



亿华通  
SinoHytec

北京億華通科技股份有限公司  
Beijing SinoHytec Co., Ltd.

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

Stock Code: 2402



2023  
ANNUAL REPORT

## IMPORTANT NOTICE

I. The board of directors (the “Board”), the supervisory committee (the “Supervisory Committee”) and the directors (the “Directors”), supervisors (the “Supervisors”) and senior management of Beijing SinoHytec Co., Ltd. (the “Company”) confirm that the information contained in this annual report is true, accurate, and complete without any false and misleading statements or material omissions, and severally and jointly accept legal responsibility for the above.

### II. THE COMPANY WAS NOT PROFIT-MAKING UPON LISTING AND NOT YET PROFIT-MAKING

The Company was listed in accordance with the standard set out in item (4) of Rule 2.1.2 of the SSE STAR Market Listing Rules and was not profit-making upon listing. In 2023, the Company realized operating income of RMB800.7019 million; net losses attributable to owners of the listed company of RMB243.2037 million; net losses after deducting non-recurring gains or losses attributable to owners of the listed company of RMB287.8384 million. During the Reporting Period, the Company was not profit-making.

### III. NOTICE OF SIGNIFICANT RISKS

#### 1. Risk of loss in performance

During the Reporting Period, the net losses attributable to shareholders of the Company was RMB243.2037 million, representing a year-on-year increase of RMB76.4703 million. The loss for the period was mainly due to the following: (1) fuel cell industry is still in the initial stage of industrialization, with limited overall market size and more market participants, making market competition fierce; (2) the Company always insists on R&D-driven development, and the continuous high level of R&D investment has a certain impact on the current operating results; (3) with the continuous expansion of the scale of operation, the number of employees of the Company increased to 1,044 from 1,014 in the same period last year, with an increase in personnel expenses; (4) in 2023, the Company’s sales proceeds decreased year on year, and at the end of 2023, the Company made additional provision for expected credit risk losses on receivables for the sake of prudence.

In the face of the above impacts, the management of the Company took active measures to respond. In 2023, the Company’s research and development, production and sales and other businesses basically remained stable. During the Reporting Period, the Company achieved operating revenue of RMB800.7019 million, representing a year-on-year increase of 8.48%. However, if the development of the industry in the future fails to meet expectations, the market demand continues to decline, or the industry competition further intensifies, and with the continuous increase in expenses and costs in all aspects, the Company cannot obtain sufficient more orders and expand sales to the level of economic scale that the Company is able to make a turnaround, it is expected that the Company’s operating results will be materially and adversely affected and will continue to suffer losses.

#### 2. Risk of continuous negative operating cash flow

The operating cash flow of the Company continued to be negative, mainly due to the large amount of working capital appropriated to the accounts receivable and inventory with the growth of the Company’s operating income. During the period of rapid development of the industry in which the Company is located, the capital demand will still grow rapidly, and the continuous negative operating cash flow may lead to insufficient working capital of the Company. As the Company is still in the early stage of development, its ability of alternative financing is limited. If the Company is unable to broaden its financing channels and effectively improve operating cash flow in the future, the Company may expose to the risk of insufficient working capital.



## IMPORTANT NOTICE

- IV.** All Directors of the Company attended the Board meeting.
- V.** Da Hua Certified Public Accountants (Special General Partnership) has issued an auditors' report with standard unqualified opinions for the Company.
- VI.** Zhang Guoqiang, the Person-in-charge of the Company, Song Haiying, the Chief Financial Controller and Zhang Hongli, Head of the Finance Department (Person in Charge of Accounting) represent and warrant the truthfulness, accuracy and completeness of the financial statements set out in the annual report.

### **VII. PROFIT DISTRIBUTION PROPOSAL OR PROPOSAL FOR CONVERSION OF CAPITAL RESERVE TO THE SHARE CAPITAL DURING THE REPORTING PERIOD APPROVED BY THE BOARD BY RESOLUTIONS**

On April 26, 2024, the Company convened the sixteenth meeting of the third session of the Board to consider and approve the Proposal on the 2023 Profit Distribution and Conversion of Capital Reserve to the Share Capital Plan of the Company. During the year, the Company intended not to distribute cash dividend or bonus share and intended to issue 4 capitalization shares for every 10 shares to all shareholders by way of capitalization of capital reserve based on the total share capital registered on the record date for the implementation of equity distribution. As of March 31, 2024, the total share capital (A Shares + H Shares) of the Company is 165,465,772 shares, and proposes to issue a total of 66,186,309 shares by way of capitalization. Following the capitalization, the total share capital issued by the Company will be 231,652,081 shares. If there is any change in the total share capital of the Company prior to the record date for the implementation of equity distribution, the Company intends to maintain the distribution ratio per share unchanged and adjust the total number of shares for equity distribution accordingly.

The profit distribution and capitalization plan is subject to the consideration and approval at the 2023 Annual General Meeting of the Company.

### **VIII. WHETHER THERE ARE IMPORTANT MATTERS SUCH AS SPECIAL ARRANGEMENTS FOR CORPORATE GOVERNANCE**

No

### **IX. DISCLAIMER OF FORWARD-LOOKING STATEMENTS**

Forward-looking statements such as future plans and development strategies of the Company contained in this report do not constitute any substantive commitment to investors by the Company. Investors should be aware of the investment risks.

### **X. WHETHER THERE IS APPROPRIATION OF FUNDS OF THE COMPANY BY THE CONTROLLING SHAREHOLDER AND OTHER RELATED PARTIES FOR NON-OPERATING PURPOSES**

Yes

For details, please refer to "II. Occupation of Funds by Controlling Shareholders and Other Related Parties for Non-operating Purpose During the Reporting Period" under "Section VI Significant Events".

## IMPORTANT NOTICE

**XI. WHETHER THE COMPANY HAS PROVIDED EXTERNAL GUARANTEES IN VIOLATION OF ANY PRESCRIBED DECISION-MAKING PROCEDURES**

No

**XII. WHETHER MORE THAN HALF OF THE DIRECTORS CANNOT GUARANTEE THE AUTHENTICITY, ACCURACY AND COMPLETENESS OF THE ANNUAL REPORT DISCLOSED BY THE COMPANY**

No



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# SECTION I DEFINITIONS

## I. DEFINITIONS

In this report, unless the context otherwise requires, the following terms shall have the following meanings:

### Definition of common terms

Company/SinoHytec	Beijing SinoHytec Co., Ltd.,
SinoFuelCell	Shanghai SinoFuelCell Co., Ltd., a majority-controlled subsidiary of the Company
SinoHytec Power	SinoHytec Power Technology Co., Ltd., a wholly-owned subsidiary of the Company
Chengdu SinoHytec	Chengdu SinoHytec Power Technology Co., Ltd., a wholly-owned subsidiary of the Company
SinoHytec Hydrogen	Beijing SinoHytec Hydrogen Technology Co., Ltd., a wholly-owned subsidiary of the Company
Juxinghuatong	Beijing Juxinghuatong Hydrogen Energy Technology Co., Ltd., a wholly-owned subsidiary of the Company
Shenjie New Energy	Shanghai Shenjie New Energy Technology Center (L.P.), a shareholding platform of core staff of SinoFuelCell
Zhangjiakou Haiper	Zhangjiakou Haiper New Energy Technology Co., Ltd., an associate of the Company
Toyota Sinohytec	Toyota Sinohytec Fuel Cell Co., Ltd., a joint venture of the Company
United Fuel Cell	United Fuel Cell System R&D (Beijing) Co., Ltd., an associate of the Company
Shuimu Sail	Beijing Shuimu Sail Venture Capital Investment Center (L.P.)
Shuimu Yuanjing	Nanning Shuimu Yuanjing Venture Capital Investment Center (L.P.)
Shuimu Changfeng	Beijing Shuimu Changfeng Equity Investment Center (L.P.)
Beiqi Foton	Beiqi Foton Motor Co., Ltd.
Yutong Bus	Yutong Bus Co., Ltd.
Shaanxi Automotive	Shaanxi Automotive Group Co., Ltd.

## SECTION I DEFINITIONS

Ministry of Science and Technology	Ministry of Science and Technology of the People's Republic of China
MOF	Ministry of Finance of the People's Republic of China
MIIT	Ministry of Industry and Information Technology of the People's Republic of China
CSRC	China Securities Regulatory Commission
Beijing Municipal Science and Technology Commission/STCSM	Beijing Municipal Science & Technology Commission/Science and Technology Commission of Shanghai Municipal
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
SSE	Shanghai Stock Exchange
A Shares	A shares of the Company, with a nominal value of RMB1.00 each, which are listed on the SSE STAR Market and traded in RMB
A Shareholders	Holders of A Shares
H Shares	H shares in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in Hong Kong dollars and listed on the Hong Kong Stock Exchange
H Shareholders	Holders of H Shares
Listing Rules	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (as amended, supplemented or otherwise modified from time to time)
the SSE STAR Market Listing Rules	Listing Rules of SSE STAR Market (as amended, supplemented or otherwise modified from time to time)
Listing Date	January 12, 2023, being the date on which the H Shares are listed and from which dealings therein are permitted to take place on the Hong Kong Stock Exchange
RMB	Renminbi, the lawful currency of the PRC
Shares	A Shares and H Shares
Shareholders	Holders of Shares

## SECTION I DEFINITIONS

Trading Days	Business days of the Shanghai Stock Exchange
Sponsor	Guotai Junan Securities Co., Ltd.
Accountant	Moore Stephens Da Hua Certified Public Accountants (Special General Partnership)
Articles of Association	the Articles of Association of Beijing SinoHytec Co., Ltd., currently in force
Company Law	Company Law of the PRC
Securities Law	Securities Law of the PRC
A-share Prospectus	Prospectus for the Initial Public Offering and Listing of Shares on the GEM of Beijing SinoHytec Co., Ltd.
Reporting Period	the Year of 2023
fuel cell/hydrogen fuel cell	A power generation device that directly converts externally supplied fuel and chemical energy in oxidants into electricity, heat and other reactants through electrochemical reactions. The externally supplied fuel is hydrogen, while the oxidant is oxygen. Unless otherwise specified, the fuel cell system or hydrogen fuel cell or fuel cell mentioned in this report refers to proton-exchange membrane hydrogen fuel cell, a type of hydrogen fuel cell with perfluorosulfonic acid solid polymer as electrolyte
fuel cell vehicles/hydrogen fuel cell vehicles	vehicles with fuel cell system as the power source or main power source
fuel cell system/engine system/power system	the hydrogen storage and power generation compound system in fuel cell vehicles consists of stacks, air supply system, hydrogen supply system, cooling system, control system, hydrogen storage system, DC/DC and other components
stack	A combination of two or more monomer cells with common pipes and unified power output through a fastener structure
bipolar plates	stack parts, a conductive partition that collects electric current, separates oxidants and reducers and guides the flow of oxidants and reducers on the electrode surface of the battery
PEM	membrane with proton as the conductive charge

## SECTION I DEFINITIONS

catalyst	a substance that can produce an electric catalytic effect and does not enter the molecular composition of the final product itself. The catalyst in this report specifically refers to the catalyst in the membrane electrode module. Catalysts are typically tiny particles that are evenly coated on the proton exchange membrane. These tiny particles are typically carbon carriers and platinum particles, allowing hydrogen to be separated into hydrogen ions (hydrogen ions are the protons), so that hydrogen ions can react to the oxygen in the air through the proton exchange membrane
air compressor	air compressor, a device used to compress gas and increase gas pressure
DC/DC	DC-to-DC converter, in the application scenarios of fuel cell vehicles, is responsible for converting the DC voltage from fuel cell output to the working voltage of the vehicle-driven motor, forming a stable and controllable DC power supply with the fuel cell
rated power	the maximum continuous output power of fuel cell system under the normal operating conditions as specified by the state. The measurement unit of the rated power is kilowatt (kW)
freeze-start temperature	freeze-start temperature, which enables the fuel cell system start up when environmental temperature is lower than 0° C and refers to the start-up of a fuel cell system at a standard environmental temperature after a fully immersive vehicle
durable performance	a period that the fuel cell system can last when it works at a rated work point with power loss of 20%, measured in hours (h)
energy conversion efficiency	conversion of chemical energy in hydrogen into power output efficiency, the higher energy conversion efficiency, the more effective use of hydrogen
Hong Kong	Hong Kong Special Administrative Region of the PRC
RMB, RMB0,000, RMB00 million	Renminbi, Renminbi10,000 and Renminbi100 million

*Note:* Any discrepancies between the sum of the data in the tables of the annual report and the sum shown are due to rounding.

# SECTION II

## COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS

### I. BASIC INFORMATION OF THE COMPANY

Chinese name of the Company	北京億華通科技股份有限公司
Abbreviation of the Chinese name	億華通
English name of the Company	Beijing SinoHytec Co., Ltd.
Abbreviation of the English name	SINOHYTEC
Legal representative of the Company	Zhang Guoqiang
Registered address of the Company	Room C701, 7th Floor, Block C, Building B-6, Dongsheng Science Park, Zhongguancun, No. 66, Xixiaokou Road, Haidian District, Beijing, the PRC
Historical change of the registered address of the Company	No change of registered address after the listing of the Company
Office address of the Company	Room C701, 7th Floor, Block C, Building B-6, Dongsheng Science Park, Zhongguancun, No. 66, Xixiaokou Road, Haidian District, Beijing, the PRC
Postal code of the office address of the Company	100192
Principal place of business in Hong Kong	40/F, Dah Sing Financial Centre, 248 Queen's Road East, Wanchai, Hong Kong
Company website	<a href="http://www.sinohytec.com">http://www.sinohytec.com</a>
E-mail	<a href="mailto:sinohytec@autoht.com">sinohytec@autoht.com</a>

### II. CONTACT PERSON AND CONTACT METHOD

	<b>Secretary to the Board (Domestic representative for information disclosure)</b>	<b>Securities Affairs Representative</b>
Name	Kang Zhi	Bao Xingzhu
Address	Room C701, 7th Floor, Block C, Building B-6, Dongsheng Science Park, Zhongguancun, No. 66, Xixiaokou Road, Haidian District, Beijing	Room C701, 7th Floor, Block C, Building B-6, Dongsheng Science Park, Zhongguancun, No. 66, Xixiaokou Road, Haidian District, Beijing
Telephone	86-10-62796418-821	86-10-62796418-821
Fax	010-62794725	010-62794725
E-mail	<a href="mailto:sinohytec@autoht.com">sinohytec@autoht.com</a>	<a href="mailto:sinohytec@autoht.com">sinohytec@autoht.com</a>

## SECTION II

# COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS

### III. INFORMATION DISCLOSURE AND PLACE FOR INSPECTION

Name and website of media for disclosure of A shares annual report	Shanghai Securities News, Securities Times
Website of the stock exchange for disclosure of annual report (A shares annual report)	www.sse.com.cn
Website of the stock exchange for disclosure of annual report (H shares annual report)	www.hkex.com.hk
Place for inspection of annual report (A shares annual report)	Company Board Office
Place for inspection of annual report (H shares annual report)	40/F, Dah Sing Financial Centre, 248 Queen's Road East, Wanchai, Hong Kong

### IV. PROFILE OF COMPANY STOCK/DEPOSITARY RECEIPTS

#### (I) STOCK PROFILE OF THE COMPANY

Class of stock	Profile of Stock				
	Class of stock and sector on which the shares are listed	Stock exchange	Stock abbreviation	Stock code	Stock abbreviation before change
A shares	The SSE STAR Market		SinoHytec	688339	Nil
H shares	Main Board of the Hong Kong Stock Exchange		SINOHYTEC	02402	Nil

### V. OTHER RELEVANT INFORMATION

Accounting firm engaged by the Company	Name	Da Hua Certified Public Accountants (Special General Partnership)
	Office Address	1101, Building 7, No. 16 Central Road, West Fourth Ring, Haidian District, Beijing
Sponsor performing the duty of continuous supervision of A shares during the Reporting Period	Name of signing accountants	Hu Xiaohui, Gao Xiaopu
	Name	Guotai Junan Securities Co., Ltd.
	Office Address	No. 618 Shangcheng Road, China (Shanghai) Pilot Free Trade Zone
	Names of signing sponsor representatives	Ming Yafei, Yang Zhijie
	Period of continuous supervision	from August 10, 2020 to December 31, 2023



## SECTION II

# COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS

### (II) Key Financial Indicators

Key Financial Indicators	2023	2022 Post- adjustment	Pre- adjustment	Increase/ decrease as compared with the same period last year (%)	2021
Basic earnings per share (RMB/share) ("-" for loss)	<b>-1.48</b>	-1.19	-1.67	-	-1.16
Diluted earnings per share (RMB/share) ("-" for loss)	<b>-1.48</b>	-1.19	-1.67	-	-1.16
Basic earnings per share after non-recurring profit or loss (RMB/share) ("-" for loss)	<b>-1.76</b>	-1.32	-1.85	-	-1.28
Weighted average return on net assets (%)	<b>-7.93</b>	-6.87	-6.86	Decrease by 1.07 percentage points	-7.11
Weighted average return on net assets after non-recurring profit or loss (%)	<b>-9.39</b>	-7.61	-7.60	Decrease by 1.78 percentage points	-7.83
Proportion of R&D investment in operating income (%)	<b>21.31</b>	21.65	21.65	Decrease by 0.34 percentage points	26.20

#### Reasons for retrospective adjustment or restatement

- (1) On December 13, 2022, the MOF of the PRC issued the Circular on Printing and Distributing the Accounting Standards for Business Enterprises Interpretation No. 16 (Cai Kuai [2022] No. 31), which provides a regulatory interpretation on the accounting policy that "deferred income tax related to assets and liabilities arising from a single transaction is not applicable to the accounting treatment of the initial recognition exemption". Moreover, the interpretation stipulates that enterprises shall abide by it to adjust the opening balance of retained earnings and other related items in the financial statements to reflect the cumulative effect of the aforesaid circular.
- (2) During the Reporting Period, the Company implemented equity distribution by converting capital reserve into share capital, and the indicator of earnings per share for the Reporting Period has been adjusted based on the latest share capital.

## SECTION II COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS

### Explanation on the major accounting data and financial indicators of the Company for the last three years as at the end of the Reporting Period

During the Reporting Period, the Company continued to strengthen its efforts in fuel cell technology industrialization and marketing, achieving operating revenue of RMB800.7019 million in 2023, representing a year-on-year increase of 8.48%, sales volume of 1900 sets fuel cell systems, representing a year-on-year increase of 23.62%, and total sales power of 189,410KW, representing a year-on-year increase of 17.27%. The Company's operating income and sales volume have maintained growth for three consecutive years. During the Reporting Period, net loss attributable to shareholders of listed companies in 2023 was RMB243.2037 million, representing an increase of RMB76.4703 million as compared with the same period last year, and net cash outflow from operating activities was RMB560.6382 million, representing a decrease of RMB228.5264 million as compared with the same period last year. The reasons for the Company's loss and poor cash flow from operating activities were mainly as follows: (1) the fuel cell industry was still in the early stage of industrialization, and the overall market size was limited; (2) the Company continuously increased R&D investment for upgrading iteration of product technology and expansion of application scenarios; (3) with the expansion of the Company's business scale and in order to grasp the large-scale development opportunity of fuel cell market, the investment in talent reserve and team building increased; (4) the Company made impairment losses for part of inventories that could no longer meet the market demand of customers or match with the products for sale, to consolidate the quality of the Company's assets; (5) affected by various factors in the domestic economy and industry, in 2023, the Company's sales proceeds decreased year on year, and at the end of 2023, the Company made additional provision for expected credit risk losses on receivables for the sake of prudence.

