholdings in the secondary market or other lawful means after the expiration of the lock-up period, which is subject to the prerequisites stipulated in the Pre-IPO Share Incentive Scheme. A Grantee shall not assign, transfer by way of gift his/her Pre-IPO Share Option(s) or use his/her Pre-IPO Share Option(s) as a guarantee or to repay debts.

**(k) Arrangement for Special Circumstances to the Pre-IPO Share Incentive Scheme**

In the event that the Grantee retires, dies (naturally or due to injuries sustained from work) or became incapacitated, all his/her Options which are exercisable but not yet exercised shall remain exercisable and shall be exercised within three months after the occurrence of such circumstance(s), and his/her Options which are not exercisable shall be cancelled.

Where a Grantee changes his/her position in our Company by reason of, among others, violation of laws causing losses to our Company, violates our Company's rules and regulations, or is held criminally responsible, the Options that have not been exercised by the Grantee will lapse. In relation to the exercised Options, our Company or the Board has the right to recover the relevant proceeds in accordance with the terms of the Pre-IPO Share Incentive Scheme.

Where a Grantee resigns (including the lapse of employment contract), the Options that are not exercised by the Grantee will lapse on the termination date. Where a Grantee is terminated or dismissed by reason of, among others, violation of our Company's rules and regulations, seriously prejudicing the interest of our Company, or was held criminally responsible, the Options that have not been exercised by the Grantee will lapse on the date of termination.

**(l) Alteration of the Pre-IPO Share Incentive Scheme**

If the Pre-IPO Share Incentive Scheme needs to be modified for any special situation, our Company shall implement the internal review procedure again and fully disclose the contents of the Pre-IPO Share Incentive Scheme.

**(m) Outstanding Options granted under the Pre-IPO Share Incentive Scheme**

On 20 June 2023, a total of 29 eligible participants were offered Options to subscribe for an aggregate of 12,065,000 Shares, representing approximately 2.33% of the issued Shares immediately following the Global Offering (without taking into account of any Shares which may be issued pursuant to the exercise of any Options which were granted under the Pre-IPO Share Incentive Scheme), at an exercise price of RMB8.00. A full list of such Grantees under the Pre-IPO Share Option Scheme, containing all particulars required under paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance and Rule 17.02(1)(b) of and paragraph 27 of Part A of Appendix 1 to the Listing Rules is set forth below:

| No. | Name | Position held with our Group | Address | Number of Shares to be issued upon full exercise of the Options granted under the Pre-IPO Share Incentive Scheme | Approximate percentage of the issued share capital of our Company upon completion of the Global Offering[1] |
|---|---|---|---|---|---|
| *Directors* | | | | | |
| 1 | Mr. Chen | Executive Director and chairman of the Board | Room 508, No. 131, Funing Road, Chancheng District, Foshan City, Guangdong Province, PRC | 5,000,000 | 0.97% |
| 2 | Yang Zeyun (楊澤雲) | Executive Director and general manager | No. 221, 40 Shashi Road, Heping District, Tianjin, PRC | 1,200,000 | 0.23% |

| No. | Name | Position held with our Group | Address | Number of Shares to be issued upon full exercise of the Options granted under the Pre-IPO Share Incentive Scheme | Approximate percentage of the issued share capital of our Company upon completion of the Global Offering[(1)] |
|---|---|---|---|---|---|
| *Senior management and other employees of our Group* | | | | | |
| 3 | Zhang Zhejun (張哲軍) | Vice general manager | No. 76, Gaopu Road, Tianhe District, Guangzhou City, PRC | 100,000 | 0.02% |
| 4 | Liu Zhixiang (劉志祥) | Vice general manager | No. 210, No. 3 of Building 1, Jiaotong University Road, Haidian District, Beijing, PRC | 500,000 | 0.10% |
| 5 | Yan Xiqiang (燕希強) | Vice general manager | No. 18, Jiangwan 1st Road, Chancheng District, Foshan City, Guangdong Province, PRC | 500,000 | 0.10% |
| 6 | Li Jing (李晶) | Deputy general manager and the secretary to our Board | Floor 31, Building 1, News Building, No. 1002 Shennan Middle Road, Futian District, Shenzhen, Guangdong, PRC | 580,000 | 0.11% |
| 7 | Wang Jun (王駿) | Deputy general manager and the financial director | Room 404, No. 7, Lane 2011, Lingshan Road, Pudong New District, Shanghai, PRC | 100,000 | 0.02% |