### VII. KEY FINANCIAL DATA OF 2023 ON A QUARTERLY BASIS

Unit: RMB0'000

	First quarter (January to March)	Second quarter (April to June)	Third quarter (July to September)	Fourth quarter (October to December)
Operating income	4,837.33	10,514.60	13,983.75	50,734.52
Net profit attributable to shareholders of the listed company ("-" for loss)	-3,863.37	-3,787.74	-11,653.74	-5,015.52
Net profit attributable to shareholders of the listed company after deducting non-recurring profit or loss ("-" for loss)	-4,304.47	-8,104.02	-10,932.09	-5,443.26
Net cash flows from operating activities ("-" for outflow)	-9,430.11	-18,206.61	-12,711.89	-15,715.20

## SECTION II

# COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS

### VIII. NON-RECURRING PROFIT OR LOSS ITEMS AND AMOUNTS

Unit: RMB

Non-recurring profit or loss items	Amount in 2023	Notes (where applicable)	Amount in 2022	Amount in 2021
Profit/loss on disposal of non-current assets, including the write-off portion of the provision for impairment of assets ("-" for loss)	-649,227.70	note 73, note 74, note 75	-596,948.97	-792,517.58
Government grants included in profit or loss for the current period, except for those closely related to the normal operation of the Company, in line with national policies and regulations, enjoyed according to certain standards and had a continuous impact on the profit or loss of the Company	7,542,195.68	note 51, note 67	28,011,455.42	19,097,891.82
Profit or loss from changes in fair value of financial assets and financial liabilities held by non-financial enterprises and profits and losses from disposal of financial assets and financial liabilities, except for effective hedging business related to the Company's normal operations	40,289,201.14	note 68, note 70	7,861,352.93	4,168,373.62
Profit and loss from debt restructuring ("-" for loss)	-	note 68	-4,902,680.00	-
Other non-operating income and expenses other than the above	-2,228,574.91	note 74, note 75	85,467.91	538,564.13
Less: Effect of income tax	339,395.56		4,528,181.43	3,422,086.69
Effect of minority interests (after tax)	-20,536.38		7,869,716.02	3,118,735.59
<b>Total</b>	<b>44,634,735.03</b>		<b>18,060,749.84</b>	<b>16,471,489.71</b>

## SECTION II COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS

Due to the implementation of the Explanatory Announcement on Information Disclosure for Companies Offering Their Securities to the Public No. 1 – Non-recurring Gains or Losses (Revised in 2023), government grants related to assets are classified as recurring profit or loss items by the Company for they are closely related to the Company’s normal operation and have a continuing impact on profit or loss. The impact of the implementation of the above requirements on the Company’s non-recurring profit and loss for 2022 and 2021 is as follows:

Item	2022	2021
Government grants included in profit or loss for the period, except for those closely related to the normal operation of the Company and continuously conferred on in compliance with national policies and regulations and the standard quota or quantity basis	28,011,455.42	19,097,891.82
Government grants included in profit or loss for the period, except for those closely related to the normal operation of the Company and continuously conferred on in compliance with national policies and regulations, enjoyed in accordance with certain standards and having a continuous impact on the profit or loss of the Company	12,925,687.27	14,718,399.09
Difference	15,085,768.15	4,379,492.73

## SECTION II

# COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS

### IX. ITEMS MEASURED AT FAIR VALUE

Unit: RMB

Item name	Opening balance	Closing balance	Current period changes	Impact on profit for the period
Financial assets held-for-trading	25,165,123.28	<b>690,330,355.31</b>	665,165,232.03	40,289,201.14
Receivables financing	21,990,000.00	<b>31,009,909.60</b>	9,019,909.60	-
Other equity instrument investments	173,500,000.00	<b>195,510,000.00</b>	22,010,000.00	-
Other non-current financial assets	2,800,000.00	<b>2,800,000.00</b>	-	-
<b>Total</b>	<b>223,455,123.28</b>	<b>919,650,264.91</b>	<b>696,195,141.63</b>	<b>40,289,201.14</b>

## SECTION II COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS

### X. EXPLANATION OF THE CIRCUMSTANCES AND REASONS FOR THE COMPANY'S FAILURE TO DISCLOSE IN ACCORDANCE WITH THE CODE DUE TO NON-APPLICABILITY OF THE CODE OR SPECIAL REASONS SUCH AS STATE SECRETS OR TRADE SECRETS

Names of certain customers and suppliers of the Company are commercially sensitive and they are disclosed in the report on an alternative name basis.

### XI. FINANCIAL HIGHLIGHTS OF THE COMPANY FOR THE PAST FIVE YEARS

#### (I) Performance of the Company in the past five years

Unit: RMB0'000

Item Name	2023	2022	2021	2020	2019
Operating income	<b>80,070.19</b>	73,811.66	62,936.88	57,229.29	55,362.00
Net profit attributable to shareholders of the Company ("-" for loss)	<b>-24,320.37</b>	-16,673.34	-16,192.41	-2,252.36	6,391.65
Net profit after non-recurring profit or loss attributable to shareholders of the listed company ("-" for loss)	<b>-28,783.84</b>	-18,479.41	-17,839.56	-4,036.59	-1,410.99
Net cash flows from operating activities ("-" for outflow)	<b>-56,063.82</b>	-33,211.17	-12,130.75	-22,950.43	-16,996.97

#### (II) Assets, liabilities and shareholders' equity of the Company in the past five years

Unit: RMB0'000

Item Name	2023	2022	2021	2020	2019
Net assets attributable to shareholders of the Company	<b>304,485.03</b>	234,210.31	250,263.65	227,434.42	105,492.37
Total assets	<b>494,572.08</b>	378,395.63	362,425.58	304,750.96	168,346.05
Total liabilities	<b>153,857.79</b>	104,003.91	73,137.78	62,575.88	53,724.69

## SECTION III

# MANAGEMENT DISCUSSION AND ANALYSIS

### I. BUSINESS DISCUSSION AND ANALYSIS

In 2023, the Company actively promoted the implementation of development strategies and business objectives, and continued to increase the industrialization of fuel cell technology and market promotion efforts. In 2023, the Company has always placed R&D and technological innovation in an important position of business development, continued to increase R&D investment for product technology upgrading and iteration, and aid out in new business areas. In addition, the Company continued to strengthen organizational construction, deepen operation and management, optimize the talent structure, and provide favorable guarantees for the sustainable and sound development of the Company.

The Company's operation results in 2023 were mainly as follows:

1. In 2023, the Company recorded operating income of RMB800.7019 million, representing a year-on-year increase of 8.48%, net loss attributable to owners of the listed company of RMB243.2037 million, representing a year-on-year increase of RMB76.4703 million, and net cash outflow generated by operating activities of RMB560.6382 million, representing a year-on-year increase of RMB228.5264 million, mainly due to the fact that the hydrogen fuel cell industry in which the Company operates is still in the early stage of commercialization, and the overall market size is limited. In order to enhance market competitiveness, the Company's continuous and high level investment in R&D, market and talent reserve had a certain impact on profit level of the Company. In addition, in 2023, the Company's sales proceeds decreased year on year, and at the end of 2023, the Company made additional provision for expected credit risk losses on receivables for the sake of prudence. As of the end of the Reporting Period, the total assets of the Company amounted to RMB4,945.7208 million, representing an increase of RMB1,161.7645 million compared with the end of last year, and the net assets attributable to owners of the listed company amounted to RMB3,044.8503 million, representing an increase of RMB702.7472 million compared with the end of last year, mainly due to the proceeds of HK\$1.022 billion (equivalent to approximately RMB886 million) raised from the completion of the listing of the Company on the Main Board of the Hong Kong Stock Exchange in early 2023.
2. In terms of R&D and new product development, the Company has always adhered to the R&D principle of "Advance Research, Continuous Development and In-depth Promotion", and carried out R&D activities focusing on core technical indicators such as environmental adaptability, durability and reliability of fuel cell systems, continuously enhancing the performance and consistency of products. During the Reporting Period, the Company was awarded the title of "National Intellectual Property Rights Advantageous Enterprises in 2023" with its long-term investment in research and development and high attention to intellectual property rights protection. Besides, based on the accumulated research and development experience over the years, the Company has realized the expansion of hydrogen energy upstream and downstream industrial chain layout and product application scenarios through the development of electricity and heat cogeneration supply and PEM hydrogen production systems.

## SECTION III

# MANAGEMENT DISCUSSION AND ANALYSIS

3. In terms of industrial cooperation, the Company has established in-depth cooperation with Tsinghua University, Beijing University of Chemical Technology, Tianjin University and other universities in scientific and technological innovation and talent training. The Company and these universities jointly established a university-enterprise talent training and industry-university-research cooperation platform in order to reserve relevant talents and technologies in advance. Besides, in 2023, the Company was selected in the lead unit list of the first batch of “National Energy Research and Development Innovation Platform” fuel cell track of the “14th Five-Year Plan” released by the National Energy Administration, and as the selected unit, the Company will work with other units in the industry to independently innovate around relevant technologies and adhere to the domestic development of fuel cell systems in accordance with the task requirements of the National Energy Administration.
4. In terms of sales market and production application, the Company adheres to the development strategy of “point, line and plane”, focusing on the development of fuel cell demonstration city clusters and potential cities. Fuel cell vehicles equipped with the Company’s products have been put into operation in Beijing, Zhangjiakou, Shanghai, Chengdu, Zhengzhou, Tangshan and other cities, and the Company’s product application scenarios have been further expanded to various scenarios such as cold chain transportation, sanitation and heavy truck. According to the data of the Orange Group Research Institute (香橙會研究院), according to the statistics of the insurance data, in 2023, there were 7,654 new fuel cell vehicles of all kinds in China, of which 1,548 vehicles were equipped with our products, accounting for 20.22%; According to the “road motor vehicle production enterprises and products” statistics released by the Ministry of Industry and Information Technology, as of the end of 2023, a total of 1006 fuel cell vehicle announcements (excluding chassis announcements) have been released nationwide, of which 152 vehicle announcements are equipped with our fuel cell systems, indicating that our products are in the forefront of the industry in terms of insurance data and whole vehicle announcement data.

During the Reporting Period, the Company established a wholly-owned subsidiary, Guangdong SinoHytec Technology Co., Ltd., the establishment of which will support our business expansion and development in the fuel cell demonstration city cluster in Guangdong. Meanwhile, in order to better promote the development of the fuel cell industry, during the Reporting Period, the Company established a holding subsidiary, Beijing SinoHytec Hydrogen Energy Technology Co., Ltd., and participated in Xinjiang Zhaolian Qingtong Energy Technology Co., Ltd. (新疆兆聯清通能源科技有限公司), through joint venture, the establishment of which will help to integrate resources of all parties, realize the layout of the Company in the upstream hydrogen production field and further expand the hydrogen energy business market.

5. In respect of the capital market, during the Reporting Period, the Company completed the listing on the Main Board of the Stock Exchange. The successful listing of the Company in the Hong Kong stock capital market has further replenished the funds required for its business operations, and will greatly promote its international development.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### II. DESCRIPTION OF THE MAIN BUSINESSES, BUSINESS MODELS, INDUSTRY CONDITIONS AND STATUS OF RESEARCH AND DEVELOPMENT OF THE COMPANY DURING THE REPORTING PERIOD

#### (I) Main businesses, main products or services

The Company is a high-tech enterprise focusing on the R&D and industrialization of fuel cell systems with independent core intellectual property rights and achieved mass production of fuel cell systems. The Company has successively undertaken a number of major projects in the field of fuel cell, such as the State High-Tech Development Plan, (Program 863), Project for the Ministry of Science and Technology, and projects for Beijing Municipal Science and Technology Commission and STCSM.

The Company's main products and services include fuel cell systems and related technology development and technical services, which are mainly used for commercial vehicles such as busses, logistics vehicles and heavy trucks. The Company has established in-depth cooperation with major domestic commercial vehicle enterprises such as Yutong Bus and Beiqi Foton. Fuel cell vehicles equipped with our fuel cell systems have been operating in Beijing, Zhangjiakou, Shanghai, Chengdu, Zhengzhou and Zibo.

#### (II) Main business models

##### 1. R&D model

Under the R&D concept of "Advance Research, Continuous Development and In-depth Promotion", the Company follows the vertically integrated R&D roadmap, and insists on independent R&D. At the same time, the Company committed to improving the power density, durability and reducing product costs of fuel cell systems by undertaking major national scientific and technological projects and carrying out industry-university-research cooperation with colleges and universities and cooperating with industry-leading technology enterprises, major customers and suppliers.

##### 2. Procurement model

The main materials for production of fuel cell systems in the Company include cell stack and related components, air compressors and direct current voltage transformers. The Company is capable to manufacture made-in-China cell stacks. Our procurement procedures mainly include approval of parts and components, supplier development and management, and order procurement.

##### 3. Production model

The Company generally arranges production after receiving customer orders, and stocks up with the goods of appropriate quantity based on market forecast. Production processes mainly comprise production preparation, first-piece production, formal production, production process monitoring, and inspection and warehousing of finished product. Strict quality control is exercised throughout the production process to ensure the quality of final products.

##### 4. Sales model

Direct sales are the sales model of the Company, under which the goods are mainly sold to domestic commercial vehicle manufacturers. Our sales processes mainly comprise the formation of preliminary sales intention, technical matching and certification of prototype, publication of catalog and mass sales.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### (III) Industry conditions

#### 1. Development stage, basic characteristics and main technical threshold of the industry

As a type of secondary energy, hydrogen energy has the characteristics and advantages of diversified sources, zero emission, low carbon, easy storage and transportation, flexibility and efficiency. Hydrogen energy can be widely used in chemical, transportation, construction, energy storage, power generation and other fields. In response to the global environmental crisis, major economies around the world unanimously decide to peak carbon emission and achieve carbon neutrality, and they have formulated their development strategy plan for the hydrogen energy industry at the national level. The Development of hydrogen energy has become a global consensus.

Developing hydrogen energy industry is one of the important ways to achieve China's strategic goals of carbon peaking and carbon neutrality, and has special strategic significance for improving China's energy structure, promoting low-carbon transformation in the transportation sector, and improving the international competitiveness and technological innovation of key industries. China attaches great importance to the development of hydrogen energy and fuel cell vehicles. In 2021, hydrogen energy was included into the "Outline of the Fourteenth Five-Year Plan for the National Economic and Social Development and the Long-Range Objectives Through the Year 2035" as a future-proof industry. The hydrogen energy industry thus became an important part of China's energy strategy. The strategic position of the hydrogen energy and fuel cell industry is clarified in the Medium- and Long-term Plan for the Development of Hydrogen Energy Industry (2021–2035), the Outline of the National Innovation-driven Development Strategy, the China Energy Technology Innovation Action Plan (2016–2030), the Made in China 2025 and the New Energy Vehicle Industry Development Plan (2021–2035). In March 2022, the Medium- and Long-term Plan for the Development of Hydrogen Energy Industry (2021–2035) clarified that hydrogen energy is an important part of the future national energy system, an important focus in the green and low-carbon transformation with energy terminals, and a key development prospect for strategic emerging industries and future-proof industries. Local governments have also made efforts in the hydrogen energy and fuel cell industry. As of the end of 2023, dozens of regions across the country have issued relevant policies on hydrogen energy and fuel cell vehicles, promoting the development of hydrogen energy and fuel cell industry.

At present, the hydrogen fuel cell vehicle market has not yet achieved economies of scale as it is in the initial stage of commercialization, resulting in high overall cost. However, with the large-scale application of hydrogen fuel cell vehicles in events such as the Beijing Winter Olympics, the global goal of carbon peaking and carbon neutrality and the opportunities arising from China's fuel cell vehicle demonstration city cluster policy, unprecedented new driving force will drive development of hydrogen fuel cell vehicles. According to the public data released by Orange Group Research Institute, based on the statistics of insurance data, the sales volume of fuel cell vehicles in China increased to 7,654 vehicles at a compound growth rate of 55.5% from 2018 to 2023, and the cumulative sales volume of fuel cell vehicles in China reached 21,150 vehicles by 2023. Meanwhile, from the perspective of application scenarios, the application scenarios of fuel cell vehicles in China have been transformed from the commercial demonstration application in public transportation field to the demonstration application in multiple scenarios such as public transportation, sanitation, urban logistics and distribution, cold chain transportation, slag transportation, and bulk cargo. At the same time, it has also been applied in new fields such as ships and combined heat and power.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### 2. Analysis of the industry position of the Company and its changes

As a pioneer in the R&D and commercialization of fuel cell systems in China, the Company possesses proprietary core intellectual property rights and is capable to manufacture fuel cell systems and stack on a mass production basis.

Based on the industry experience and forward-looking market assessment, the Company expanded the 100KW high-power fuel cell system in advance, and actively cooperated with domestic mainstream automobile manufacturers to develop new vehicles such as passenger vehicles, sanitation vehicles, tractors and cold chain logistics, which increased the market coverage of products, thus satisfying diversified market demands.

As the country has clarified the positioning of hydrogen energy industry in the top-level design, and the fuel cell demonstration city cluster policy has been implemented, the number of market participants in the fuel cell industry is increasing. However, there are certain technical barriers for fuel cell system products, leading to high market concentration. According to the statistics of "Road Power-Driven Vehicle Manufacturing Enterprises and Products" published by the Ministry of Industry and Information Technology of the PRC, as of the end of 2023, a total of 1,006 fuel cell vehicles (excluding chassis announcement) were published in the PRC, of which 152 vehicles were equipped with the Company's fuel cell system, ranking forefront of the industry.

### 3. Development status and future development trend of new technologies, industries, types of operation and models during the Reporting Period

Thanks to technology accumulation and demonstration application in the fuel cell industry over the past years, China boasts basically complete industry chain related to fuel cell. At present, domestic enterprises in China have basically mastered the key technologies of fuel cell systems and core parts and components, realizing domestic mass manufacturing and application of core parts and components from fuel cell systems to cell stacks, air compressors, and hydrogen circulation systems to bipolar plates, and membrane electrodes. That brings about certain improvement in comprehensive system costs and product reliability.

Driven by the goal of "carbon peaking and carbon neutrality", infrastructure related to hydrogen energy will be continuously improved. At the same time, with the promotion of the fuel cell demonstration city cluster policy, the scale effect of fuel cell vehicle application will gradually emerge, and the fuel cell cost will decline rapidly. In the future, China will stimulate the development of the fuel cell industry and expand the scale of downstream applications by through creation of a system for storage, transportation and supply of hydrogen energy, regional demonstration applications and financial incentives. China has set a milestone development goal of "50,000 fuel cell vehicles running on road by 2025".

In addition, as an emerging industry, hydrogen energy and fuel cell industry is not only an opportunity for the automobile industry, but also can further expand the green and low-carbon industry system. Hydrogen energy and fuel cells can also be widely used in transportation fields such as rail transit and ships, and can also be applied in distributed power generation, building cogeneration and other fields. From the production, storage and transportation of hydrogen to the downstream application of hydrogen energy industry chain, it can effectively drive the transformation and upgrading of traditional industries in multiple fields such as energy, materials, equipment manufacturing, automobile, power, and construction, and create a new green and low-carbon industry chain to contribute to China's green and sustainable development.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### (IV) Core technology and research and development progress

#### 1. Core technologies, their advantages and changes during the Reporting Period

During the Reporting Period, the Company kept investing in research and development, introduced research and development professionals, and maintained core competitiveness by continuously improving technical capabilities and enhancing research and development management system. Currently, the core technologies of the Company mainly include:

No.	Core technology	Source of technology	Technical features and advantages
1	Electric-electric hybrid power system matching and control technology	Self-developed	Based on matching of fuel cell system and dynamic modeling of electric-electric hybrid power system through multi-objective optimization design, the Company establishes multi-objective optimization energy management control strategy and power distribution strategy, and achieve simultaneous enhancement of fuel cell life and energy conversion efficiency through flexible load control and efficiency search control.
2	Long-life fuel cell system control technology	Self-developed	Based on the simulation analysis of the dynamic performance of fuel cells, the Company takes a deep dive into the impact relationship between fuel cell operation parameters and life expectancy, conduct in-depth analysis on fuel cell failure mechanism, clarify the association between impact factors of fuel cell life and the operation working conditions, and ensures the life of fuel cells through the anode pressure control, flow pressure coupling control, voltage clamping control, and closed loop control of water content.
3	High-reliability fuel cell system fault diagnosis and fault tolerance control technology	Self-developed	Based on the long-term technology accumulation, the system failure mechanism of fuel cell system is revealed, allowing for accurate identification of the failure in the system, and then fault tolerance control to be exercised for the failure.
4	Low-temperature rapid fuel cell activation technology	Self-developed	The cell stack self-heating technology developed by the Company enables the cell stack to operate in low-efficiency areas, and transform the chemical energy in hydrogen into thermal energy, rapidly improving the temperature of the cell stack, thus reducing the cold start energy consumption, shortening the cold start time, and ultimately improving the driving experience of fuel cell vehicles.

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No.	Core technology	Source of technology	Technical features and advantages
5	High-power density fuel cell system integration technology	Self-developed	Through high integration, the technology allows for less energy loss of pipelines, wire harness, mechanical drive and other parts, reduction in energy consumption of auxiliary systems, less structural redundancy, and lighter fuel cell system.
6	Utilization of waste heat utilization from efficient fuel cell	Self-developed	Based on the simulation analysis of multi-heat domain and multi-heat flow of fuel cell vehicles, the Company designs a waste heat utilization programme that is highly adaptable and efficient for low-temperature environment, and develops a waste heat utilization control strategy for fuel cell system based on multi-heat domain coupling control to improve the energy conversion efficiency of the system.
7	High-safety on-board hydrogen system integration and control technology	Self-developed	Taking into account factors such as the layout of hydrogen system in the vehicle, safety monitoring, fault diagnosis, fault tolerance control, failure protection, electric protection and high-speed stability, the Company conducted coupling design for hydrogen safety, electrical safety and structural safety, and verified the hydrogen system of fuel cell vehicle in extreme scenarios such as fire, collision and collision. The Company develops the rapid hydrogen filling technology while ensuring safety.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

No.	Core technology	Source of technology	Technical features and advantages
8	Design and integration technology of cell stack of high power density fuel cell	Self-developed	To address problems related to power density, cost and durability of cell stacks, the Company improves the power density of stack by optimizing the bipolar plate flow field to improve power generation performance, and enhances power density of stack through high-level integration of end plates, lightweight materials, and optimized synergy between MEA and electrode plates. Cost of stacks is reduced by means of localization of MEA, optimization of graphite bipolar plate process and use of lightweight bipolar plates, combination of component functions, and overall molding design of multi-functional end plate. By controlling the parts and components of stacks and assembly process, as well as testing methods, the yield rate is enhanced, which is to reduce consumption from the production perspective. Based on the analysis on the overall stack failure pattern and the failure pattern of parts and components, the life of stack is extended through design and control strategy optimization.
9	Test and evaluation technology	Self-developed	With the goals of enhancing adverse weather capabilities, long life, high reliability, high efficiency, low cost and high safety, the Company establishes an all-round integrated test and evaluation system covering five aspects: electric-electric hybrid power system, fuel cell system and BOP components, stack assembly and core components, on-board hydrogen system, and special DC/DC for fuel cell.

During the Reporting Period, there was no change in the Company's core technology.

## SECTION III

# MANAGEMENT DISCUSSION AND ANALYSIS

*Awarding the national-level specialized and sophisticated “little giant” enterprises that produce new and unique products and manufacturing individual champion*

Title	Date of awarding	Product name
National-level specialized and sophisticated “little giant” enterprises that produce new and unique products	November 2020 to November 2023	Hydrogen fuel cell motor
National-level specialized and sophisticated “little giant” enterprises that produce new and unique products	July 2023 to June 2026	Hydrogen fuel cell motor
National-level specialized and sophisticated “little giant” enterprises that produce new and unique products	July 2023 to June 2026	Hydrogen fuel cell stack

*Note:* The Company and its holding subsidiary Shanghai SinoFuelCell Co., Ltd., were awarded the title of national-level specialized and sophisticated “little giant” enterprises for the first time in November 2020 and July 2023 respectively.

## 2. R&D Achievements during the Reporting Period

The Company has always adhered to independent research and development, continuously explored and researched cutting-edge technologies in the field of fuel cell systems, and realized technological progress, product performance optimization and iteration based on its own research and development advantages and long-term transformation of scientific and technological achievements. During the Reporting Period, the Company was awarded the title of “National Intellectual Property Rights Advantageous Enterprises in 2023” with its long-term investment in research and development and high attention to intellectual property rights protection. Besides, based on the accumulated research and development experience over the years, the Company has realized the expansion of hydrogen energy upstream and downstream industrial chain layout and product application scenarios through the development of electricity and heat cogeneration supply and PEM hydrogen production systems.

During the Reporting Period, the Company obtained 213 authorized patents and 1 software copyright, and accumulatively obtained 1,058 authorized patents and 104 software copyrights.

*List of intellectual property achieved during the Reporting Period*

	Newly added this year		Grant total	
	Number of applications	Number of achieved IP	Number of applications	Number of achieved IP
Inventive patents	379	68	1276	294
Utility model patents	110	145	802	741
Design patents	0	0	23	23
Software copyrights	1	1	104	104
Others				
<b>Total</b>	<b>490</b>	<b>214</b>	<b>2205</b>	<b>1162</b>

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### 3. R&D investment

Unit: RMB

	This year	Last year	Percentage changes (%)
Expensed R&D investment	<b>140,907,189.33</b>	101,264,578.71	39.15
Capitalized R&D investment	<b>29,758,158.69</b>	58,535,666.82	-49.16
Total R&D investment	<b>170,665,348.02</b>	159,800,245.53	6.80
Proportion of total R&D investment in operating income (%)	<b>21.31</b>	21.65	-0.34
Proportion of capitalized R&D investment (%)	<b>17.44</b>	36.63	-19.19

*Reasons for significant changes in the proportion of capitalized R&D investment in the total R&D investment and their rationality*

The proportion of R&D investment capitalization of the Company for the period decreased by 19.19% points as compared with the same period of last year, mainly due to the Company carried out research on new R&D fields and directions during the Reporting Period.

## 4. Status of projects under development

Unit: RMBO'000

No.	Project Name	Estimated total investment amount	Current amount of investment	Accumulated investment amount	Progress or phased achievements	Target to be achieved	Technical standards	Specific application prospect
1	Development of high-power long-life fuel cell engine system for long-distance heavy-load application scenarios	200.00	77.03	77.03	The Company completed the design of high-power fuel cell engine system principle and the selection and verification of key components.	In terms of conditions such as climbing, accelerating decelerating and high and low temperature, starting from the system-reactor-component, the Company aims to solve key scientific and engineering problems such as material, process, design and control through multi-level collaboration, improved the system output performance, durability, economic efficiency and environmental adaptability, thus achieving full-service demand coverage for long-distance heavy- loaded commercial vehicles.	Domestic advanced	Long-distance heavy- haul commercial vehicles such as tractors and dump trucks
2	Development of fuel cell system applicable to on-board liquid hydrogen storage and supply system with low pressure input and its application in vehicles-2023	900.00	290.06	290.06	The Company has completed the project plan and process plan, and is currently in the process of system architecture and BOP design.	To complete the development of fuel cell reactors and engine systems that match the low pressure of liquid hydrogen.	Domestic advanced	Heavy commercial vehicles applying liquid hydrogen such as 49-ton tractors and 31-ton dump trucks
3	Research and development of high-power and high-efficiency fuel cell systems for long-distance and heavy-duty applications	600.00	2.28	2.28	The Company completed the project plan and indicators decomposition.	Through the development of high-power and long-life fuel cell systems for commercial vehicles, and focus on breaking through the technical problems of high power, high efficiency, long life, low temperature resistance, etc., to meet the needs of heavy-duty vehicle application scenarios.	Domestic advanced	Application of fuel cells in heavy-duty vehicles

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

No.	Project Name	Estimated total investment amount	Current amount of investment	Accumulated investment amount	Progress or phased achievements	Target to be achieved	Technical standards	Specific application prospect
4	Research on the application of high-performance perfluorocarbons membrane in fuel cells	1,725.26	428.28	1,341.08	The Company has completed the relevant indicators of the project tasks and has the acceptance standards for project conclusion.	To establish a set of robust, reliable and complete proton membrane testing methods, analyze the changing patterns of parameters such as conductive and breathability under the tangible changes of proton membrane in different operating environment, form the performance and life evaluation technology and device of perfluorocarbons membrane, and guide the preparation of membrane electrodes and fuel cells.	Domestic advanced	Fuel cell single battery and short stacks
5	Development of cell stack series products	7,886.10	2,809.92	4,318.29	Applications of a series of stack products have been iteratively developed in different application scenarios, and the development suitable for passenger vehicles, large heavy trucks and stacks power stations have been completed. The verification and testing of localized substitution of main materials for the stack has been completed and the optimization of bipolar plate development and production processes was continued.	To realize the productization of various technologies and optimize various prototypes into marketable products.	Domestic advanced	To be installed in various fuel cell systems to be mainly applied in logistics vehicles, large and medium-sized passenger vehicles, and trucks, etc.
6	R&D of domestic fuel cell system series	9,628.09	3,083.19	4,102.11	240KW product development has been completed, and key indicators have reached expectations; Continuously optimize the 80KW and 120KW systems through continuous optimization of control strategies and improvement of alternative components. The development and verification of the combined heat and power supply system for new applications has been completed.	The technical indicators of each power product prototype to pass the test and to be launched.	Domestic advanced	Fuel cell systems to be developed for different types of vehicles to meet the needs of different applications such as logistics vehicles, large and medium-sized passenger vehicles and trucks

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

No.	Project Name	Estimated total investment amount	Current amount of investment	Accumulated investment amount	Progress or phased achievements	Target to be achieved	Technical standards	Specific application prospect
7	Research on forward-looking technology	6,263.05	2,378.79	4,807.27	The Company completed the development and design and demand decomposition of the first generation of pre-research system, and completed the performance verification of some key components; clarified the attenuation mechanism of the fuel cell system through accelerated testing and other methods, and completed the optimization of activation conditions; and reserved the core technology of the next generation of products through pre-research and development.	To focus research on the common technology, underlying pillar technology and basic science of fuel cell system as the research results would improve product attributes.	Domestic advanced	To be applied in new product series
8	Development of fuel cell parts	1,140.49	614.53	816.62	Continuously optimize and iterate key components of fuel cells, and the development iteration of components such as contrast valves and thermostats has been completed. The validation and testing of the vertical development plan of core components of the fuel cell system has been completed.	To design and develop a series of high-reliability and high-level integrated fuel cell components for the inheritance of domestic fuel cell systems.	Domestic advanced	Fuel cell reactor/system
9	Development of fuel cell stack testing equipment	420.00	169.80	414.07	The Company completed the design, development and debugging of the stack test bench scheme; completed the manufacturing and debugging of finalized products.	To complete the development of high-power fuel cell stack test equipment, propose the overall design scheme, including system scheme design, matching calculation and selection, overall electrical principle and wiring design, structural design and development, development of control strategy for software of the upper computer and lower computer, the overall structure and software programming, and commissioning of the stack test equipment.	Domestic advanced	Test equipment for high-power fuel cell stacks

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

No.	Project Name	Estimated total investment amount	Current amount of investment	Accumulated investment amount	Progress or phased achievements	Target to be achieved	Technical standards	Specific application prospect
10	Multi-size simulation method and testing of vehicle proton exchange membrane fuel cell stacking	45.23	84.64	98.71	The Company has completed a three-dimensional multi-physical coupled single-cell numerical model and applied to the design of commercial vehicle battery stacks, with related technical indicators have met the project task standards.	To establish a high-precision predictive model for three-dimensional multi-physical field of cell stacks, which will be applied in design large-scale vehicle fuel cell reactor and optimization of water and heat management strategy.	Domestic advanced	Fuel cell system
11	Single battery life verification and research on material attenuation characteristics of key components	1,200.00	247.39	275.64	The Company completed single battery assembly and short stack assembly, and completed the durability test required in the mid-term of the project.	To develop online and offline verification and characterization methods for key fuel cell components used in power stations, and establish a complete certification system with the ultimate goal of reasonable prediction of service life for fuel cell power stations.	Domestic advanced	Fuel cell single battery and short stacks
12	R&D of multi-energy efficient coupling control and key components of hybrid power generation system	908.20	131.97	131.97	The Company has completed the assembly and performance testing of high level of power stacks, and completed the design of high level of fuel cell system testing equipment.	To develop a fuel cell system prototype with a power generation quota of 240KW or above; and to develop five or more invention patents.	Domestic advanced	To be applied in scenarios such as heavy-duty equipment and distributed power supply equipment
13	Integration and demonstration of hybrid power generation system of fuel cell and hydrogen combustion engine	360.00	3.48	3.48	The Company completed the project plan and indicator decomposition.	To develop a system control module for hydrogen fuel cell with four or above invention patents.	Domestic advanced	To be applied in scenarios such as heavy-duty equipment and distributed power supply equipment
Total	/	<b>31,276.42</b>	<b>10,321.35</b>	<b>16,678.60</b>	/	/	/	/

### Explanation

Amounts invested in the projects under research did not include projects that have been completed and accepted during the Reporting Period. The investment amount and accumulated investment amount for the current period did not include the expenditure for purchase of fixed assets and intangible assets.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### 5. R&D personnel

Unit: RMB0'000

#### Basic information

	Amount of current period	Amount of last period
Number of the R&D personnel of the Company	346	317
Proportion of the R&D personnel in the total number of employees of the Company (%)	33.14	31.26
Total emoluments of the R&D personnel	8,344.68	6,873.15
Average emoluments of a R&D worker	25.17	24.03

#### Educational backgrounds of R&D personnel

Educational background category	Number
Doctor's degree	30
Master's degree	185
Bachelor's degree	102
Junior college degree	14
High school diploma and below	15

#### Age structure of R&D personnel

Age structure category	Number
Under 30 years old (exclusive)	136
30-40 years old (including 30, excluding 40)	185
40-50 years old (including 40, excluding 50)	24
50-60 years old (including 50, excluding 60)	1
60 years old and above	0

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### III. ANALYSIS OF CORE COMPETITIVENESS DURING THE REPORTING PERIOD

#### (I) Analysis of core competitiveness

After years of accumulation in technology and operation, the Company has gained a relatively strong technical and R&D advantages, large-scale production and promotion advantages, market layout advantages, core parts and components supply advantages and talent advantages, details of which are as follows:

##### 1. Technology and R&D advantages

The Company has always adhered to the R&D concept of “Advance Research”, “Continuous Development” and “In-depth Promotion”. After years of exploration and development, the Company has accumulated rich technical experience, breaking through a number of technical difficulties such as fuel cell system integration with high level of power density, rapid activation of fuel cell system at low temperature, air flow and pressure decoupling control, and water content closed loop control. The key performance of product can be close to the international advanced level and have been widely used in commercial practice. The Company has a series of proprietary core intellectual property rights. As of December 31, 2023, the Company has obtained 1,058 patents and 104 software copyrights. At the same time, with the support of major projects from the Ministry of Science and Technology, the Beijing Municipal Science and Technology Commission and STCSM, a wealth of scientific research achievements and technical reserves have been achieved through the completion of national science and technology special projects.

##### 2. Market layout and large-scale promotion advantages

The Company has established good and long-term cooperation relationship with major commercial vehicle enterprises in China such as Yutong Bus and Beiqi Foton through demonstration operation, joint undertaking of national projects and joint development of fuel cell models, and has accumulated a large number of high-quality customer resources and received good brand reputation, and its technical capabilities have been widely recognized. At the same time, the Company has joined hands with Beiqi Foton and Yutong Bus to participate in the major demonstration operation projects of fuel cell vehicles led by the Beijing Municipal Science and Technology Commission and the United Nations Development Programme since its establishment, and has accumulated extensive operational experience. Fuel cell vehicles equipped with the Company’s fuel cell system have been put into commercial demonstration operations in Beijing, Zhangjiakou, Shanghai, Chengdu, Zhengzhou and Tangshan. Large-scale promotion and operation have accumulated a large number of real operation data, providing reliable data support for the Company’s product update.

##### 3. Core parts and components supply system

The Company has formed a relatively complete selection, verification and quality inspection system for parts and components. The fuel cell system industry in China is at the early stage of industrialization, and the foundation of the industry chain is relatively weak. However, the production of fuel cell systems and stacks involves the procurement of a large amount of parts and components. The Company has established a stable supply relationship and cooperative development mechanism with domestic mainstream parts and components suppliers through long-term cooperation and self-cultivation of suppliers. Meanwhile, the Company has mastered a number of core technologies in the field of fuel cell system, stack and component testing through independent R&D, and has established a complete testing system covering fuel cell system and key valve parts. The domestic component supply system has laid a solid foundation for large-scale industrialization, which is conducive to large-scale cost reduction, ensuring the safety of component supply and improving the quality assurance of upstream components.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### 4. Talent advantages

The Company introduced R&D, technology and production talents in the fuel cell field through the establishment of R&D innovation platforms such as academician workstations and engineering technology centers, and provided a good foundation for the subsequent cultivation of such talents by undertaking major national projects, industry-university-research cooperation, participating in the formulation of national standards and continuous R&D, and reserved a number of technical, R&D and production teams with professional capabilities and extensive experience.

As at the end of the Reporting Period, the Company had 346 R&D personnel, accounting for 33.14% of the total number of employees of the Company. More than 60% of the R&D personnel hold a master's degree or above, which has accumulated a more adequate talent reserve for the rapid development of the Company in the fuel cell industry.

### (II) Events that occurred during the Reporting Period that seriously affected the company's core competitiveness, impact analysis and countermeasures

N/A

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### IV. RISK FACTORS

#### (I) Risks of negative profit margin

During the Reporting Period, the Company's net loss attributable to shareholders of the listed company after deducting non-recurring profits and losses was RMB287.8384 million. With the intensification of market competition, the selling prices of products and gross profit margins of the Company may decline, and with the development of the Company's business, operating and management expenses will further increase. In the future, the Company will focus on increasing investment in enhancing research and development capabilities, expanding cell stack production capacity, improving supply chain and enhancing brand awareness, while improving the operation efficiency and cutting down expenses. However, if the Company fails to meet expectations in terms of market promotion in the future, the Company will suffer continued losses and have negative cash flow from operating activities.

#### (II) Risk of performance loss

##### 1. Risk of performance loss

During the Reporting Period, the net loss attributable to shareholders of the Company was RMB243.2037 million, representing a year-on-year increase in loss of RMB76.4703 million. The loss for the period was mainly due to the following: (1) fuel cell industry is still in the initial stage of industrialization, with limited overall market size and more market participants, making market competition fierce; (2) the Company always insists on R&D-driven development, and the continuous high level of R&D investment has a certain impact on the current operating results; (3) with the continuous expansion of the scale of operation, the number of employees of the Company increased to 1,044 from 1,014 in the same period last year, with an increase in personnel expenses; (4) the sales return of the Company decreased year-on-year in 2023, and the Company made additional provision for the expected credit risk loss on receivables for the sake of prudence at the end of the year.

The Company's management took actions to deal with the above-mentioned impacts in an active way. In 2023, the Company's various businesses such as research and development, production and sale remained basically stable. During the Reporting Period, the Company recorded an operating income of RMB800.7019 million, representing a year-on-year increase of 8.48%. However, if the future development of the industry does not meet expectations, a continued decline in market demand may arise. The market competition may further intensify. Various kinds of expenditure costs keep on increasing, if the number of the Company's orders of goods and the Company's sales volume cannot help the Company make a profit instead of suffering a loss, the operating results of the Company may suffer a significantly adverse impact and a continued loss.

#### (III) Core competitiveness risk

With the rapid development of the hydrogen fuel cell industry in recent years, the number of new entrants in the fuel cell field has increased rapidly. Major vehicle manufacturers and system manufacturers have continuously increased their resource investment in the fuel cell field, which have intensified the market competition. Although the Company continues to increase investment in research and development to maintain high technical barriers and meet the requirements of customers and market, it will still face the risk of losing market share and a decline in selling prices of the products as a result of intensified market competition if the results of its research and development activities are not as expected, or if it cannot respond to changes in the fuel cell vehicle market in a timely manner in the future.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### (IV) Operational risk

#### 1. Risk of high customer concentration

China's fuel cell vehicle industry is still in the early stages of commercialization, and vehicle manufacturers have not yet carried out large-scale research, development and production of fuel cell models. Currently, domestic leading vehicle manufacturers have entered the fuel cell vehicle market early and had a significant advantage in their key regional markets, accounting for more than half of the sales of fuel cell vehicles, resulting in a small number of customers and a high concentration of customers at the current stage of the Company. Currently, the Company's main customers are vehicle manufacturers such as Beiqi Foton and Yutong Bus. If the current business expansion of major customers is unfavorable or the Company is unable to further explore new customers or new markets, it may affect the Company's independent continuous operation ability.

#### 2. Risk of falling gross profit margins

The gross profit margin of fuel cell system, the main product of the Company, was 34.56% for the period, representing a decrease of 5.46 percentage points from the previous year. In the future, as the fuel cell technology matures and industrializes, the downstream demand will grow rapidly, the enterprise production and marketing scale will keep on expanding, the upstream supply chain keeps on maturing, reducing component costs. Market participants keep on competing, the costs and prices of fuel cells will rapidly decline, achieving the goal of costs that are similar to conventional internal combustion engines. Such goal is in our technological route. Therefore, the Company may face the risk of a continuous decline in the selling prices and gross profit margin of products as the industrialization progresses. The Company does not expect a long-standing high selling price and high gross profits.

#### 3. Product quality and safety risks

The fuel cell system manufactured by the Company is widely used in public transport and other fields. As the core component of fuel cell vehicles, the fuel cell system plays an important role in the safety of vehicle operation. Because of the physical and chemical characteristics of hydrogen, such as flammability, explosiveness and fast diffusion, the public has widespread concerns about the safety of fuel cell vehicles. Standardization is the basis for improving the quality of fuel cell products. At present, China's fuel cell and hydrogen energy standard system is gradually improving. With the continuous improvement of the industry environment and the rapid iteration of products, the industry management level and product competitiveness will be gradually improved.

If the Company cannot adapt to changes in national quality standards in the future; it cannot strictly control the product quality of purchased core components; or quality defects or even safety hazards occur due to the issues of its own design, production and techniques, the Company may face administrative penalties, litigation compensations and negative public opinion, which may adversely affect the Company's brand reputation and business performance.

## SECTION III

# MANAGEMENT DISCUSSION AND ANALYSIS

### 4. Risk of seasonal fluctuations in performance

At present, the production and sales of fuel cell vehicles in PRC are seasonal, and the Company's business is affected by such seasonality. Automobile manufacturers usually select the required product models after reviewing the government subsidy policies and market demand at the beginning of the year to ensure that the fuel cell vehicles to be manufactured meet the subsidy conditions and market demand. The Company also confirm the order and schedule the production based on such practice. In addition, as the fuel cell vehicle industry is still at an early stage of commercialization, its supply chain is not as developed as the fuel vehicle industry or the electric vehicle industry. As a result, completion and delivery of the final products typically take place in the fourth quarter after the Company commences production in the second half of the year. Given that the fuel cell industry in PRC is still in the early stage of commercialization, and that the industry remains affected by the subsidy policies and insufficient industrial development for a certain period of time in the future, it is expected that production and operation activities will remain seasonal.

### 5. Risks of supply chain management

The domestic fuel cell vehicle industry in China is still in an early stage of development, and its supply chain is not yet fully mature as compared with the fuel cell or pure electric vehicle industries, the number of existing high-quality fuel cell system component suppliers is relatively limited, and the Company's supplier selection is also limited to some extent. If the Company's main suppliers cannot continuously meet the Company's quality standards, delivery time and other delivery requirements, or the development of the fuel cell vehicle industry is fall short of expectations, resulting in a lag in the Company's supply chain integration, the Company's operating costs may rise, affecting the Company's performance.