| No. | Name | Position held with our Group | Address | Number of Shares to be issued upon full exercise of the Options granted under the Pre-IPO Share Incentive Scheme | Approximate percentage of the issued share capital of our Company upon completion of the Global Offering[(1)] |
|---|---|---|---|---|---|
| 8 | Liu Nuhai (劉怒海) | President | Room 303, No. 8, Fenjiang New Village, Chancheng District, Foshan City, Guangdong Province, PRC | 100,000 | 0.02% |
| 9 | Zhao Gang (趙鋼) | President | 3-6-2, No. 6 Xiuyue Street, Zhongshan District, Dalian City, Liaoning Province, PRC | 100,000 | 0.02% |
| 10 | Hua Gongchang (滑工廠) | President | Room 3303, Building 14, Hengdajinbi Bay, No. 18 Baita Industrial Avenue, Caochang Village, Lishui Town, Nanhai District, Foshan City, Guangdong Province, PRC | 250,000 | 0.05% |
| 11 | Xiao Xin (肖欣) | President | 3F, Building 8, Shifu Courtyard, No.12 Lingnan Avenue North, Chancheng District, Foshan City, Guangdong Province, PRC | 250,000 | 0.05% |

| No. | Name | Position held with our Group | Address | Number of Shares to be issued upon full exercise of the Options granted under the Pre-IPO Share Incentive Scheme | Approximate percentage of the issued share capital of our Company upon completion of the Global Offering(1) |
|---|---|---|---|---|---|
| 12 | Zhu Zheyu (朱喆煜) | President | No. 17, Unit 3, Building 5, No. 59 Tao Yuan South Road, Yingze District, Taiyuan City, Shanxi Province, PRC | 200,000 | 0.04% |
| 13 | Zou Wenjun (鄒文君) | Vice president | Room 303, No. 16-1, Rongxiang New Village, Binhu District, Wuxi City, Jiangsu Province, PRC | 300,000 | 0.06% |
| 14 | Wang Duolin (王鐸霖) | Vice president | 4-11-1, No. 35 Qingtian Yuan, Ganjingzi District, Dalian City, Liaoning Province, PRC | 100,000 | 0.02% |
| 15 | Wang Jiming (王繼明) | Vice president | No. 28 Shuangshufang Tun, Xijiu Village, Tongyi Township, Pulandian City, Liaoning Province, PRC | 150,000 | 0.03% |
| 16 | Bu Qingyuan (卜慶元) | Vice president | No. 30 Jiangwan 2nd Road, Chancheng District, Foshan City, Guangdong Province, PRC | 100,000 | 0.02% |

| No. | Name | Position held with our Group | Address | Number of Shares to be issued upon full exercise of the Options granted under the Pre-IPO Share Incentive Scheme | Approximate percentage of the issued share capital of our Company upon completion of the Global Offering(1) |
|---|---|---|---|---|---|
| 17 | Guo Wenge (郭文革) | Vice president | No. 999-002503, Xi' an Road, Xipu Town, Pi County, Sichuan Province, PRC | 200,000 | 0.04% |
| 18 | Li Qiang (李強) | Vice president | Xinwu Group, Jiangxichong Village, Baima Town, Lianyuan City, Hunan Province, PRC | 150,000 | 0.03% |
| 19 | Huang Long (黃龍) | Vice president | No. 28, Group 4, Yuejinqiao Village, Yankou Town, Wusheng County, Sichuan Province, PRC | 200,000 | 0.04% |
| 20 | Si Yanglin (斯楊林) | Vice president | Room 1805, Building 8, Block 1, Qingcheng Garden, Industrial Park, Suzhou, Jiangsu Province, PRC | 250,000 | 0.05% |
| 21 | Wang Xun (王尋) | Vice president | No. 6, Fenjiang Middle Road, Chancheng District, Foshan City, Guangdong Province, PRC | 250,000 | 0.05% |
| 22 | Zhang Jihua (張繼華) | Vice president | Room 201, No. 43, Bainiuxin Village, Fengjing Town, Jinshan District, Shanghai, PRC | 400,000 | 0.08% |

| No. | Name | Position held with our Group | Address | Number of Shares to be issued upon full exercise of the Options granted under the Pre-IPO Share Incentive Scheme | Approximate percentage of the issued share capital of our Company upon completion of the Global Offering[(1)] |
|---|---|---|---|---|---|
| 23 | Zhao Yunlong (趙雲龍) | Vice president | Group 8, Baqi Village, Changshe Office, Changge City, Henan Province, PRC | 235,000 | 0.05% |
| 24 | Geng Ting (耿霆) | Vice president | No. 29, Xiaogengwan, Zhangyang Village, Luohansi Street, Huangpi District, Wuhan City, PRC | 200,000 | 0.04% |
| 25 | Yang Zhen (楊震) | Regional Manager | 2-1, No. 14, Fengping Lane, Zhongshan District, Dalian City, Liaoning Province, PRC | 250,000 | 0.05% |
| 26 | Sun Zhujiang (孫駐江) | Manager | Group 1, Zhousan Village, Taha Town, Fuyu County, Heilongjiang Province, PRC | 100,000 | 0.02% |
| 27 | Cui Shitao (崔士濤) | Manager | No. 3, Zhangtun, Xiyanggong Village, Heidao Town, Zhuanghe City, Liaoning Province, PRC | 100,000 | 0.02% |