## (V) Financial risk

### 1. Risk of overdue accounts receivable

Affected by the fuel cell subsidy policies, new energy vehicle manufacturers settle accounts with consumers based on the prices which are the differences between original prices and subsidies when selling products, and central or local financial departments allocate the subsidy funds advanced by the enterprises to the production enterprises according to procedures, resulting in varying degrees of capital turnover problems among upstream and downstream enterprises in the new energy vehicle industry chain. Because of the relatively strong position of vehicle manufacturers in the automotive industry chain, the Company is greatly affected by the fund chain of vehicle manufacturers, and the Company has a long collection period of accounts receivable. The actual collection periods are generally approximately one to two years or longer. The Company's collection progress generally depends on the customer's own financial situation. If a customer's business situation deteriorates, or the financial environment of the new energy vehicle industry chain cannot be fundamentally improved, the Company's collection instability will last, which may lead to the Company's risk of not being able to timely recover or even losing accounts receivable. As of the end of the Reporting Period, the balance of accounts receivable of the Company was RMB2,075.7507 million.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### 2. Risk of continued negative operating cash flows

The Company's negative operating cash flow lasts, mainly because the rapid growth in the size of accounts receivable and inventory took up a large amount of working capital as the Company's operating income grows. The Company is currently entering a period of rapid development in the industry, and its capital demand will still grow rapidly. The continued negative operating cash flow may lead to a lack of working capital of the Company. The Company is still in the initial stage of research and development and industrialization, and its debt financing capacity is relatively limited, if it cannot continuously expand financing channels in the future and effectively improve its operational cash flow situation, the Company may face the risk of insufficient working capital due to continuously negative cash flow.

### 3. Debt service risk

The hydrogen fuel cell vehicle industry is in the stage of expanding its business scale, and a continuously increase resource investment is needed, resulting in a continuous increase in the scale of bank loans for the Company. If the Company does not manage well, it may face significant debt repayment risks. Even if the support from state is strong, changes in policies may, to a certain extent, lead to fluctuations in earnings for enterprises and debt repayment risks.

## (VI) Industry risk

### 1. Subsidy policy risks in the fuel cell vehicle industry

Currently, the Company's main business income comes from the sale of fuel cell systems. The current development of the fuel cell vehicle industry highly relies on the support of subsidy policies. In 2020, the Ministry of Finance and other departments adjusted the subsidy policies for fuel cell vehicles, shifting from subsidizing qualified fuel cell vehicle manufacturers to incentivizing eligible megalopolises achieving the commercialization and pilot application of fuel cell vehicle core technologies. Since August 2021, China has successively approved five fuel cell vehicle demonstration application megalopolises, i.e. Beijing, Shanghai, Guangdong, Hebei and Henan. Most of the Company's customers are in these megalopolises. Due to the relatively new and evolving regulatory framework and policies for fuel cell vehicles in China, these policies may be affected by restrictions and uncertainties that the Company cannot control. If policies change, fiscal austerity or other reasons result in the reduction or cancellation of preferential policies such as financial subsidies and economic incentives, it will have a negative impact on the Company's fuel cell system business.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### V. MAJOR OPERATING INFORMATION FOR THE REPORTING PERIOD

#### (I) Analysis of principal business

##### 1. Details of changes related to income statement and cash flow statement

Unit: RMB

Item	Current period	Previous period	Percentage of change (%)
Operating income	<b>800,701,885.77</b>	738,116,580.20	8.48
Operation cost	<b>540,215,455.79</b>	454,677,279.82	18.81
Selling expenses	<b>76,320,870.13</b>	104,881,392.84	-27.23
Administrative expenses	<b>223,636,002.21</b>	212,567,707.86	5.21
Financial expenses	<b>-16,056,462.99</b>	-5,344,811.83	-
Research and development expenses	<b>140,907,189.33</b>	101,264,578.71	39.15
Net cash flows from operating activities ("-" for outflow)	<b>-560,638,150.79</b>	-332,111,733.96	-
Net cash flows from investing activities ("-" for outflow)	<b>-754,636,153.44</b>	-3,620,395.01	-
Net cash flows from financing activities ("-" for outflow)	<b>1,276,801,074.12</b>	147,555,789.35	765.30

## SECTION III

# MANAGEMENT DISCUSSION AND ANALYSIS

Explanation on changes in financial expenses: the financial expenses of the Company decreased by RMB10.7117 million year-on-year, mainly due to the recognition of exchange and wealth management gains by the Company during the Reporting Period.

Explanation on changes in R&D expenses : the R&D expenses of the Company increased by 39.15% year-on-year, mainly due to the continuous increase in R&D investment to improve technology level, and the expansion of R&D layout of upstream and downstream hydrogen industry chains and product application scenarios during the Reporting Period.

Explanation on changes in net cash flows from operating activities : the net cash flow from operating activities of the Company decreased by RMB228,526,400 year-on-year, mainly due to (1) the impact of various factors in the domestic economy and industry during the Reporting Period, the overall return from customers was slow, and the sales return of the Company decreased by RMB197,983,800 year-on-year during the Reporting Period; (2) with the expansion of operation scale and in order to seize the opportunity of large-scale development of fuel cell market, the Company increased investment in talent team building and other aspects, and the cash flow paid to employees increased by RMB55,013,600 year-on-year during the Reporting Period.

Explanation on changes in net cash flows from investing activities : the net cash flow from investing activities of the Company decreased by RMB751,015,800 year-on-year, mainly due to the redemption of bank financial products due to the maturity redemption of bank wealth management products and/or time deposit in the same period last year.

Explanation on changes in net cash flows from financing activities: the net cash flows from financing activities of the Company increased by 765.30% year-on-year, mainly due to the proceeds of RMB914,364,600 obtained from the completion of listing of the Company on the Main Board of the Hong Kong Stock Exchange during the Reporting Period.

## 2. Analysis of revenue and cost

(1). *Principal business by industry, product, region and sales model*

Unit: RMB

Main business by industry						
By industry	Operating income	Operation cost	Gross profit margin (%)	Change in operating income over the previous year (%)	Change in operating cost over the previous year (%)	Change in gross profit margin over the previous year (%)
Hydrogen fuel cell industry	799,191,040.48	540,071,210.95	32.42	8.35	18.81	decrease by 5.95 percentage point

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### Main business by product

By product	Operating income	Operation cost	Gross profit margin (%)	Change in operating income over the previous year (%)	Change in operating cost over the previous year (%)	Change in gross profit margin over the previous year (%)
Fuel cell system	716,307,928.96	468,741,854.37	34.56	4.64	14.16	decrease by 5.46 percentage point
Components	30,543,539.63	26,694,090.66	12.60	62.01	93.12	decrease by 14.08 percentage point
Technology development and services	21,603,752.95	20,346,385.61	5.82	16.47	33.12	decrease by 11.78 percentage point
Others	30,735,818.94	24,288,880.31	20.98	96.09	63.54	increase by 15.73 percentage point

### Main business by region

By region	Operating income	Operation cost	Gross profit margin (%)	Change in operating income over the previous year (%)	Change in operating cost over the previous year (%)	Change in gross profit margin over the previous year (%)
domestic	797,471,690.88	538,935,376.23	32.42	8.11	18.56	decrease by 5.96 percentage point
overseas	1,719,349.60	1,135,834.72	33.94			

### Main business by sales model

By sales model	Operating income	Operation cost	Gross profit margin (%)	Change in operating income over the previous year (%)	Change in operating cost over the previous year (%)	Change in gross profit margin over the previous year (%)
Direct sales	799,191,040.48	540,071,210.95	32.42	8.35	18.81	decrease by 5.95 percentage point

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

Explanation of principal business by industry, product, region and sales model

The Company's principal business focuses on the domestic hydrogen fuel cell industry. During the Reporting Period, the operating revenue from the hydrogen fuel cell industry increased by 8.35% year-on-year, and the gross profit margin decreased by 5.95% year-on-year. In terms of product business types, the revenue from the fuel cell system increased by 4.64% year-on-year, and gross profit margin decreased by 5.46%, mainly due to the fact that decline in sales price of the Company's products is greater than decline in costs during the Reporting Period; the revenue from parts and components increased by 62.01% year-on-year, and gross profit margin decreased by 14.08%, because part of the revenue from components was generated to meet customer demand during the Reporting Period, and the gross profit level of the revenue from parts and components was relatively low; the revenue from technology development and services increased by 16.47% year-on-year, and gross profit margin decreased by 11.78%, mainly due to the decrease in the revenue from technology service from test entrusted by the Company during the Reporting Period; Other income increased by 96.09% year-on-year and gross profit margin increased by 15.73%, mainly due to the increase in the revenue from testing equipment business of higher gross profit level of subsidiaries of the Company during the Reporting Period.

### (2). Analysis of production and sales volume

Main products	Unit	Production volume	Sales volume	Inventory	Change in production volume over the previous year (%)	Change in sales volume over the previous year (%)	Change in inventory over the previous year (%)
Fuel cell system	set	1,993	1,900	354	18.42	23.62	-13.87

### (3). Cost analysis

Unit: RMB

By industry							
By industry	Cost components	Amount for the period	Proportion of total cost for the period (%)	Amount for the same period of previous year	Proportion of total cost for the same period of previous year (%)	Year-on-year change (%)	Description
Hydrogen fuel cell industry	Material costs	410,613,317.70	76.03	360,060,944.19	79.21	14.04	-
Hydrogen fuel cell industry	Staff costs	60,240,182.58	11.15	53,245,138.38	11.71	13.14	-
Hydrogen fuel cell industry	Other expenses	69,217,710.67	12.82	41,245,104.25	9.07	67.82	Increase in related depreciation, amortization and other expenses resulted from increase in company production facilities and equipment

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

By product	Cost components	Amount for the period	By product		Proportion of total cost for the same period of previous year (%)	Year-on-year change (%)	Description
			Proportion of total cost for the period (%)	Amount for the same period of previous year			
Fuel cell system	Material costs	370,020,523.04	78.94	335,341,241.73	81.67	10.34	-
Fuel cell system	Staff costs	37,612,221.71	8.02	36,591,832.60	8.91	2.79	-
Fuel cell system	Other expenses	61,109,109.62	13.04	38,659,754.55	9.42	58.07	Increase in related depreciation, amortization and other expenses resulted from increase in company production facilities and equipment
Components	Material costs	25,510,465.82	95.57	12,031,070.18	87.04	112.04	Part of the revenue from parts and components is generated to meet customer needs
Components	Staff costs	878,902.94	3.29	1,300,743.11	9.41	-32.43	Part of the customized business included in the same period last year
Components	Other expenses	304,721.90	1.14	490,448.66	3.55	-37.87	Part of the customized business included in the same period last year
Technology development and services	Material costs	480.75	0.00	22,150.90	0.14	-97.83	Revenue for the period mainly represents technical support services
Technology development and services	Staff costs	18,130,593.35	89.11	13,868,705.51	90.74	30.73	Revenue for the period mainly represents technical support services
Technology development and services	Other expenses	2,215,311.51	10.89	1,392,877.59	9.11	59.05	Revenue for the period mainly represents technical support services
Others	Material costs	15,081,848.09	62.09	12,666,481.38	85.28	19.07	
Others	Staff costs	3,618,464.59	14.90	1,483,857.17	9.99	143.86	Increase in income from testing equipment during the period
Others	Other expenses	5,588,567.63	23.01	702,023.44	4.73	696.07	Increase in income from testing equipment during the period

## SECTION III

# MANAGEMENT DISCUSSION AND ANALYSIS

(4). *Information on major customers and major suppliers*

A. Major sales customers of the Company

The sales to the top five customers amounted to RMB672.0658 million, representing 83.93% of the total sales for the year; among which, the sales to related parties amounted to RMB0, representing 0% of the total sales for the year.

Top five customers of the Company

Unit: RMB0'000

No.	Name of customer	Sales	Percentage of total annual sales (%)	Whether there is any related relationship with the listed company
1	Customer J	31,539.23	39.39	No
2	Customer I	20,094.91	25.10	No
3	Shaanxi Automotive	5,876.11	7.34	No
4	Customer A	5,798.99	7.24	No
5	Customer F	3,897.35	4.87	No
Total	/	67,206.58	83.93	/

During the Reporting Period, sales to a single customer accounted for more than 50% of the total amount, and there were new customers or heavy reliance on a few customers among the top five customers

Among the top five customers of the company, Shaanxi Automobile is a new customer of the company in the period.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### B. Major suppliers of the Company

Purchases from the top five suppliers amounted to RMB196.9908 million, representing 45.31% of the total purchases for the year, of which purchases from related parties amounted to RMB44.3478 million, representing 10.20% of the total purchases for the year.

Top five suppliers of the Company

Unit: RMB0'000

No.	Name of supplier	Purchase amount	Percentage of annual total purchases (%)	Whether there is any related relationship with the listed company
1	Supplier B	10,295.32	23.68	No
2	Supplier I	3,674.11	8.45	No
3	Beijing Huachuang Fuel Cell Technology Co., Ltd.	2,389.38	5.50	Yes
4	Supplier F	2,045.40	4.70	Yes
5	Shanghai Sunwise Energy Systems Co., Ltd.	1,294.87	2.98	No
Total	/	19,699.08	45.31	/

During the Reporting Period, purchase from a single customer accounted for more than 50% of the total amount, and there were new suppliers or heavy reliance on a few suppliers among the top five suppliers

During the Reporting Period, Beijing Huachuang Fuel Cell Technology Co., Ltd. and Shanghai Sunwise Energy Systems Co., Ltd. were the top five new suppliers in the period.

## SECTION III

# MANAGEMENT DISCUSSION AND ANALYSIS

### 3. Expenses

Unit: RMB

Item	Amount of current period	Amount of last period	Percentage of change (%)
R&D expenses	<b>140,907,189.33</b>	101,264,578.71	39.15
Financial expenses	<b>-16,056,462.99</b>	-5,344,811.83	-
Credit impairment losses	<b>-99,482,634.25</b>	-30,797,642.94	-
Asset impairment losses	<b>-62,921,351.69</b>	-90,370,779.71	-
Income tax expense	<b>-19,487,444.93</b>	-41,189,068.75	-

1. The R&D expenses of the Company increased by 39.15% year-on-year, mainly due to the continuous increase in R&D investment to improve technical standards and the expansion of upstream and downstream hydrogen industry chains and product application scenarios during the Reporting Period.
2. The finance expenses of the Company decreased by RMB10.7117 million year-on-year, mainly due to the recognition of exchange and interest gains by the Company during the Reporting Period.
3. The credit impairment losses of the Company increased by RMB68.685 million year-on-year, mainly due to the year-on-year decrease in sales receivables of the Company during the Reporting Period, and the Company made provision for bad debt losses based on expected credit losses and aging mapping receivables.
4. The asset impairment losses of the Company decreased by RMB27.4494 million year-on-year, mainly due to impairment losses on fixed assets and inventories that did not meet the Company's products and market demand in the same period last year.
5. The income tax expense of the Company increased by RMB21.7016 million year-on-year, mainly due to the decrease in recognition of deferred income tax assets of the Company during the Reporting Period.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### 4. Cash flow

Unit: RMB

Item	Amount of current period	Amount of last period	Percentage of change (%)
Net cash flows from operating activities	<b>-560,638,150.79</b>	-332,111,733.96	-
Net cash flows from investing activities	<b>-754,636,153.44</b>	-3,620,395.01	-
Net cash flows from financing activities	<b>1,276,801,074.12</b>	147,555,789.35	765.30

1. Net cash flow from operating activities of the Company decreased by RMB228.5264 million year-on-year, mainly due to (1) the impact of various factors in the domestic economy and industry during the Reporting Period, the overall return from customers was slow, and the sales return of the Company decreased by RMB197.9838 million year-on-year during the Reporting Period; (2) with the expansion of business scale and in order to seize the opportunity of large-scale development of fuel cell market, the Company increased investment in talent team building, etc., and the cash flow paid to employees increased by RMB55.0136 million year-on-year during the Reporting Period.
2. Net cash flows from investment activities of the Company decreased by RMB751.0158 million year-on-year, mainly due to the maturity redemption of bank wealth management products and/or time deposit in the same period last year.
3. Net cash flow generated from financing activities of the Company increased by 765.30% year-on-year, mainly due to the proceeds of RMB914.3646 million obtained from the completion of listing of the Company on the Main Board of the Hong Kong Stock Exchange during the Reporting Period.
4. During the Reporting Period, the net cash outflow from operating activities of the Company was RMB60.6382 million, while the net loss for the Period was RMB300.0770 million. The reason for the large difference is that the fuel cell industry in which the Company is located is still in the early stages of commercial development, and the development of the fuel cell industry relies more on the support of national policies. The customers of the Company are mainly major domestic mainstream vehicle manufacturers. Vehicle manufacturers generally have the pressure of transmitting funds to upstream suppliers, resulting in the payment collection of the Company less than expected.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### (II). Explanation on material changes in profit due to non-principal business

Unit: RMB

Item	Amount of current period	Amount of last period	Percentage of change (%)
Other income	<b>24,856,478.84</b>	35,719,082.79	-30.41
Investment income	<b>-34,186,331.54</b>	-13,176,079.55	-
Income from changes in fair value	<b>33,050,692.03</b>	165,123.28	19,915.77
Non-operating expenses	<b>13,603,125.91</b>	4,460,603.57	204.96

1. Other income of the Company decreased by 30.41% year-on-year, mainly due to decrease in special listing subsidies received in the same period last year and the decrease of VAT received in the current period.
2. The Company's investment income decreased by RMB21.0103 million year-on-year, mainly due to the fact that the Company's associates, Caven New Energy and Toyota Sinohytec, were in the initial stage of development, and the Company recognized negative investment income according to their financial results during the Reporting Period.
3. The income from changes in fair value of the Company increased by 19,915.77% year-on-year, mainly due to the recognition of exchange and wealth management incomes by the Company during the Reporting Period.
4. The Company's non-operating expenses increased by 204.96% year-on-year, mainly due to claims paid by the Company to customers and compensation for economic losses during the Reporting Period.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### (III) Analysis of assets and liabilities

#### 1. Assets and liabilities

Unit: RMB

Item Name	Closing balance of current period	Percentage of total assets at the end of the period (%)	Closing balance of previous period	Percentage of total assets at the end of the previous period (%)	Change in amount at the end of the period over the end of the previous period (%)	Explanation
Financial assets held-for- trading	690,330,355.31	13.96	25,165,123.28	0.67	2,643.20	1
Bills receivable	50,790,598.92	1.03	31,170,000.00	0.82	62.95	2
Accounts receivable	1,621,965,472.53	32.80	1,083,033,929.46	28.62	49.76	3
Receivables financing	31,009,909.60	0.63	21,990,000.00	0.58	41.02	4
Prepayments	27,845,110.18	0.56	19,554,147.32	0.52	42.40	5
Contract assets	16,711,351.68	0.34	33,719,757.81	0.89	-50.44	6
Other current assets	42,869,393.99	0.87	67,337,509.57	1.78	-36.34	7
Construction in progress	21,651,097.39	0.44	14,446,330.11	0.38	49.87	8
Right-of-use assets	37,863,441.51	0.77	25,669,719.66	0.68	47.50	9
Development expenditure	35,604,953.79	0.72	72,941,726.28	1.93	-51.19	10
Long-term deferred expenses	36,864,080.66	0.75	27,933,004.82	0.74	31.97	11
Other non-current assets	35,280,890.88	0.71	52,301,386.65	1.38	-32.54	12
Short-term borrowings	586,612,183.58	11.86	229,872,186.96	6.07	155.19	13
Bills payable	39,683,502.69	0.80	114,143,006.75	3.02	-65.23	14
Accounts payable	572,538,653.10	11.58	399,794,860.24	10.57	43.21	15
Taxes payable	2,934,806.59	0.06	7,929,205.25	0.21	-62.99	16
Other payables	18,742,209.30	0.38	1,612,717.10	0.04	1,062.15	17
Non-current liabilities due within one year	37,746,416.32	0.76	9,113,362.44	0.24	314.19	18
Other current liabilities	6,507,783.13	0.13	11,614,079.94	0.31	-43.97	19
Long-term borrowings	-	-	19,417,783.33	0.51	-100.00	20
Lease liabilities	21,299,220.60	0.43	14,299,147.15	0.38	48.95	21
Long-term payables	5,911,814.94	0.12	-	-	-	22

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### *Other explanation*

1. Financial assets held for trading increased by 2,643.20% as compared with the end of the previous period, mainly due to the purchase of wealth management products and/or time deposit by the Company.
- 2, 4. Bills receivable increased by 62.95% as compared with the end of the previous period, and receivables financing increased by 41.02% as compared with the end of the previous period, mainly due to sales receivables received by the Company from customers during the Reporting Period.
3. Accounts receivable increased by 49.76% as compared with the end of the previous period, mainly due to the continuous growth of the Company's operating income scale, and the impact of various factors in the domestic economy and industry, resulting in customers' repayment falling short of expectations.
5. Prepayments increased by 42.40% compared with the end of the previous period, mainly due to the purchase and service payments made by the Company to meet the requirements of production and operation.
6. Contract assets decreased by 50.44% as compared with the end of the previous period, mainly due to the reclassification of warranty deposits expected to be recovered over one year to other non-current assets by the Company at the end of the Reporting Period.
7. Other current assets decreased by 36.34% from the end of the previous period, mainly due to the decrease in VAT input allowance at the end of the Reporting Period.
8. Construction in progress increased by 49.87% from the end of the previous period, mainly due to the construction of new product production lines during the Reporting Period.
9. Right-of-use assets increased by 47.50% and lease liabilities increased by 48.95% as compared with the end of the previous period, mainly due to the addition and renewal of production and operation premises to meet the needs of the Company's production and operation during the Reporting Period.
10. Development expenditure decreased by 51.19% as compared with the end of the previous period, mainly due to the final acceptance of R&D projects of the Company during the Reporting Period, and the corresponding development expenditure was transferred to intangible assets.
11. Long-term deferred expenses increased by 31.97% as compared with the end of the previous period, mainly due to the transfer of expenses related to the renovation of some production and operation sites of the Company during the Reporting Period.
12. Other non-current assets decreased by 32.54% compared with the end of the previous period, mainly due to the completion of the acceptance of relevant equipment assets in the current period for equipment purchases prepaid at the beginning of the Reporting Period, and the related expenditures were transferred to fixed assets.
13. Short-term borrowings increased by 155.19% as compared with the end of the previous period, mainly due to the reasonable utilization of bank credits and bank borrowings obtained within the credit line in combination with the actual operation of the Company.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

- 14, 15. Bills payable decreased by 65.23% and accounts payable increased by 43.21% as compared with the end of the previous period, mainly due to the increase in procurement of raw materials and parts during the Reporting Period along with the expansion of the Company's sales scale, and the Company obtained a longer payment cycle based on long-term good cooperation with suppliers.
16. Taxes payable decreased by 62.99% as compared with the end of the previous period, mainly due to the VAT paid by the Company during the Reporting Period.
17. Other payables increased by 1,062.15% as compared with the end of the previous period, mainly due to the project subsidies received by the Company during the Reporting Period that had to be transferred to other units.
- 18, 20. Non-current liabilities due within one year increased by 314.19% compared with the end of the previous period, and long-term borrowings decreased by 100% compared with the end of the previous period, mainly due to the reclassification of long-term borrowings due within one year.
19. Other current liabilities decreased by 43.97% as compared with the end of the previous period, mainly due to the accounting treatment for bank bills with low credit rating endorsed and discounted that have not been derecognised during the Reporting Period.
22. Long-term payables increased by RMB5.9118 million compared with the end of the previous period, mainly due to the newly added financial leasing business of the Company during the Reporting Period.

### 2. Restrictions on major assets as of the end of the Reporting Period

For details, please refer to "31. Assets with restricted ownership or right-of-use" under "VII. Notes to the Consolidated Financial Statements" in "Section X Financial Statements".

### (IV) Analysis of industry operating information

For details, please refer to "(III) Industry conditions" under "II. Description of the main businesses, business models, industry conditions and status of research and development of the Company during the Reporting Period" of "Section III Management Discussion and Analysis".

### (V) Analysis of investment status

#### Overall analysis of external equity investment

Unit: RMB0'000

Investment amount during the Reporting Period	Amount invested in the same period of previous year	Change
85,338.10	20,100.00	324.57%

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

Details of the Company's external equity investment during the Reporting Period are as follows:

1. The Company established Beijing SinoHytec Hydrogen Energy Technology Co., Ltd. as a holding subsidiary, with a registered capital of RMB67 million, of which the Company contributed 74.63%, or RMB50 million;
2. The company established SinoHytec International Limited. as a wholly-owned subsidiary in Hong Kong, with a registered capital of US\$30 million (exchange rate: 7.0827);
3. The Company established Yifan Hydrogen Energy Technology Co., Ltd. as a holding subsidiary, with a registered capital of RMB100 million, of which the Company contributed 51%, or RMB51 million;
4. The Company established Shanghai Kuitong Technology Co., Ltd. as a wholly-owned subsidiary, with a registered capital of RMB10 million;
5. The Company established Guangdong SinoHytec Technology Co., Ltd. as a wholly-owned subsidiary, with a registered capital of RMB50 million;
6. Guochuang Hebei Hydrogen Energy Industry Innovation Center Co., Ltd., a wholly-owned subsidiary of the Company, established Hebei Guochuang Hydrogen Energy Technology Co., Ltd. as a wholly-owned subsidiary, with a registered capital of RMB10 million;
7. Guangdong SinoHytec Technology Co., Ltd., a wholly-owned subsidiary of the Company, established Guangzhou SinoHytec New Energy Technology Co., Ltd. as a holding subsidiary, with a registered capital of RMB50 million, and the former accounts for 70%, or RMB35 million;
8. Beijing SinoHytec Hydrogen Energy Technology Co., Ltd. established Zhangjiakou Guoqing Technology Co., Ltd. as a wholly-owned subsidiary, with a registered capital of RMB30 million;
9. Zhangjiakou Guoqing Technology Co., Ltd. established a wholly-owned subsidiary Zhangjiakou Qingtong Technology Co., Ltd., with a registered capital of RMB10 million;
10. During the Reporting Period, the registered capital of SinoHytec Power Technology Co., Ltd. was increased cumulatively from RMB230 million to RMB359.668 million;
11. The Company established a joint-stock company, Shanxi Huasheng Weipu Technology Co., Ltd., with a registered capital of RMB20 million, of which the Company contributed 25%, or RMB5 million;
12. The Company established a joint-stock company, Xinjiang Zhaolian Qingtong Hydrogen Energy Technology Co., Ltd., with a registered capital of RMB200 million, of which the Company contributed 35%, or RMB70 million;
13. The Company established a joint-stock company, Xinjiang Zhaolian Qingtong Hydrogen Energy Technology Co., Ltd., with a registered capital of RMB200 million, of which the Company contributed 35%, or RMB70 million;
14. The Company established a joint-stock company, Luanzhou Zhuoyi Hydrogen Technology Co., Ltd. (灤州卓逸氫能科技有限公司), with a registered capital of RMB100 million, of which the Company contributed 10%, or RMB10 million;
15. Yifan Hydrogen Energy Technology Co., Ltd. established a joint-stock company, Anhui Yifan Hydrogen Energy Technology Co., Ltd., with a registered capital of RMB10 million, of which the former contributed 49%, or RMB4.9 million;
16. Yifan Hydrogen Energy Technology Co., Ltd. established a wholly-owned subsidiary, Tangshan Yitong Hydrogen Energy Technology Co., Ltd., with a registered capital of RMB5 million.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### 1. Financial assets measured at fair value

Unit: RMB

Type of assets	Opening balance	Profit or loss from changes in fair value during the period	Accumulated changes in fair value recognized in equity	Impairment provided during the period	Amount purchased during the period	Amount sold/ redeemed during the period	Other changes	Closing balance
Others	223,455,123.28	33,050,692.03	22,010,000.00	0.00	768,234,574.68	127,100,125.08	0.00	919,650,264.91
Including: Financial assets held-for-trading	25,165,123.28	33,050,692.03			697,114,540.00	65,000,000.00		690,330,355.31
Receivables financing	21,990,000.00				71,120,034.68	62,100,125.08		31,009,909.60
Other equity instrument investments	173,500,000.00		22,010,000.00					195,510,000.00
Other non-current financial assets	2,800,000.00							2,800,000.00
<b>Total</b>	<b>223,455,123.28</b>	<b>33,050,692.03</b>	<b>22,010,000.00</b>	<b>0.00</b>	<b>768,234,574.68</b>	<b>127,100,125.08</b>	<b>0.00</b>	<b>919,650,264.91</b>

### 2. Investment status of private equity investment funds

Unit: RMB'000

Name of private equity fund	Time of signature of investment agreements	Investment purposes	Investment amount Total proposed investment	Investment amount during the Reporting Period	Amount invested as of the end of the Reporting Period	Capital contribution ratio at the end of the Reporting Period (%)	Control or significant influence over the fund	Accounting subjects	Connected relationship or not	Fund underlying assets	Impact on profit		
											Reporting Period	Cumulative profit impact	
Beijing Shuimu Piling Venture Capital Center (Limited Partnership)	February 2021	To adjust the asset structure of the Company, expand the investment channels of the Company with the help of professional fund management team on the premise of ensuring the steady development of the Company's principal business, so as to make the investment mode of the Company more diversified and disperse the risk of single channel investment.	10,000	2,000	8,000	Limited Partnership	80	Yes	Long-term equity investment	Yes	Focus on healthcare, new generation information technology, new energy fields	945.35	2,522.74
<b>Total</b>	/	/	10,000	2,000	8,000	/	/	/	/	/	/	945.35	2,522.74

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### (VI) Analysis of major controlling and investee companies

Name of company	Nature of company	Type of company	Registered capital (RMB0'000)	Percentage of shareholding	Nature of business
SinoFuelCell	Majority-controlled subsidiary	Limited liability company	8,495.27	25.60%	R&D, manufacturing and sales of fuel cell stacks
SinoHytec Power	Wholly-owned subsidiary	Limited liability company	35,966.80	100.00%	Manufacturing and sales of fuel cell power system and related components
Beijing Juxinghuatong Hydrogen Energy Technology Co., Ltd.	Wholly-owned subsidiary	Limited liability company	3,000.00	100.00%	Manufacturing and sales of fuel cell system and related components
Chengdu SinoHytec	Wholly-owned subsidiary	Limited liability company	5,000.00	100.00%	Promotion of new energy technology
SinoHytec International Limited	Wholly-owned subsidiary	Limited liability company	3,000.00	100.00%	Promotion of new energy technology
Beijing SinoHytec Co., Ltd.	Majority-controlled subsidiary	Limited liability company	6,700.00	74.63%	Promotion of new energy technology
Toyota Sinohytec	Joint venture	Limited liability company	450,000.00	50.00%	Manufacturing and sales of metal plate fuel cell stacks
United Fuel Cell	Associate	Limited liability company	167,300.00	15.00%	Design and development of metal plate fuel cell stacks
Zhangjiakou Haiper	Associate	Limited liability company	7916.67	26.22%	Production and sales of hydrogen

*Note:* In the column of registered capital, the registered capital unit of Toyota Sinohytec and United Fuel Cell is ten thousand yen, the registered capital unit of SinoHytec International Limited. is ten thousand dollars, and the registered capital unit of other companies is ten thousand RMB. For detailed analysis of major holding and participating companies, please refer to "IX. Interests in other entities" of "Section X Financial Statements".

## VI. DISCUSSION AND ANALYSIS ON THE COMPANY'S FUTURE DEVELOPMENT

### (I) Industry landscape and trend

For details, please refer to "(III) Industry conditions" under "II. Description of the main businesses, business models, industry conditions and status of research and development of the Company during the Reporting Period" of "Section III Management Discussion and Analysis".

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### (II) Development strategy of the Company

The mission of the Company is to contribute to China's goal of "carbon peaking and carbon neutrality" with advanced hydrogen fuel cell technology as the entry point, promote the global energy revolution, and strive to become a global leader in hydrogen fuel cell technology to build a sustainable low-carbon future. To this end, the Company intends to achieve this goal by implementing the following strategies:

#### 1. Continue deepening the R&D of fuel cell system and core components

The Company will continue R&D and testing activities to improve the environmental adaptability, durability, reliability, energy conversion efficiency, safety and economy of our products, for further optimisation and upgrading. The Company intends to continuously increase our R&D strength by virtue of our rich experiences in fuel cell system industry and our deep understanding of downstream markets. In order to further commercialise our fuel cell related researches, the Company plans to work with industrial, educational and scientific institutions, and further construct strong competitive advantages. Meanwhile, we will explore overseas R&D opportunities and develop fuel cell stacks and other core raw materials.

#### 2. Expand the production capacity of fuel cell stacks to meet the growing market demand and achieve economies of scale

The Company plans to purchase new equipment and software system to expand the existing production lines of fuel cell stacks in Shanghai production base, thus further optimizing its operating efficiency and product quality. The upgraded production base will be equipped with more extensive functions, including the more advanced high power fuel cell stack technology and the better performing bipolar plates production and testing facilities.

#### 3) Strategically expand our customer base and geographical coverage

The Company intends to maintain and expand our customer base to increase market shares. Meanwhile, the Company intends to use the new generation of R&D platform to improve products and increase product portfolios, to meet a diversity of customer demands. The Company intends to further expand the application scenarios of fuel cell system in commercial vehicles (i.e. heavy trucks). The Company intends to promote new products to more vehicle manufacturers and their customers to obtain higher market share. The Company will carry out marketing activities based on the development of the regional fuel cell system market and the geographical distribution of hydrogen resources in China.

#### 4) Expand and strengthen the Company's supply chains

As the Company continues to improve production capacity and increases sales volume, relationship with supplier is the key to the Company's continuing future success. The Company has established business relationships with many well-known suppliers of fuel cell parts and components in the market. The Company intends to further cooperate with them, identify alternative suppliers and pursue the vertical integration of our supply chains and resources, to reduce raw material costs, ensure supply chain stability and improve product quality.

#### 5) Improve brand recognition and promote the application of fuel cell systems

The Company believes that brand awareness is critical to its future development and customer base. The Company plans to improve its brand recognition through product promotion and multi-channel marketing. Specifically, the Company intends to organize and participate in industry events, product exhibitions or launch events, and more frequently conduct internet and conventional advertisements and upgrade its official website etc., to increase the public exposure of its brands and products. Meanwhile, the Company is willing to promote the application of its fuel cell systems by assisting commercial vehicle manufacturers in their testing of prototypes and production and launch of new fuel cell vehicle models.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### (III) Operation plan

In 2024, the Company will continue to adhere to the philosophy of market-oriented and customer-centric business, seize the opportunities of “dual carbon” and demonstration city clusters for fuel cell, further improve product development and quality management capabilities, strengthen marketing and expand sales scale.

#### 1. Leverage R&D advantages to improve R&D, testing and verification capabilities

The Company has always adhered to the overall layout of “Advance Research, Continuous Development and In-depth Promotion” during R&D. In 2024, the Company will continue to be market-oriented and customer-centric in product development planning, focusing on optimizing low-temperature activation performance, improving product reliability, durability and integration and other core technical indicators. At the same time, the Company will accelerate the construction of fuel cell comprehensive testing and evaluation center to further improve the R&D, testing and verification capabilities.

#### 2. Optimize the quality management system and improve quality and service assurance capabilities

In 2023, the Company will continue to promote the full participation in product development and optimization, and strengthen the quality responsibility mechanism guided by target results. At the same time, in terms of quality control, the Company will start from management and technical means, and further consolidate the foundation of quality management by establishing a key business quality assurance system and a quality monitoring and management system. In terms of customer service, the Company improved service efficiency and capability by promoting the model of service station and improving after-sales facilities, so as to enhance customer experience and further improve customer satisfaction.

#### 3. Strengthen market expansion and expand sales scale

The Company continued to take “point, line and plane” as its market development strategy, focused on market development and expansion around demonstration city clusters for fuel cell and potential cities, strengthened communication with customers, and deployed development plans in advance based on the characteristics of customer demand to improve market development efficiency. On the other hand, the Company promoted the application of our fuel cell systems through assisting commercial vehicle manufacturers in their testing of prototypes and production and launch of new fuel cell vehicle models.

## VII. OTHER DISCLOSURES

### (I) Sufficiency of public float of H shares

As at the date of this report, based on the publicly available information and to the best knowledge of Directors, the Directors believe that the public float of the Company complies with Rule 8.08 of the Listing Rules and the minimum public float requirement of the Hong Kong Stock Exchange.

### (II) Interests of Directors and Supervisors in business in competition with the Company

As at the date of this report, none of the Directors or Supervisors had an interest in another business which competes or is likely to compete, either directly or indirectly, with the business of the Company.

### (III) Directors’ and Supervisors’ service contracts

None of the Directors and Supervisors of the Company has entered into any service contract with the Company or its subsidiaries which is not terminable within one year without payment of compensation (other than statutory compensation).

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### **(IV) Directors' and Supervisors' interests in transactions, arrangements or contracts of significance**

Neither the Company nor its subsidiaries had entered into any significant transactions, arrangements or contracts in which the Directors, Supervisors or entities connected with the Directors or Supervisors directly or indirectly had material interests during the Reporting Period.

### **(V) Permitted indemnity provision**

A permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the Reporting Period. The Company has arranged appropriate insurance coverage in respect of potential legal actions and liabilities against the Directors, Supervisors and senior management.

### **(VI) Pre-emptive rights arrangement**

According to the PRC laws and the Articles of Association, the shareholders of the Company have no pre-emptive rights.

### **(VII) Responsibility statement of the Board on risk management, internal control and compliance management**

The Board has the ultimate responsibility for the Group's risk management, internal control and compliance management, and for reviewing the effectiveness of these systems. Considering that the above risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, the Board can only provide reasonable and not absolute assurance against material misstatement or loss.

### **(VIII) Remuneration of Directors, Supervisors and Senior Management**

Details of the remuneration of Directors, Supervisors and senior management are set out in "III. Directors, Supervisors and Senior Management" of "Section IV Corporate Governance" of this report.

### **(IX) Purchase, sale or redemption of the Company's shares**

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

### **(X) Significant events after the Reporting Period**

The Group had no material subsequent events as of the date of this report.

### **(XI) Management contracts**

No contracts, other than employment contracts, concerning the management and administration of the whole or any substantial part of the Company's business were entered into or existed during 2023.

### **(XII) Directors' and Supervisors' rights to acquire shares or debentures**

None of the Directors and Supervisors or their respective associates was granted by the Company or its subsidiaries any right to acquire shares or debentures of the Company or any other body corporate, or had exercised any such right during the Reporting Period.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### (XIII) Equity-linked agreements

No equity-linked agreements were entered into by the Company during 2023 and no any such agreement subsisted at the end of 2023.

### (XIV) Major customers and suppliers

For details of major customers and suppliers, please refer to “(4) Major customers and major suppliers” of “Section III Management Discussion and Analysis” of this report.

### (XV) Pension schemes

The Group participates in state-managed retirement benefit schemes established by the respective local governments for its employees in Mainland PRC. Pursuant to the relevant regulations, the premiums and welfare benefit contributions borne by the Group are calculated and paid to the relevant labor and social welfare authorities on a regular basis. The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC-based employees 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 independently administrated funds managed by the PRC government. In addition, our employees in the PRC are entitled to participate in various government-supervised housing funds, medical insurance and other social insurance plans. The Company contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling.

There are no forfeited contributions (by the Group on behalf of its employees who leave the scheme prior to vesting fully in such contributions) available to the Group to reduce the contributions payable in future years or to reduce the Group’s existing level of contributions to the pension scheme. Please refer to “39. Employee benefits payable” under “V. Notes to the Consolidated Financial Statements of “Section X Financial Statements” of this report for details of the pension schemes provided by the Group.

### (XVI) Reserves and distributable profit reserves

Please refer to “59. Surplus reserve” and “60. Undistributed profits” of “V. Notes to the Consolidated Financial Statements” of “Section X Financial Statements” in this Report for details of the changes in the reserves and reserves of distributable profits of the Company.

### (XVII) Fixed assets

For details of the fixed assets of the Group as of December 31, 2023, please refer to “21. Fixed assets” under “V. Notes to the Consolidated Financial Statements” of “Section X Financial Statements” in this report.

### (XVIII) Contracts with controlling shareholders

During the Reporting Period, no material contract has been entered into between the Company or any of its subsidiaries and the controlling shareholder or any of its subsidiaries, and no material contract for the provision of services to the Company or any of its subsidiaries by the controlling shareholder or any of its subsidiaries was entered into.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### (XIX) Change of consolidation scope

The Company established (i) an indirect wholly-owned subsidiary, Hebei Guochuang Hydrogen Energy Technology Co., Ltd.\* (河北國創氫能科技有限公司), on February 27, 2023, which became an indirect non-wholly owned subsidiary on November 30, 2023; (ii) a direct wholly owned subsidiary, SinoHytec International Limited\* (億華通科技國際有限公司) in Hong Kong, on May 17, 2023; (iii) a direct non-wholly owned subsidiary, Yifan Hydrogen Energy Technology Co., Ltd.\* (億凡氫能科技有限公司) on June 12, 2023; (iv) a direct wholly owned subsidiary, Beijing SinoHytec Hydrogen Energy Technology Co., Ltd.\* (北京億華通氫能科技有限公司), on June 14, 2023, which became a direct non-wholly owned subsidiary on November 30, 2023; (v) a direct wholly-owned subsidiary, Shanghai Kuitong Technology Co., Ltd.\* (上海夔通科技有限公司), on August 8, 2023; (vi) a direct wholly-owned subsidiary, Guangdong SinoHytec Technology Co., Ltd.\* (廣東億華通科技有限公司), on December 1, 2023; (vii) an indirect non-wholly owned subsidiary, Guangzhou SinoHytec New Energy Technology Co., Ltd.\* (廣州億華通新能源科技有限公司), on December 7, 2023; (viii) an indirect non-wholly owned subsidiary, Zhangjiakou Guoqing Technology Co., Ltd.\* (張家口國氫科技有限公司), on December 11, 2023; (ix) an indirect non-wholly owned subsidiary, Zhangjiakou Qingtong Technology Co., Ltd.\* (張家口氫通科技有限公司), on December 12, 2023; and (x) an indirect non-wholly owned subsidiary, Tangshan Yitong Hydrogen Energy Technology Co., Ltd.\* (唐山億彤氫能源科技有限公司), on December 13, 2023.

On October 8, 2023, the Company deregistered Hubei Guochuang Hydrogen Power Technology Co., Ltd.\* (湖北國創氫能動力科技有限公司), a direct non-wholly owned subsidiary of the Company, which has not commenced any specific business. The deregistration will not have any material adverse impact on the Company.

Save as disclosed above, there were no other significant changes in the scope of consolidation of the Company during the Reporting Period.

### (XX) Profit distribution policy of the Company

The Company attaches great importance to the return to shareholders and has specified the profit distribution policy of the Company in the Articles of Association, including the form of profit distribution, specific conditions and proportion of cash dividends, conditions for share dividend distribution, specific decision-making mechanism and procedures for profit distribution, etc.

There was no arrangement under which a shareholder waived or agreed to waive any dividends during the Reporting Period.