| No. | Name | Position held with our Group | Address | Number of Shares to be issued upon full exercise of the Options granted under the Pre-IPO Share Incentive Scheme | Approximate percentage of the issued share capital of our Company upon completion of the Global Offering(1) |
|---|---|---|---|---|---|
| 28 | Qu Lijuan (瞿麗娟) | Engineer | Group 10, Caijiawan Village, Jiazhuyuan Town, Gong'an County, Hubei Province, PRC | 100,000 | 0.02% |
| 29 | Jia Jia (賈佳) | Vice Manager | 1002, Unit A, Building 8, Tianjian Modern City Garden, Qinglin Middle Road, Longgang District, Shenzhen City, Guangdong Province, PRC | 100,000 | 0.02% |
| | | | | **12,065,000** | **2.33%** |

*Note:*

(1) Without taking into account any Shares which may be issued upon exercise of any Options which were granted under the Pre-IPO Share Incentive Scheme

Except as set out above, no other Options have been granted or agreed to be granted by us under the Pre-IPO Share Incentive Scheme.

### (n) General

The Pre-IPO Share Incentive Scheme is not subject to the provisions of Chapter 17 of the Listing Rules as it will not involve any grant of Options by us after the Listing.

## E. OTHER INFORMATION

### 1. Estate Duty

The Directors have been advised that no material liability for estate duty under PRC law is likely to fall on our Group.

### 2. Litigation

As of the Latest Practicable Date, save as disclosed in "Business – Legal Proceedings and Compliance", our Company was not engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to our Directors to be pending or threatened by or against us, that would have a material adverse effect on our results of operations or financial conditions.

### 3. The Sole Sponsor

The Sole Sponsor satisfies the independence criteria applicable to sponsor as set out in Rule 3A.07 of the Listing Rules.

The Sole Sponsor will receive a fee of US$400,000 for acting as the sponsor for the Listing.

### 4. Compliance Adviser

Our Company has appointed Innovax Capital Limited as the compliance adviser upon Listing in compliance with Rules 3A.19 and 19A.05 of the Listing Rules.

### 5. Preliminary Expenses

Our Company has not incurred any material preliminary expenses.

### 6. Taxation of holder of H Shares

The sale, purchase and transfer of H Shares registered with our Hong Kong branch register of members will be subject to Hong Kong stamp duty. The current rate charged on each of the purchaser and seller is 0.1% of the consideration of or, if higher, of the fair value of our Shares being sold or transferred. For further details in relation to taxation, please refer to Appendix III to this prospectus.

**7. Promoters**

Our promoters comprised of all of 34 our then Shareholders as of 22 March 2022 before our conversion into a joint stock limited liability company:

| No. | Name of promoters |
|---|---|
| 1. | Hongyun Hydrogen Energy |
| 2. | Yunfu Industrial Park |
| 3. | Shenzhen Rongdingze |
| 4. | Shanghai Hongcheng |
| 5. | Shanghai Jucheng |
| 6. | Hongsheng Fengying |
| 7. | Meijin Energy Holding |
| 8. | GQ Shuida Yuda |
| 9. | Greenway Hydrogen |
| 10. | Qingdao Huayi |
| 11. | Guangzhou Chengxin |
| 12. | Shenzhen Jiajiatai |
| 13. | Guangdong Yuecai |
| 14. | Ningbo Lingyu |
| 15. | Zhuhai Yixing |
| 16. | Qingdao Chengtou |
| 17. | Yangzhou Guangling |
| 18. | Qingdao Chengsheng |
| 19. | Qingdao Hongta |
| 20. | SME Development Fund |
| 21. | Zhuhai Zhuoneng |
| 22. | Shenzhen Runtu |
| 23. | Foshan Yuanteng |
| 24. | Chongqing Yu Hydrogen |
| 25. | Hangzhou Yonglongyi |
| 26. | Shanghai Chenghu |
| 27. | Shenghui Energy |
| 28. | GQ Hydrogen |
| 29. | Hainan Dingxin |
| 30. | GQ Zeyuan |
| 31. | Hongsheng Fengtai |
| 32. | Hongsheng Fengyuan |
| 33. | Guangdong Kaiding |
| 34. | Foshan Kaiding |

Save as disclosed in the prospectus, within the two years immediately preceding the date of this prospectus, no cash, securities, amount or benefit has been paid, allotted or given, or has been proposed to be paid, allotted or given, to any of the promoters named above in connection with the Global Offering or the related transactions described in this prospectus.