### (XXI) Tax credit

The Directors are not aware of any tax credit available to the Shareholders by reason of their holding of the Company's securities.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### (XII) Analysis of financial position

The Company implements a prudent financial policy, establishes a strict risk control system for investment, financing and cash management, and always maintains a stable capital structure and good financing channels. The Company strictly controls the scale of loans, and at the same time meets the capital needs of the Company's operating activities, and makes full use of financial instruments to reduce financial expenses and prevent financial risks in a timely manner, so as to achieve sustainable development of the Company and maximize shareholders' value.

Liquidity and capital structure	Closing	Opening
(1) Gearing ratio	31.11%	27.37%
(2) Quick ratio	2.35%	2.36
(3) Current ratio	2.53%	2.73

Notes:

- (1) Gearing ratio = Total liabilities/Total assets
- (2) Quick ratio = (Current assets – Inventories)/Current liabilities
- (3) Current ratio = Current assets/Current liabilities

### (XXIII) Significant investments, material acquisitions and disposals of subsidiaries, associates and joint ventures, and future plans for material investments or capital assets

Save as disclosed in this report, during the Reporting Period, the Group had no significant investments, no material acquisitions and disposals of subsidiaries, associates and joint ventures, and no future plans for material investments or capital assets.

### (XXIV) Details of charges on assets of the Company

For details of the charges on assets of the Company, please refer to "31. Assets with restricted ownership or right-of-use" under "V. Notes to the Consolidated Financial Statements" of "Section X Financial Statements".

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### (XXV) Use of proceeds from the Global Offering

The Company issued ordinary shares at HK\$60 per share, offered 17,628,000 H shares in Hong Kong and over-allotted 670,450 H shares in the nominal value of RMB1.00 per H share, which were listed on the Main Board of the Hong Kong Stock Exchange on January 12, 2023 and February 8, 2023, respectively. The net proceeds from the Global Offering received by the Company, after deducting underwriting fees and commissions and other expenses payable by the Company in connection with the Global Offering, amounted to approximately HK\$1,022 million (equivalent to approximately RMB886 million), representing the net price of approximately HK\$55.85 per H share.

As of December 31, 2023, the net proceeds from the Global Offering were used as follows. The Group will further use the proceeds from the Global Offering for the proposed purposes set out in the prospectus of the Company dated December 29, 2022.

Use of proceeds	Approximate percentage of total net proceeds (%)	Net proceeds from the Global Offering (RMB million)	Net proceeds utilized up to December 31, 2023 (RMB million)	Remaining net proceeds up to December 31, 2023 (RMB million)	Expected time of full utilization of the remaining net proceeds
Develop a new generation of integrated research and development platform	50.20	444.90	29.08	415.82	By the end of the year ending December 31, 2025
Financing overseas research and development projects	24.80	219.79	0.00	219.79	By the end of the year ending December 31, 2025
Product promotion and marketing	15.00	132.94	30.42	102.52	By the end of the year ending December 31, 2025
General working capital	10.00	88.63	88.63	0.00	/
<b>Total</b>	<b>100.00</b>	<b>886.26</b>	<b>148.13</b>	<b>738.13</b>	

## SECTION III

# MANAGEMENT DISCUSSION AND ANALYSIS

### (XXVI) Interests and short positions of directors and supervisors in the shares and underlying shares or debentures of the Company and its associated corporations under Hong Kong laws and regulations

As of December 31, 2023, based on the information available to the Company and to the best knowledge of the directors, the following directors and supervisors of the Company had interests and/or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they are taken or deemed to have under such provisions of the SFO), or which are required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Hong Kong Listing Rules, or interests and/or short positions required to be recorded in the register kept by the Company under section 352 of the SFO:

#### Interests in shares of the Company

Name	Nature of interest	Class of shares	Number of shares held	Approximate percentage of interest in the relevant class of shares (%) <sup>(Note 1)</sup>	Approximate percentage of interest in the total shares (%) <sup>(Note 1)</sup>
Zhang Guoqiang	Beneficial owner	A Shares	26,031,764 (Long position)	18.61	15.73
Zhang He	Beneficial owner	A Shares	3,920,000 <sup>(note 2)</sup> (Long position)	2.80	2.37
Song Haiying	Beneficial owner	A Shares	1,864,831 <sup>(note 2)</sup> (Long position)	1.33	1.13
Dai Dongzhe	Beneficial owner	A Shares	290,951 <sup>(note 2)</sup> (Long position)	0.21	0.18

*Note:*

- The percentage is calculated by dividing the number of relevant class of shares of the Company in issue as of December 31, 2023 by the total number of shares.
- On January 17, 2024, Zhang He, Song Haiying and Dai Dongzhe sold 550,000 shares, 164,000 shares and 60,000 shares respectively. As of the date of this report, Zhang He, Song Haiying and Dai Dongzhe held 3,370,000 shares, 1,700,831 shares and 230,951 shares of the Company respectively.

## SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

### Interests in associates of the Company

Name	Name of associate	Capacity/ Nature of interest	Approximate percentage of shareholding (%)
Song Haiying	Zhangjiakou Haiper	Interest of controlled corporation <sup>(Note 1)</sup>	29.26

Note:

1. As of the end of the Reporting Period, Zhangjiakou Qindahang Technology Partnership (L.P.) holds approximately 29.26% equity interest in Zhangjiakou Haiper. Zhangjiakou Qindahang Technology Partnership (L.P.) is owned as to 80% by Song Haiying. Accordingly, Song Haiying is deemed to be interested in the equity interest held by Zhangjiakou Qindahang Technology Partnership (L.P.) by virtue of the SFO.

Save as the interests disclosed above, as of December 31, 2023, none of the directors, supervisors, chief executive of the Company or their respective associates had any interest or short position in any shares, underlying shares or debentures of the Company or any of its associated corporations.

### (XXVII) Donations

During the Reporting Period, the Group made a total of donations of approximately RMB0.2 million.

### (XXVIII) Related party transactions

During the Reporting Period, there was no related party transaction which constituted a connected transaction or continuing connected transaction required to be disclosed under Chapter 14A of the Listing Rules. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules during the Reporting Period.

### (XXIX) Closure of register of members and record date

The 2024 annual general meeting of the Company (the “**AGM**”) and the 2024 second H share class meeting of the Company (the “**H Share Class Meeting**”) will be held on Friday, June 14, 2024. The record date for determining the entitlement of the Shareholders to attend and vote at the AGM and/or the H Share Class Meeting will be the close of business on Friday, June 7, 2024. For the purpose of determining the entitlement of the Shareholders to attend and vote at the AGM and/or the H Share Class Meeting, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the H Share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (for H Shareholders), no later than 4:30 p.m. on Friday, June 7, 2024.

### (XXX) Other disclosure

Reference is made to the announcement of the Company dated October 30, 2023 in relation to the possible capital increase in SinoHytec Hydrogen by Beijing Tonglan Technology Center (L.P.) (北京通嵐科技中心(有限合伙)). The capital increase was completed on 30 November 2023. Immediately upon completion of the capital increase, the Company’s equity interest in SinoHytec Hydrogen was reduced to 74.63% and SinoHytec Hydrogen remained a subsidiary within the scope of the consolidated financial statements of the Company. The capital increase constituted a connected transaction of the Company under Chapter 14A of the Listing Rules. For details, please refer to the announcement of the Company dated October 30, 2023.

## SECTION IV CORPORATE GOVERNANCE

### I. BRIEF INTRODUCTION OF GENERAL MEETING

<b>Session of the meeting</b>	<b>Date of convening</b>	<b>Query index of the designated website for publishing resolutions</b>
2023 First Extraordinary General Meeting	March 9, 2023	<a href="https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0309/2023030901009.pdf">https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0309/2023030901009.pdf</a>
2022 Annual General Meeting, 2023 First A Share Class Meeting and 2023 First H Share Class Meeting	June 16, 2023	<a href="https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0616/2023061601440.pdf">https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0616/2023061601440.pdf</a>

## SECTION IV CORPORATE GOVERNANCE

### II. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

#### (I) Changes in shareholding and remuneration of current and resigned directors, supervisors, senior management and core technicians during the Reporting Period

Unit: share

Name	Position	Gender	Age	Commencement date of term of office	Termination date of term of office	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Changes in shares during the year	Reason for change	Total remuneration before tax received from the Company during the Reporting Period (RMB0'000)	Whether receiving remuneration from related parties of the Company
Zhang Guoqiang	Chairman, Executive Director, General manager	Male	43	2015/07/09	2025/05/23	18,594,117	26,031,764	7,437,647	Capitalization of capital reserves	122.60	No
Song Haiying	Executive Director, Deputy general manager, Chief financial officer	Female	47	2015/07/09	2025/05/23	1,332,022	1,864,831	532,809	Capitalization of capital reserves	100.60	No
Dai Dongzhe	Executive Director, Deputy general manager	Female	52	2022/05/24	2025/05/23	207,822	290,951	83,129	Capitalization of capital reserves	86.60	No
Teng Renjie	Non-executive Director	Female	71	2015/07/09	2025/05/23	/	/	/	/	0	No
Wu Yong (resigned)	Non-executive Director	Male	57	2015/07/09	2023/05/31	/	/	/	/	0	Yes
Song Feng	Non-executive Director	Male	49	2023/6/16	2025/05/23	/	/	/	/	0	Yes
Fang Jianyi (resigned)	Independent Non-executive Director	Male	70	2019/04/23	2023/06/16	/	/	/	/	6	No
Li Zhijie	Independent Non-executive Director	Male	51	2023/06/16	2025/05/23	/	/	/	/	6	No
Liu Xiaoshi	Independent Non-executive Director	Male	68	2019/04/23	2025/05/23	/	/	/	/	12	No
Ji Xuehong	Independent Non-executive Director	Male	45	2022/01/10	2025/05/23	/	/	/	/	12	No
Chan So Kuen	Independent Non-executive Director	Male	44	2023/01/12	2025/05/23	/	/	/	/	12	No
Zhang He	Chairman of the Supervisory Committee	Male	65	2022/05/24	2025/05/23	2,800,000	3,920,000	1,120,000	Capitalization of capital reserves	71.46	No

## SECTION IV CORPORATE GOVERNANCE

Name	Position	Gender	Age	Commencement date of term of office	Termination date of term of office	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Changes in shares during the year	Reason for change	Total remuneration before tax received from the Company during the Reporting Period (RMB'000)	Whether receiving remuneration from related parties of the Company
Teng Zhaojun	Employee Representative supervisor	Male	40	2022/05/24	2025/05/23	/	/	/	/	41.34	No
Wang Shanshan	Supervisor	Female	31	2021/12/16	2025/05/23	/	/	/	/	0	Yes
Yu Mih	Deputy general manager	Male	47	2016/01/26	2025/05/23	319,736	447,630	127,894	Capitalization of capital reserves	90.60	No
Nengyou Jia	Deputy general manager, core technical personnel	Male	60	2016/01/26	2025/05/23	/	/	/	/	82.57	No
Li Feiqiang	Deputy general manager, core technical personnel	Male	41	2021/08/30	2025/05/23	/	/	/	/	122.94	No
Kang Zhi	Secretary to the Board	Male	45	2017/01/09	2025/05/23	220,296	308,414	88,118	Capitalization of capital reserves	86.60	No
Gan Quanquan	Core technical personnel	Male	41	2019	/	/	/	/	/	60.78	No
Yang Shaojun	Core technical personnel	Male	44	2019	/	/	/	/	/	69.94	No
Fang Chuan	Core technical personnel	Male	33	2021	/	20,008	28,011	8,003	/	104.08	No
Total	/	/	/	/	/	23,494,001	32,891,601	9,397,600	/	1,088.11	/

## SECTION IV CORPORATE GOVERNANCE

Name	Main work experience
Zhang Guoqiang	Born in 1980, Chinese nationality, without the right of permanent residence abroad, one of the founders of the Company, and a master's degree in Public Administration from Tsinghua University in July 2010. He obtained a doctorate degree in Management Science and Engineering from the University of Chinese Academy of Sciences in July 2017. From May 2005 to June 2012, Mr. Zhang worked at Beijing Qingneng Huatong Technology Development Co., Ltd. and successively served as a department manager and a deputy general manager. Since July 2012, he has served as an executive Director, Chairman and general manager of the Company.
Song Haiying	Born in 1976, Chinese nationality, without the right of permanent residence abroad. Ms. Song obtained her bachelor's degree in Accounting and master's degree in Corporate Management from the Liaoning Technical University in June 2000 and April 2003, respectively. From June 2005 to August 2012, she worked at Beijing Jiankun Investment Group Co., Ltd. as an investment manager. From September 2012 to October 2013, she worked at Tsinghua Unigroup Co., Ltd. as a senior investment manager. Since February 2014, she has served as the Company's Chief Financial Officer, executive Director and deputy general manager.
Dai Dongzhe	Born in 1971, Chinese nationality, without the right of permanent residence abroad. She obtained her bachelor's degree in agronomy from the Beijing University of Agriculture* (北京農學院) in July 1994. From December 2001 to June 2004, she worked in the Department of Automotive Engineering at Tsinghua University as a project manager of the project office. From July 2004 to July 2012, she worked at Beijing Qingneng Huatong Technology Development Co., Ltd. Since July 2012, she has served as an executive Director of Human Resources and Administration, a Supervisor, an executive Director and deputy general manager of the Company.
Teng Renjie	Born in 1952, Chinese nationality, without the right of permanent residence abroad. She graduated from the department of electronic engineering at Tsinghua University in December 1975 with a bachelor's degree. From December 1975 to September 1998, she worked at Tsinghua University, and she served successively as a teacher of the department of electronic engineering, a teacher, deputy head and associate professor of the department of automation. From September 1998 to April 2013, she worked at Tsinghua Industrial R&D Institute as vice president. She retired in April 2013. Since October 2014, she has served as a non-executive Director of the Company.
Wu Yong (resigned)	Born in 1966, Chinese nationality, without the right of permanent residence abroad. In July 1988 and June 2000, he obtained a bachelor's degree in Environmental Engineering and a master's degree in Business Administration from Tsinghua University. He obtained the qualification of senior engineer in 2000. From June 2004 to June 2012, he worked as a director and general manager at Beijing Jiahemu Technology Co., Ltd. Since June 2012, he has worked as a director and general manager at Beijing Shuimu Guoding Investment Management Co., Ltd.. From October 2014 to May 2023, he served as a non-executive Director of the Company.

## SECTION IV CORPORATE GOVERNANCE

Name	Main work experience
Song Feng	<p>Born in August 1974, Chinese nationality, without the right of permanent residence abroad, with a master's degree. Mr. Song was the project manager of the business development department of Beijing Boruiqi Electronic Technology Co., Ltd. from September 1999 to December 2000; senior investment manager of Tsinghua Technology Venture Capital Co., Ltd. from January 2001 to June 2003; investment director of the strategic investment department of Beijing UFIDA Software Co., Ltd. from July 2003 to January 2005; the investment director of Beijing Qingyun Investment Management Co., Ltd. from February 2005 to April 2006; the general manager of Beijing Ruiying International Investment Consulting (Beijing) Co., Ltd. from May 2006 to April 2007; the vice president of the investment banking department of CEC Capital Group from May 2007 to September 2009; the deputy general manager of the number one investment department of China-Africa Development Fund Co., Ltd. from October 2009 to September 2017; a partner of Beijing Shuimu Guoding Investment Management Co., Ltd. since October 2017; and a non-executive director of the Company since June 2023.</p>
Fang Jianyi (resigned)	<p>Born in 1953, Chinese nationality, without the right of permanent residence abroad. He obtained a master's degree in business administration from Cheung Kong Graduate School of Business in July 2005. He is a senior accountant and a senior engineer. From June 1998 to February 2014, he served as the Chief Accountant of Shougang head office. From March 2001 to July 2015, he served as a director and vice chairman of Huaxia Bank. From April 2014 to January 2018, he served as the vice chairman of China Renaissance Capital Investment (Beijing) Limited. From November 2018 to November 2021, he served as an independent director of Bluepark Technology (600733). From April 2019 to June 2023, he has served as an independent non-executive Director of the Company.</p>
Li Zhijie	<p>Born in 1972, Chinese nationality, without the right of permanent residence abroad, with a doctoral degree in finance and economics from the Renmin University of China. Mr. Li was a director and deputy general manager of China Telecom (Hong Kong) International Limited from October 2008 to December 2011; the chief financial officer of the innovation department (Internet business group) of China Telecom Corporation from January 2012 to June 2016; vice president and other senior management of a number of subsidiaries Xinyuan Group from June 2016 to April 2018; the deputy head of the Financial Technology Research Center of the National Institute of Financial Research at Tsinghua University from June 2016 to May 2019; an independent director of Yunnan Jinggu Forestry Co., Ltd. (stock code: 600265) from February 2021 to May 2022; the director and general manager of Zhian Chain Cloud Technology (Beijing) Co., Ltd. since 2019; and a non-executive director of the Company since June 2023.</p>

## SECTION IV CORPORATE GOVERNANCE

Name	Main work experience
Liu Xiaoshi	<p>Born in 1955, Chinese nationality, without the right of permanent residence abroad. In August 1986 and December 1987, he obtained a master of science in industrial management from the department of technological systems management at the State University of New York at Stony Brook and a master of science in public administration from Martin J. Whitman School of Management, respectively. From April 1997 to December 2021, he worked at China International Capital Corporation Limited, serving as senior manager, deputy general manager, executive general manager and a project expert in the business support department. Since July 2018, he has served as an executive director and general manager at Beijing Chebahui Technology Development Co., Ltd. Since April 2019, he has served as an independent non-executive Director of the Company.</p>
Ji Xuehong	<p>Former Chinese name being 紀雪紅. Born in 1978, Chinese nationality, without the right of permanent residence abroad. He obtained a bachelor's degree in Real Estate Management from Huazhong Normal University in June 1999 and a master's degree in enterprise management from Hubei Academy of Social Sciences in June 2002. In December 2005, he obtained a doctor's degree in management science and engineering from Huazhong University of Science and Technology. He is a member of the China Democratic League. From June 2006 to May 2008, he engaged in research work at the joint training postdoctoral workstation of Tianjin University and CATARC. Since May 2008, he has served as a lecturer, an associate professor and a professor at the school of economics and management of North China University of Technology; a director of Automobile Industry Innovation Research Center and a director of MBA Education Center; At the same time, he served as a member of the Automotive Economic Development Research Branch of the China Society of Automotive Engineers, a member of the Electric Vehicle Special Committee of the Chinese Institute of Electronics, an expert on high-quality development of the China Taxi and Car Rental Association, a special expert of the Beijing Industrial Economic Research Center, and concurrently served as a director of the Urban Transportation Branch of the China Highway&amp;Transportation Society, a judge of the Lingxuan Award, a member of the Standing Committee of the CPPCC Shijingshan District and deputy chairman of the Shijingshan District Working Committee of the Democratic League. Since January 2022, he has served as an independent non-executive Director of the Company. Since March 2024 to present, he has served as an independent non-executive director of BAIC Motor Corporation Limited.</p>
Chan So Kuen	<p>Born in 1979, a citizen of Hong Kong, China, obtained a bachelor's degree in accounting from the Hong Kong Polytechnic University in November 2001 and was certified as a certified public accountant by the Hong Kong Institute of Certified Public Accountants in April 2005. From June 2001 to October 2003, he served as semi-senior audit clerk of Ho and Ho &amp; Company in Hong Kong. From January 2004 to July 2009, he served as an audit manager (last position) of KPMG. From November 2009 to October 2012, he served as the chief financial officer and company secretary of China Great Wall Electric Holdings Limited. From February 2014 to November 2021 and February 2014 to December 2022, he served as the company secretary and chief financial officer of Huazhang Technology Holding Limited (HK.1673). Since October 2014 to present, he has served as an independent non-executive director of Link Holdings Ltd. (HK.8237). Since January 2015 to January 2024, he has served as an independent non-executive director of Yangzhou Guangling District Taihe Rural Micro-finance Company Limited (HK.1915). He has been an independent non-executive Director of the Company since January 2023.</p>

## SECTION IV CORPORATE GOVERNANCE

Name	Main work experience
Zhang He	<p>Born in 1958, Chinese nationality, with the permanent residency in the United States. He graduated from Xinjiang University (formerly known as Xinjiang Engineering College* (新疆工學院)) with a bachelor's degree in 1982, and he is a senior engineer. In 1981, he served as an electrical engineer at Xinjiang Bagang Steelmaking Plant. From December 1998 to May 2003, he served as a senior engineer at Xinjiang Traffic Science Academy. From November 2002 to August 2005, he served as manager of the R&amp;D department at Wanxiang Electric Vehicle Co., Ltd. From August 2005 to June 2012, he served as the deputy general manager at Beijing Qingneng Huatong Technology Development Co., Ltd. Since July 2012, he has served successively as a supervisor, a Director, deputy general manager and Chairman of the Board of supervisors of the Company.</p>
Teng Zhaojun	<p>Born in 1983, Chinese nationality, without the right of permanent residence abroad. In July 2004 and June 2017, he obtained a bachelor's degree in mechanical engineering and automation from Tianjin Polytechnic University and a master's degree in engineering management from Tsinghua University. He used to be a quality director of Renesas Semiconductor (Beijing) Co., Ltd., a product development engineer of Foxconn Precision Component (Beijing) Co., Ltd. and a project manager of Beijing Qingneng Huatong Technology Development Co., Ltd. Since July 2012, he has successively served as director of the Company's purchase quality control department, deputy director of the production and manufacturing department, deputy manager of the quality management department, deputy director of the testing center, director of the information technology department and employee supervisor of the Company.</p>
Wang Shanshan	<p>Born in 1992, Chinese nationality, without the right of permanent residence abroad. In July 2016 and June 2018, she obtained a bachelor's degree in law from Jilin University and a master's degree in law from Transnational Law and Business University in Korea. From July 2018 to October 2018, she worked at King &amp; Wood Mallesons Beijing Office. In November 2018, she has served as a legal specialist at Beijing Shuimu Guoding Investment Management Co., Ltd. Since December 2021, she has served as a Supervisor of the Company. From April 2022 to present, she served as the legal director at Beijing Shuimu Huading Venture Investment Management Co, Ltd.. From December 2021 to present, she serves as a supervisor of the Company.</p>
Yu Min	<p>Born in 1976, Chinese nationality, without the right of permanent residence abroad. He obtained a bachelor's degree in mechanical design and manufacturing from Hebei University of Engineering (formerly known as Hebei Institute of Building and Technology) in June 2000. From August 2000 to December 2015, he served successively as head of the sales management department, head of the marketing department, head of the customer development department, a director of regional business and executive deputy manager of the heavy-duty truck business of the overseas business department at BAIC Foton Motor Co., Ltd. Since January 2016, he has served as deputy general manager of the Company.</p>

## SECTION IV CORPORATE GOVERNANCE

Name	Main work experience
Nengyou Jia	Born in 1963, Canadian nationality. He obtained a bachelor's degree in corrosion and protection from East China University of Science and Technology (formerly known as East China Institute of Chemical Technology) in July 1985 and a master's degree in chemistry from Memorial University of Newfoundland, Canada in May 1999. From March 2012 to July 2015, he served as a senior engineer at Automotive Fuel Cell Cooperation in Canada. Since January 2016, he has served as deputy general manager of the Company.
Li Feiqiang	Born in 1982, Chinese nationality, without the right of permanent residence abroad. He obtained a bachelor's degree in vehicle engineering from Jilin University and a doctor's degree in vehicle engineering from Beijing Institute of Technology between July 2005 and January 2010. From September 2010 to June 2011, he worked at Beijing Jingwei Hirain Technologies Co., Inc. From July 2011 to January 2019, he served as a senior manager of fuel cells at Zhengzhou Yutong Bus Co., Ltd. From January 2016 to January 2020, he completed postdoctoral research in power engineering and engineering thermophysics at Tsinghua University. Since February 2020, he has served as Director of the TS business department of the Company. Since August 2021, he has served as Deputy General Manager of the Company.
Kang Zhi	Born in 1978, Chinese nationality, without the right of permanent residence abroad. He obtained a bachelor's degree in industrial foreign trade from Shenyang University of Technology in July 2000. From August 2000 to August 2007, he worked at Beijing C & W Electronics (Group) Co., Ltd. From September 2007 to January 2012, he served as deputy general manager of the management center of Beijing Goldenway Biotech Co., Ltd. From February 2012 to March 2015, he served as a strategic investment manager of Beijing Peony Electronic Group Co., Ltd. From April 2015 to January 2017, he served as a manager of the Company's investment department. Since January 2017, he has served as secretary of the Board of Directors of the Company.
Gan Quanquan	Born in 1982, Chinese nationality, without the right of permanent residence abroad. In 2007, he obtained a master's degree in fuel cell catalysts from Dalian Jiaotong University. From August 2007 to November 2012, he served as a project manager of Sichuan New Energy Power Company Limited. From December 2012 to January 2016, he served as deputy director of the R&D center of the Company. Since February 2016, he served as a deputy general manager of SinoFuelCell.
Yang Shaojun	Born in 1979, Chinese nationality, without the right of permanent residence abroad. He graduated from Wuhan University of Technology with a master's degree in materials science in June 2005. From July 2005 to February 2011, he worked as chief engineer at Grace Semiconductor Manufacturing Corporation. From February 2011 to June 2016, he served as a senior engineer at Intel Semiconductor (Dalian) Ltd. Since July 2016, he has served successively as a deputy manager in manufacturing process department of the Company and a testing director of SinoFuelCell.
Fang Chuan	Born in 1990, Chinese nationality, without the right of permanent residence abroad. From July 2014 to January 2018, he obtained a master's degree and a doctor's degree in power engineering and engineering thermophysics at Tsinghua University. In 2020, he served as deputy director of the R&D Center of the Company. Since 2021, he has served as the R&D director of the Company.

## SECTION IV CORPORATE GOVERNANCE

### (II) Current and resigned directors, supervisors and senior management during the Reporting Period

#### 1. Positions held in shareholder entities

Name of employee	Name of shareholder entity	Position held in the shareholder entity	Commencement date of term of office	Termination date of term of office
Wu Yong (resigned)	Shuimu Sail	Representative of general partner	2014-6-24	To date
Wu Yong (resigned)	Shuimu Yuanjing	Representative of general partner	2017-9-28	To date
Wu Yong (resigned)	Shuimu Changfeng	Representative of general partner	2015-5-8	To date
Particulars of positions held in shareholder entities		Nil		

#### 2. Positions held in other entities

Name of employee	Name of other entities	Positions held other entities	Commencement date of term of office	Termination date of term of office
Zhang Guoqiang	Beijing Guorui Changda Technology Co., Ltd.	Executive Director	2016-12-19	To date
Zhang Guoqiang	Beijing Hongmeng Huatong Energy Group Co., Ltd.	Executive Director, General Manager	2019-7-10	To date
Zhang Guoqiang	Beijing Qingbai Huatong Technology Co., Ltd.	Executive Director	2011-5-6	To date
Zhang Guoqiang	Beiqing Zhichuang (Beijing) New Energy Vehicle Technology Co., Ltd.	Director	2020-8-20	2023-12-18
Zhang Guoqiang	Toyota Sinohytec	Director	2021-6-28	To date
Zhang Guoqiang	Beijing Caven New Energy Vehicle Co., Ltd.	Director	2022-10-18	To date
Zhang Guoqiang	Zhongguancun Hydrogen Energy and Fuel Cell Technology Innovation Industry Alliance	Person in charge	2021-7-6	To date
Song Haiying	Air Sinohytec Hydrogen Technology Co., Ltd.	Director, Chief Financial Officer	2020-5-13	To date
Song Haiying	United Fuel Cell	Director	2020-8-20	To date
Song Haiying	Shanghai Fangshi New Energy Car Rental Co., Ltd.	Director	2015-12-14	To date
Song Haiying	Zhangjiakou Haiper	Director	2020-2-11	To date

## SECTION IV CORPORATE GOVERNANCE

<b>Name of employee</b>	<b>Name of other entities</b>	<b>Positions held other entities</b>	<b>Commencement date of term of office</b>	<b>Termination date of term of office</b>
Song Haiying	Toyota Sinohytec	Director, general manager	2021-6-28	To date
Song Haiying	Xinjiang Zhaolian Qingtong Energy Technology Co., Ltd.	Chairman, general manager	2023-11-2	To date
Song Haiying	Xinjiang Zhaolian Qingtong Energy Technology Co., Ltd.	Chairman of the Board	2023-5-26	To date
Song Haiying	Foshan Shuimu Cooperation Green Traffic Xieli Co., Ltd.	Chief Financial Officer	2023-9-29	To date
Dai Dongzhe	Toyota Sinohytec	Supervisor	2021-6-28	To date
Dai Dongzhe	United Fuel Cell	Supervisor	2020-8-20	To date
Dai Dongzhe	Beijing Swift New Energy Technology Co., Ltd.	Supervisor	2021-1-29	To date
Teng Renjie	Beijing Shuiqing Technology Co., Ltd.	Director	2012-6-15	To date
Teng Renjie	Beijing Shuimu Guoding Investment Management Co., Ltd.	Supervisor	2004-7-5	To date
Teng Renjie	Beijing Qingneng Huatong Technology Development Co., Ltd.	Director	2004-7-5	To date
Teng Renjie	Beijing Shuimu Huayan Investment Management Co., Ltd.	Director	2011-5-24	To date
Teng Renjie	Shuimu Bozhan Technology Development (Beijing) Co., Ltd.	Director	2013-2-8	To date
Wu Yong (resigned)	Beijing Hetang International Health Venture Capital Management Co., Ltd.	Supervisor	2015-6-9	To date
Wu Yong (resigned)	Beijing Huazhuo Jingke Technology Co., Ltd.	Chairman of the Board	2015-9-9	To date
Wu Yong (resigned)	Beijing Jietong Huasheng Technology Co., Ltd.	Director	2016-1-13	To date
Wu Yong (resigned)	Beijing Pinchi Medical Equipment Co., Ltd.	Director	2013-10-16	To date
Wu Yong (resigned)	Beijing Qingce Technology Co., Ltd.	Director	2016-1-26	To date
Wu Yong (resigned)	Beijing Qingyuan Jibao Technology Co., Ltd.	Chairman of the Board	2015-10-29	To date
Wu Yong (resigned)	Beijing Shuimu Guoding Investment Management Co., Ltd.	Director, general manager	2012-7-20	To date

## SECTION IV CORPORATE GOVERNANCE

Name of employee	Name of other entities	Positions held other entities	Commencement date of term of office	Termination date of term of office
Wu Yong (resigned)	Beijing Shuiqing Technology Co., Ltd.	Director	2013-4-18	To date
Wu Yong (resigned)	Hetang Venture Capital Management (Beijing) Co., Ltd.	Director	2020-11-25	To date
Wu Yong (resigned)	Hetang Exploration International Health Technology Development (Beijing) Co., Ltd.	Chairman of the Board	2019-3-5	To date
Wu Yong (resigned)	Qingpu Technology (Suzhou) Co., Ltd.	Director	2017-12-19	To date
Wu Yong (resigned)	Beijing Daokou Dai Technology Co., Ltd.	Director	2016-2-1	To date
Wu Yong (resigned)	Ningbo Haiershi Gene Technology Co., Ltd.	Director	2020-10-17	To date
Wu Yong (resigned)	Beijing Xinli Technology Innovation Co., Ltd.	Supervisor	2023-1-6	To date
Wu Yong (resigned)	Beijing Qingyan Zhishu Technology Co., Ltd.	Director	2022-12-14	To date
Wu Yong (resigned)	Beijing Shuimu Huading Venture Investment Management Co, Ltd.	Executive director, manager	2022-4-2	To date
Wu Yong (resigned)	Beijing Shuimu Zhongzhi Enterprise Management Co., Ltd.	Executive director, manager	2022-11-08	To date
Wu Yong (resigned)	Beijing Puyi Biotechnology Co., Ltd.	Director	2022-1-19	To date
Wu Yong (resigned)	Wuhu Xinma Investment Co., Ltd.	Director	2023-4-3	To date
Song Feng	Beijing Shuimu Tongda Transportation Co., Ltd.	Director	2019-1-22	To date
Song Feng	Beijing Changneng Environment Big Data Technology Co., Ltd.	Director	2019-6-10	To date
Song Feng	Beijing Dacheng Guoce Technology Co., Ltd.	Director	2022-11-4	To date
Song Feng	Beijing Youwei Precision Measurement and Control Technology Research Co., Ltd.	Executive director	2023-10-2	To date
Song Feng	Beijing Huachuang Fuel Cell Technology Co., Ltd.	Executive director	2022-3-28	To date
Song Feng	Beijing Shuimu Huading Venture Investment Management Co, Ltd.	Supervisor	2022-4-2	To date

## SECTION IV CORPORATE GOVERNANCE

<b>Name of employee</b>	<b>Name of other entities</b>	<b>Positions held other entities</b>	<b>Commencement date of term of office</b>	<b>Termination date of term of office</b>
Song Feng	Shanghai Maximfuelcell Technology Co., Ltd.	Director	2020-5-20	To date
Song Feng	Zhongxin Suzhou Industrial Park Qingcheng Environmental Development Co., Ltd.	Director	2021-8-19	To date
Song Feng	Zhejiang Zhentai Energy Technology Co., Ltd.	Director	2019-5-29	To date
Song Feng	Beijing Shuimu Xinhe Medical Technology Co., Ltd.	Supervisor	2023-9-14	To date
Liu Xiaoshi	Beijing Chebahui Technology Development Co., Ltd.	Executive Director, general manager	2018-7-10	To date
Liu Xiaoshi	Chebai Intelligent Network Research Institute (Wuhan) Co., Ltd.	Director	2020-6-23	To date
Liu Xiaoshi	Wuhan Chewang Zhilian Test Operation Management Co., Ltd.	Chairman, general manager	2019-6-17	To date
Liu Xiaoshi	Chebai Zhongqi Technology (Beijing) Co., Ltd.	Director	2021-10-9	To date
Liu Xiaoshi	EV100plus Automotive Industry Research Institute (Hefei) Co. Ltd.	Executive Director, general manager	2022-05-12	To date
Liu Xiaoshi	EV100plus Automotive Technology Research (Beijing) Co. Ltd.	Executive Director, general manager	2022-10-28	To date
Liu Xiaoshi	United Electric Vehicle Innovation Center Co. Ltd.	Executive Director, general manager	2023-6-3	To date
Liu Xiaoshi	Beijing Chebai Intelligent Network Technology Co., Ltd.	Director	2023-5-14	To date
Liu Xiaoshi	Chebai Online (Beijing) Technology Co. Ltd.	Chairman of the Board	2023-9-28	To date
Liu Xiaoshi	Chebai Chain (Wuhan) Digital Technology Co. Ltd.	Executive Director, general manager	2023-6-30	To date
Liu Xiaoshi	Beijing Chebai Future Innovation Technology Co. Ltd.	Executive Director, general manager	2023-5-15	To date
Liu Xiaoshi	Hubei Changjiang Hi-Tech Industry Research Institute Co. Ltd.	Executive Director	2023-4-19	To date
Liu Xiaoshi	Shanghai Chebailian Wisdom Technology Co. Ltd.	Executive Director	2023-8-20	To date

## SECTION IV CORPORATE GOVERNANCE

Name of employee	Name of other entities	Positions held other entities	Commencement date of term of office	Termination date of term of office
Ji Xuehong	Beijing Chechuang Huixiang Technology Development Co., Ltd.	Executive Director, general manager	2017-7-12	To date
Li Zhijie	Beijing Chaofu State-owned Assets Administration Co., Ltd.	Director	2020-7-3	To date
Li Zhijie	Zhian Chain Cloud Technology (Beijing) Co., Ltd.	Executive Director, general manager	2019-4-16	To date
Li Zhijie	Zhian Chain Cloud Technology (Zhejiang) Co., Ltd.	Executive Director, general manager	2020-12-1	To date
Li Zhijie	Zhian Chain Cloud Technology (Xi'an) Co., Ltd.	Executive Director, general manager	2020-1-15	To date
Li Zhijie	Libang Digital Technology (Guangzhou) Co., Ltd.	Executive Director, general manager	2018-10-8	To date
Zhang He	Shanghai Maximfuelcell Technology Co., Ltd.	Chairman of the Board	2019-6-21	2023-9-7
Zhang He	Yihydrogen Technology (Beijing) Co., Ltd.	Executive Director	2021-7-16	To date
Zhang He	Shanghai Maximfuelcell Energy Technology Co., Ltd.	Executive Director	2022-11-14	2023-11-1
Wang Shanshan	Beijing Shuimu Tongda Transportation Co., Ltd.	Supervisor	2020-7-1	To date
Wang Shanshan	Hetang Future Health Technology Development (Beijing) Co., Ltd.	Supervisor	2021-9-10	To date
Wang Shanshan	Beijing Shuimu Zhongzhi Enterprise Management Co., Ltd.	Supervisor	2022-11-8	To date
Li Feiqiang	Toyota Sinohytec	Director	2021-6-28	To date
Kang Zhi	Zhangjiakou Haiper	Director	2020-2-11	To date
Chan So Kuen	Link Holdings Limited	Independent non-executive Director	2014-10-16	To date
Chan So Kuen	Yangzhou Guangling District Taihe Rural Micro-finance Company Limited	Independent non-executive Director	2015-1-15	2024-1-19
Particulars of positions held in shareholder entities		Nil		

## SECTION IV CORPORATE GOVERNANCE

### (III) Remuneration of directors, supervisors, senior management and core technicians

Unit: RMB0'000

The decision-making procedure for the remunerations of Directors, Supervisors and senior management	According to the relevant provisions of the Articles of Association, the remuneration and allowances of Directors and Supervisors are determined by the general meeting of the Company, and the remuneration of senior management is determined by the Board of the Company.
Whether a director should abstain from the Board's discussion of his/her remuneration	Yes
The circumstances in which the Remuneration and Evaluation Committee or the special meeting of independent directors issued recommendations on the remuneration of directors, supervisors and senior managers	As reviewed by the Remuneration and Evaluation Committee, the current remuneration of senior management of the Company in 2023 was determined by reference to factors such as industry and regional salary levels, and based on comprehensive assessment indicators such as individual annual work, post responsibilities and management objectives, which was in line with the remuneration plan of senior management of the Company, the decision-making procedures were in line with the relevant regulations of the Company, and there was no harm to the interests of the Company and shareholders.
Basis for determining the remuneration of Directors, Supervisors and senior management	<ol style="list-style-type: none"> <li data-bbox="659 1065 1447 1241">1. The Company does not separately pay directors' allowances to non-independent directors. Non-independent directors who hold other positions in the Company shall receive remuneration according to the specific management positions held by them in the Company and in accordance with the relevant remuneration and performance appraisal management system of the Company.</li> <li data-bbox="659 1274 1447 1517">2. The Company pays allowances to the independent non-executive Directors on the basis of independent non-executive Directors' great contributions to the Company's standardized operation, internal system construction and corporate development, with reference to the remuneration level of the industry, regional economic development, combining with the actual operation of the Company and the relevant conditions of the independent non-executive Directors of the Company.</li> <li data-bbox="659 1550 1447 1729">3. According to the proposal of the Remuneration and Evaluation Committee of the Board and with reference to factors such as industry and regional salary levels, the Company determines the current remuneration of the senior management by referring to the overall assessment indicators of individual annual work, job responsibilities and management objectives.</li> </ol>

## SECTION IV CORPORATE GOVERNANCE

Actual payment of remuneration of Directors, Supervisors and senior management	During the Reporting Period, the actual payment of the remuneration of the Directors, Supervisors and senior management of the Company was in line with the disclosure of the Company.
Total actual remunerations received by all Directors, Supervisors and senior management at the end of the Reporting Period	853.31
Total actual compensations received by core technicians at the end of the Reporting Period	440.31

### (IV) Changes in Directors, Supervisors, senior management and core technicians

Name	Position	Changes	Reasons for changes
Wu Yong	Non-executive Director	Resignation	Personal reasons
Song Feng	Non-executive Director	Election	By-election
Fang Jianyi	Independent non-executive Director	Resignation	Personal reasons
Li Zhijie	Independent non-executive Director	Election	By-election

### III. BOARD MEETINGS HELD DURING THE REPORTING PERIOD

Name of meeting	Date of meeting	Resolution of meeting
The 7th meeting of the third session of the Board	February 17, 2023	<p>Proposal on the Use of the Excess Proceeds and Certain Idle Proceeds for Cash Management</p> <p>Proposal on the Application for Comprehensive Credit Facilities and Provision of Guarantee Quota by the Company and its Subsidiaries for 2023</p> <p>Proposal on Change of the Registered Capital, Amendments to the Articles of Association and Handling Industrial and Commercial Registration and Amendments to the Rules of Procedure for General Meetings</p> <p>Proposal on the Amendments to the Management System of the Company</p> <p>Proposal on the 2023 Estimated Quota of Ordinary Related Party Transactions</p> <p>Proposal on Convening the 2023 First Extraordinary General Meeting of the Company</p>
The 8th meeting of the third session of the Board	March 29, 2023	Proposal on the Unaudited Annual Results the Year ended December 31, 2022

## SECTION IV CORPORATE GOVERNANCE

<b>Name of meeting</b>	<b>Date of meeting</b>	<b>Resolution of meeting</b>
The 9th meeting of the third session of the Board	April 27, 2023	<p>Proposal on the 2022 Annual Report (and its Abstract)</p> <p>Proposal on the 2022 Work Report of the Board</p> <p>Proposal on the 2022 Work Report of Independent Non-executive Directors</p> <p>Proposal on the 2022 Report of the Performance of Duties by the Audit Committee</p> <p>Proposal on the 2022 Work Report of the General Manager</p> <p>Proposal on the 2022 Final Accounts Report</p> <p>Proposal on the 2022 Internal Control Assessment Report of the Company</p> <p>Proposal on the 2022 Special Report on the Deposit and Use of Proceeds</p> <p>Proposal on the 2022 Profit Distribution and Conversion of Capital Reserve to the Share Capital Plan of the Company</p> <p>Proposal on Resignation of Independent Non-executive Director and By-election of Independent Non-executive Director</p> <p>Proposal on the Uncovered Losses of the Company Reaching One-third of the Total paid-in Share Capital</p> <p>Proposal on the Re-appointment of Accounting Firms</p> <p>Proposal on the 2023 First Quarterly Report of the Company</p> <p>Proposal on Change of Agent for Service of Process in Hong Kong</p> <p>Proposal on Convening the 2022 Annual General Meeting, 2023 First A Share Class Meeting and 2023 First H Share Class Meeting</p>
The 10th meeting of the third session of the Board	May 31, 2023	<p>Proposal on Resignation of Non-executive Director and By-election of Non-executive Director</p> <p>Proposal on Addition of Provisional Proposals to 2023 Annual General Meeting</p>
The 11th meeting of the third session of the Board	August 30, 2023	<p>Proposal on the 2023 Interim Report (and its Abstract) and the Interim Results Announcement for the Six Months ended June 30, 2023</p> <p>Proposal on the 2023 Interim Special Report on the Deposit and Use of Proceeds</p>
The 12th meeting of the third session of the Board	October 30, 2023	<p>Proposal on the 2023 Third Quarterly Report</p> <p>Proposal on Capital Increase and Related Transactions of Wholly-owned Subsidiaries</p> <p>Proposal on the Extension of Issuance of Fundraising Projects to Specific Targets through Simplified Procedures</p>