## 8. Qualifications and Consents of Experts

The qualifications of the experts (as defined under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) which have given opinions or advice in, or referred to in, this prospectus are as follows:

| Name of Expert | Qualifications |
|---|---|
| Huatai Financial Holdings (Hong Kong) Limited | Licensed corporation under the SFO to conduct type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 6 (advising on corporate finance), type 7 (providing automated trading services) and type 9 (asset management) regulated activities as defined under the SFO |
| PricewaterhouseCoopers | Certified Public Accountants under the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong) and Registered Public Interest Entity Auditor under the Accounting and Financial Reporting Council Ordinance (Chapter 588 of the Laws of Hong Kong) |
| JunHe LLP | Legal advisers as to PRC law |
| Frost & Sullivan (Beijing) Inc., Shanghai Branch Co. | Industry consultant |
| Beijing Dacheng Law Offices, LLP (Shenzhen) | Legal advisers to our Company as to PRC law in respect of data security related activities |
| Scihead Law Firm | Legal advisers to our Company as to PRC litigation matters |

Each of the experts listed above has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its report and/or letter and/or opinion and/or references to its name and qualifications included herein in the form and context in which they respectively appear.

## 9. Binding Effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all 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.

## 10. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided in Section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

## 11. No Material Adverse Change

Our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Group since 31 May 2023 (being the date to which the latest audited consolidated financial statements of our Group were prepared).

## 12. Miscellaneous

Save as disclosed in this prospectus,

(a) within the two years preceding the date of this prospectus, no share or loan capital of our Company or any of its subsidiary has been issued or has been agreed to be issued fully or partly paid either for cash or for a consideration other than cash;

(b) no share or loan capital of our Company or any of its subsidiary is under option or is agreed conditionally or unconditionally to be put under option;

(c) no founder, management or deferred shares of our Company or any of its subsidiary have been issued or have been agreed to be issued;

(d) our Company has no outstanding convertible debt securities or debentures;

(e) none of the experts listed in section headed "– 8. Qualifications and Consents of Experts" above:

  (i) is interested beneficially or non-beneficially in any shares in any member of our Group; or

  (ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group save in connection with the Underwriting Agreements;

(f) the English text of this prospectus shall prevail over their respective Chinese text;

(g) there is no arrangement under which future dividends are waived or agreed to be waived;

(h) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this prospectus;

(i) none of our equity and debt securities is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought; and

(j) our Company is a joint stock limited company and is subject to the PRC Company Law.

## DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

(a) a copy of the material contracts referred to in "Appendix VI – Statutory and General Information – B. Further Information About the Business – 1. Summary of Material Contracts" in this prospectus; and

(b) the written consents referred to in "Appendix VI – Statutory and General Information – E. Other Information – 8. Qualifications and Consents of Experts".

## DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be on display on the website of the Stock Exchange at **www.hkexnews.hk** and our website at **www.sinosynergypower.com** during a period of 14 days from the date of this prospectus:

(a) the Articles of Association;

(b) the Accountant's Report and the report on the unaudited pro forma financial information of our Group from PricewaterhouseCoopers, the texts of which are set out in "Appendix I – Accountant's Report" and "Appendix II – Unaudited Pro Forma Financial Information", respectively;

(c) the audited consolidated financial statements of the Group for the three years ended 31 December 2022 and the five months ended 31 May 2023;

(d) the legal opinion from JunHe LLP, our Company's PRC legal advisers, in respect of our general matters and the property interests of our Group in the PRC;

(e) the legal opinion from Beijing Dacheng Law Offices LLP (Shenzhen), our Company's PRC legal advisers, in respect of data security related matters carried out by our Group;

(f) the due diligence report from Scihead Law Firm, our Company's PRC legal advisers, in respect of certain specific litigation matters;

(g) the terms of the Pre-IPO Share Incentive Scheme;

(h) the industry report prepared by Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., the summary of which is set forth in the section headed "Industry Overview" in this prospectus;

(i) the PRC Company Law, the PRC Securities Law, the Trial Measures and PRC Guidelines on AoA together with their unofficial English translations;

(j) the service contracts between each of the Directors and Supervisors and the Company referred to in "Appendix VI – Statutory and General Information – C. Further Information about Our Directors, Supervisors and Substantial Shareholders – 2. Particulars of the Directors' and Supervisors' Service Contracts";

(k) the material contracts referred to in "Appendix VI – Statutory and General Information – B. Further Information About The Business – 1. Summary of Material Contracts"; and

(l) the written consents referred to in "Appendix VI – Statutory and General Information – E. Other Information – 8. Qualifications and Consents of Experts".

Sino-Synergy Hydrogen Energy Technology (Jiaxing) Co., Ltd.

國鴻氫能科技（嘉興）股份有限公司