## SECTION IV CORPORATE GOVERNANCE

Name of meeting	Date of meeting	Resolution of meeting
The 13th meeting of the third session of the Board	December 13, 2023	<p>Proposal on Increasing the Estimated Quota of Ordinary Related Party Transactions for 2023</p> <p>Proposal on the Application for Comprehensive Credit Facilities and Provision of Guarantee Quota by the Company and its Subsidiaries for 2024</p> <p>Proposal on the Use of Certain Idle Proceeds from Issuance of Shares to Specific Subscribers by Simplified Procedures to Temporarily Supplement Working Capital</p>

### IV. PERFORMANCE OF DUTIES BY DIRECTORS

#### (I) Attendance of Directors at Board meetings and general meetings

Director Name	Independent Director or not	Require attendance for the year	Attendance at Board meetings				Absence Times	Any failure in attending in person for two consecutive meetings	Attendance at general meetings
			Attendance in person	Attendance by way of communication	Attendance by proxy				
Zhang Guoqiang	No	7	7	1	0	0	No	2	
Song Haiying	No	7	7	0	0	0	No	2	
Dai Dongzhe	No	7	7	0	0	0	No	2	
Teng Renjie	No	7	7	4	0	0	No	2	
Song Feng	No	3	3	2	0	0	No	1	
Liu Xiaoshi	Yes	7	7	4	0	0	No	2	
Ji Xuehong	Yes	7	7	4	0	0	No	2	
Chan So Kuen	Yes	7	7	4	0	0	No	2	
Li Zhijie	Yes	3	3	2	0	0	No	1	
Wu Yong	No	3	3	2	0	0	No	1	
Fang Jianyi	Yes	4	4	3	0	0	No	1	

Particulars on failure in attending in person for two consecutive meetings

Applicable  Not Applicable

Number of Board meetings held during the year	7
Including: Number of on-site meetings	7
Number of meetings held by way of communication	0
Number of meetings held on site and by way of communication	4

## SECTION IV CORPORATE GOVERNANCE

### V. SPECIAL COMMITTEES UNDER THE BOARD

#### (I) Members of special committees under the Board

Category of special committee	Name of members
Audit Committee	Li Zhijie (Convener), Ji Xuehong, Chan So Kuen
Nomination Committee	Liu Xiaoshi (Convener), Ji Xuehong, Zhang Guoqiang
Remuneration and Evaluation Committee	Liu Xiaoshi (Convener), Ji Xuehong, Zhang Guoqiang
Strategy Committee	Zhang Guoqiang (Convener), Song Haiying, Dai Dongzhe

#### (II) The Audit Committee convened six meetings during the Reporting Period

Date of meeting	Contents of meetings	Important comments and suggestions	Other performance of duties
February 17, 2023	Proposal on the Use of the Excess Proceeds and Certain Idle Proceeds for Cash Management	All members of the Audit Committee unanimously agreed on all proposals of the meeting.	Nil
	Proposal on the Application for Comprehensive Credit Facilities and Provision of Guarantee Quota by the Company and its Subsidiaries for 2023		
	Proposal on the 2023 Estimated Quota of Ordinary Related Party Transactions		
Mach 29, 2023	Proposal on the Unaudited Annual Results the Year ended December 31, 2022	All members of the Audit Committee unanimously agreed on all proposals of the meeting.	Nil

## SECTION IV CORPORATE GOVERNANCE

Date of meeting	Contents of meetings	Important comments and suggestions	Other performance of duties
April 27, 2023	<p>Proposal on the 2022 Annual Report (and its Abstract)</p> <p>Proposal on the 2022 Final Accounts Report</p> <p>Proposal on the 2022 Internal Control Assessment Report of the Company</p> <p>Proposal on the 2022 Special Report on the Deposit and Use of Proceeds</p> <p>Proposal on the 2022 Profit Distribution and Conversion of Capital Reserve to the Share Capital Plan of the Company</p> <p>Proposal on the Re-appointment of Accounting Firms</p> <p>Proposal on the 2023 Third Quarterly Report</p> <p>Proposal on Summary of the 2022 Internal Audit Work Report and the 2023 Internal Audit Work Plan</p>	<p>All members of the Audit Committee unanimously agreed on all proposals of the meeting.</p>	Nil
August 30, 2023	<p>Proposal on the 2023 Interim Report (and its Abstract) and the Interim Results Announcement for the Six Months ended June 30, 2023</p>	<p>All members of the Audit Committee unanimously agreed on all proposals of the meeting.</p>	Nil
October 30, 2023	<p>Proposal on the 2023 Third Quarterly Report</p>	<p>All members of the Audit Committee unanimously agreed on all proposals of the meeting.</p>	Nil
December 13, 2023	<p>Proposal on Capital Increase and Related Transactions of Wholly-owned Subsidiaries</p> <p>Proposal on Increasing the Estimated Quota of Ordinary Related Party Transactions for 2023</p> <p>Proposal on the Application for Comprehensive Credit Facilities and Provision of Guarantee Quota by the Company and its Subsidiaries for 2024</p> <p>Proposal on the Use of Certain Idle Proceeds from Issuance of Shares to Specific Subscribers by Simplified Procedures to Temporarily Supplement Working Capital</p>	<p>All members of the Audit Committee unanimously agreed on all proposals of the meeting.</p>	Nil

## SECTION IV CORPORATE GOVERNANCE

### (III) The Nomination Committee convened two meetings during the Reporting Period

<b>Date of meeting</b>	<b>Contents of meetings</b>	<b>Important comments and suggestions</b>	<b>Other performance of duties</b>
April 27, 2023	Proposal on Resignation of Independent Non-executive Director and By-election of Independent Non-executive Director	All members unanimously agreed on all resolutions of the meeting.	Nil
May 31, 2023	Proposal on Resignation of Non-executive Director and By-election of Non-executive Director	All members unanimously agreed on all resolutions of the meeting.	Nil

### (IV) The Remuneration and Evaluation Committee convened one meeting during the Reporting Period

<b>Date of meeting</b>	<b>Contents of meetings</b>	<b>Important comments and suggestions</b>	<b>Other performance of duties</b>
April 27, 2023	Proposal on Determining the Remuneration of Senior Management in 2023	All members of the Remuneration and Evaluation Committee unanimously agreed on all resolutions of the meeting	Nil

## SECTION IV CORPORATE GOVERNANCE

### VI. EMPLOYEES OF THE PARENT COMPANY AND MAJOR SUBSIDIARIES AT THE END OF THE REPORTING PERIOD

#### (I) Employees

Number of in-service employees of the parent company	423
Number of in-service employees of major subsidiaries	621
Total number of in-service employees	1,044
The number of retired employees whose expenses are borne by the parent company and its major subsidiaries	0

Type of Professional Composition	Profession	Number (person)
Production staff		212
Sales personnel		113
Technical staff		141
Financial staff		24
Administrative staff		47
R&D staff		346
Management		161
Total		1,044

Type of education level	Education	Number (person)
Doctoral degree		34
Master's degree		259
Undergraduate		373
Junior college		211
High school and below		167
Total		1,044

## SECTION IV CORPORATE GOVERNANCE

### (II) Remuneration policy

The Company strictly abides by national labor-related laws and regulations, and has established a remuneration policy system based on the principles of legality, competitiveness, motivation and fairness centering on business performance and following the concept of mutual growth between enterprises and employees. The Company is guided by strategic goals, decomposes organizational performance goals from top to bottom, ensures that employees' abilities match their positions according to the efficiency management evaluation method, implements a post grade salary system based on post competence, and inclines the system to the interests of outstanding employees such as sales and R&D technology. The Company adopts motivational and relatively fair compensation mechanisms to attract and retain outstanding talents.

### (III) Training programme

The Company formulates specialized training programs based on strategic business development plans and annual business goals, especially specific business needs. Adhering to the principle of on-demand teaching and pragmatic effectiveness, the Company carries out training activities with rich contents and flexible forms for employees at different levels and categories, so as to enhance employees' sense of belonging and accelerate the improvement of employees' job ability, professional skills and comprehensive quality. The Company builds good career development channels for employees to reserve talents, and realizes win-win progress between the Company and employees.

### (IV) Labor outsourcing

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Total number of working hours of outsourced labor	392,282.50
Total remuneration paid to outsourced labor (RMB)	12,311,356.98

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## VII. PROPOSAL FOR PROFIT DISTRIBUTION OR CAPITALIZATION OF CAPITAL RESERVE

### (I) The formulation, implementation or adjustment of cash dividend policy

Nil

## SECTION IV CORPORATE GOVERNANCE

### (II) Profit Distribution and Conversion of Capital Reserve unto Share Capital During the Reporting Period

Unit: RMB

Bonus shares for every 10 shares (shares)	0
Dividend per 10 shares (tax included)	0
Number of conversions per 10 shares (shares)	4
Cash dividend amount (tax included)	0
Net profit attributable to ordinary shareholders of listed companies in the annual consolidated statement of dividends	(243,203,674.62)
Ratio of net profit attributable to ordinary shareholders of listed companies in the consolidated statements (%)	0
Repurchase of shares in cash is included in the amount of cash dividends	0
Total dividend amount (tax included)	0
The ratio of the total dividend amount to the net profit attributable to ordinary shareholders of the listed company in the consolidated statement (%)	0

### VIII. ESTABLISHMENT AND IMPLEMENTATION OF INTERNAL CONTROL SYSTEM DURING THE REPORTING PERIOD

The Company conducted internal control assessment in accordance with the requirements of the Enterprise Internal Control Standard System and relevant regulations. The Company's existing internal control system was able to provide reasonable assurance for the Company's operation and management, asset security, and the authenticity and fairness of financial statements and relevant information. During the Reporting Period, no significant or important defects were found in financial statements and non-financial statements. In the next year, the Company will further improve various internal control management systems based on development strategies and changes in the external operating environment along with the development trend of the industry in which the Company operates, and maintain the continuous and effective operation of the internal control system, further implement refined management and control, strengthen the supervision and inspection on the implementation of internal control, and continue to optimize business processes and internal control environment, thus providing a reasonable guarantee for the realization of the Company's economic benefits and strategic goals, and promoting its sound and quality development.

### IX. MANAGEMENT CONTROL OVER SUBSIDIARIES DURING THE REPORTING PERIOD

During the Reporting Period, the Board of the Company adhered to the risk prevention-oriented principle and aimed to improve the management effectiveness, so as to enhance the execution of internal control system and the effectiveness of internal control management. The Company has formulated the Management System of Holding Subsidiaries to strengthen the management and control of holding subsidiaries, aiming to establish an effective control mechanism to control the risk of the Company's governance structure, assets and resources, and improve the overall operational efficiency and risk resistance capacity of the Company.

## SECTION IV CORPORATE GOVERNANCE

### X. EXPLANATION ON INTERNAL CONTROL AUDIT REPORT

In accordance with the Company Law, the Securities Law, the Shanghai Stock Exchange STAR Market Listing Rules and other laws, regulations and regulatory documents, the Company has formulated a relatively complete internal control system to improve and refine the internal control system based on the characteristics of the industry and the actual operation of the enterprise. During the Reporting Period, the operation and management of the Company were in compliance with laws and regulations, the asset security, the financial statements and relevant information were true and complete, which improved the operation efficiency and efficacy of the Company and facilitated the implementation of the development strategy of the Company.

Da Hua Certified Public Accountants (Special General Partnership) has conducted an independent audit on the effectiveness of the Company's internal control over financial reporting for 2023 and issued the Audit Report on Internal Control of Beijing SinoHytec Technology Co., Ltd. for 2023, and considered that the Company has maintained effective internal control over financial reporting in all material aspects in accordance with relevant regulations during the Reporting Period, which is consistent with the opinion of the internal control evaluation report issued by the Board of the Company.

Whether to disclose the internal control audit report: Yes

Type of opinion on the internal control audit report: Standard unqualified opinion

### XI. CORPORATE GOVERNANCE REPORT

#### (I) Corporate Governance Practices

The Group is committed to achieving high standards of corporate governance with a view to safeguarding the interests of its shareholders and enhance its value and accountability. The Board endeavors to adhere to the principles of corporate governance and has set and implemented sound corporate governance practices to fulfill the legal and commercial standards in the management structures, internal control, risk management and fair disclosure to achieve effective transparency and accountability.

The Company was listed on the Hong Kong Stock Exchange on January 12, 2023 (the "**Listing Date**") and the requirements of the Corporate Governance Code as set out in Appendix C1 to The Listing Rules were not applicable to the Company before the Listing Date.

The Company has complied with all the applicable code provisions as set out in the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 of the Listing Rules from the Listing Date to December 31, 2023, save for the deviation as set out below in this report.

The Company will continue to review its corporate governance practices to ensure its continued compliance of the CG Code, enhance its corporate governance standard, comply with the increasingly tightened regulatory requirements, and meet the rising expectations of the Shareholders and investors.

## SECTION IV CORPORATE GOVERNANCE

### (II) VALUES AND CULTURE

It is our corporate culture to maintain an inclusive and safe workplace for its employee. The Group promotes diversity at all levels to enhance the effectiveness of our corporate governance and ensure that there is gender diversity when recruiting staff at mid to senior levels. The Group also provides diversified career development opportunities and engage different training resources for our staff. In addition, the Group believes production safety is a critical factor to the success of our business and operation. It is our top priority to maintain work safety at our business operations.

The Group has established and implemented policies that promote a diversified and safe workplace. The Board is dedicated to upholding high ethical and legal standards to promote our corporate culture, and we provide regular training to our employees to strengthen their awareness and understanding of our values and internal policies. Before employees assume their positions, we also provide induction courses to introduce them to our culture and internal rules and regulations.

### (III) MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix C3 to the Listing Rules as its code of conduct governing securities transactions by the Directors and the supervisors of the Company. Having made specific enquiry of all the Directors and the Supervisors, the Company confirmed that each of the Directors and Supervisors has confirmed that he/she has complied with the required standards as set out in the Model Code from the Listing Date to the date of this report.

### (IV). DIRECTORS

#### 1. Board of Directors

The Company is governed by the Board which is responsible for the leadership and control of the Group, overseeing and managing the Group’s businesses, strategic decisions and performance, convening Shareholders’ general meetings and reporting our Board’s work at the Shareholders’ general meetings, implementing the resolutions passed at the Shareholders’ general meetings; determining our business plans and investment plans, preparing annual budget proposals and final accounts proposals; preparing plans for profit distribution and recovery of losses, preparing plans for the increase or decrease in registered capital; and exercising other power, functions and duties as conferred by the Articles of Association.

All the Directors carry out their duties in good faith and are in compliance with applicable laws and regulations, take decisions objectively and act in the interests of the Company and its Shareholders at all times.

Formal service agreements or letters of appointment have been entered into with the executive Directors, the non-executive Directors and the independent non-executive Directors respectively setting out the key terms and conditions of their respective appointments. Pursuant to the Articles of Association, the term of office of each Director is for a fixed term of three years commencing from the respective appointment date. A Director may serve consecutive term if re-elected upon the expiration of his/her term.

The Company has arranged for appropriate insurance coverage in respect of liability arising from legal action against the Directors and senior officers the Company and will conduct annual review on such insurance coverage.

Save as disclosed in “II. Directors, Supervisors and Senior Management” under “Section IV Corporate Governance” of this annual report, to the best knowledge of the Directors, there is no personal relationship (including financial, business, family or other material/relevant relationship) with any other Directors.

## SECTION IV CORPORATE GOVERNANCE

### 2. Board composition

The Board currently comprises of the following Directors:

#### Executive Directors

Mr. Zhang Guoqiang (張國強) (*Chairman and General Manager*)

Ms. Song Haiying (宋海英) (*Deputy General Manager and Chief Financial Officer*)

Ms. Dai Dongzhe (戴東哲) (*Deputy General Manager*)

#### Non-executive Directors

Ms. Teng Renjie (滕人杰)

Mr. Song Feng (宋峰)

#### Independent Non-Executive Directors

Mr. Liu Xiaoshi (劉小詩)

Mr. Ji Xuehong (紀雪洪)

Mr. Chan So Kuen (陳素權)

Mr. Li Zhijie (李志杰)

The biographical details of the Directors are set out in the section headed “Biographical Details of Directors, Supervisors and Senior Management” of this annual report. The Company considers that the composition of the Board provides a strong independent element with a balanced of skill, experience, knowledge and expertise, and diversity perspectives appropriate for the requirements of the business of the Company.

During the period from the Listing Date to December 31, 2023, the Company has complied with Rules 3.10(1) and (2) and 3.10A of the Listing Rules relating to the appointment of at least three independent non-executive directors, representing more than one-third of the Board and at least one of them has appropriate professional qualifications or accounting or related financial management expertise. All independent non-executive Directors also meet the guidelines for assessment of their independence pursuant to Rule 3.13 of the Listing Rules. The Company has received a confirmation of independence from each of the independent non-executive Directors as required under the Rule 3.13 of the Listing Rules and the Company considers all the independent non-executive Directors to be independent during the period from the Listing Date to December 31, 2023. The Board will assess their independence on an annual basis.

### 3. Chairman and Chief Executive

Under code provision C.2.1 of the CG Code, the responsibilities between the chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Zhang Guoqiang (張國強) is our general manager, and he also serves as the chairman of our Board as he has over ten years of experience in the fuel cell system industry. Our Board believes that vesting the roles of both the chairman of our Board and the general manager in the same person has the benefit of ensuring consistent leadership within our Group and enables more effective and efficient overall strategic planning of our Group.

### 4. Responsibilities and delegation of functions

The Company has formalized and adopted written terms on the division of functions reserved to the Board and those delegated to the management of the Company. The Board reserves for its decision on all major matters of the Company, including the approval and monitoring of all policy matters, overall strategies and budgets, risk management and internal control systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters.

All Directors have full and timely access to the relevant information of the Group as well as the advice and services of the Joint Company Secretaries and senior management of the Company, in order to ensure compliance with the Board procedures and all applicable laws and regulations. Any Director may request independent professional advice in appropriate circumstances at the Company's expense, upon reasonable request being made to the Board. The Board has delegated the responsibility for implementing its corporate strategies and the day-to-day management, operation and administration to the management of the Company under the leadership of the executive Directors. Clear guidance has been made as to the matters that should be reserved to the Board for its decision which include matters on, inter alia, capital, finance and financial reporting, internal control, communication with Shareholders, Board composition, delegation of authority and corporate governance. The Board periodically reviews the delegated functions and work tasks. Prior to entering into any significant transactions, the aforesaid officers have to obtain the Board's approval.

The Board recognizes that the collective responsibilities of the Directors to the Company in respect to the corporate governance include but are not limited to:

- (1) to develop and review the policies and practices on corporate governance of the Company and make recommendations to the Board;
- (2) to review and monitor the training and continuous professional development of Directors and senior management;
- (3) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (4) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to Directors and employees; and
- (5) to review the Company's compliance with the CG Code and disclosure in the corporate governance report of the Company.

## SECTION IV CORPORATE GOVERNANCE

### 5. Appointment, re-election and removal of Directors

All executive Directors and independent non-executive Directors are appointed for a specific term of three years. None of the Directors has a service contract or letter of appointment with the Company or any of its subsidiaries other than the contracts/letters of appointment expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation). All Directors, including the independent non-executive Directors, may serve consecutive terms if re-elected upon the expiration of his/her term in accordance with the provisions of the Articles of Association.

Without prejudicing the relevant laws, regulations, and regulatory rules of the place where the shares of the Company are listed, any person appointed by the Board as a Director to fill a casual vacancy or increase the number of Directors shall serve only until the first annual general meeting of the Company following his or her appointment and shall in that time be eligible for re-election. All Directors appointed to fill a casual vacancy should be subject to election by the Company's shareholders at the first general meeting after their appointment. Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

### 6. Board meetings, general meetings and procedures

Pursuant to the CG Code, at least four regular Board meetings should be held in each year. The Board is scheduled to meet regularly at least four times a year at approximately quarterly intervals, to discuss the overall strategy as well as the operational and financial performance of the Company. Other Board meetings will be held when necessary. The Company was listed after its financial year end date. For the year ended December 31, 2023, the record of the Directors attending the Board meetings and general meetings are as follows:

	<b>Number of meetings attended/ Number of Board meetings</b>	<b>Number of meetings attended/ Number of general meetings</b>
Mr. Zhang Guoqiang	7/7	2/2
Ms. Song Haiying	7/7	2/2
Ms. Dai Dongzhe	7/7	2/2
Ms. Teng Renjie	7/7	2/2
Mr. Song Feng <sup>(Note 1)</sup>	3/3	1/1
Mr. Liu Xiaoshi	7/7	2/2
Mr. Ji Xuehong	7/7	2/2
Mr. Chan So Kuen	7/7	2/2
Mr. Li Zhijie <sup>(Note 1)</sup>	3/3	1/1
Mr. Wu Yong <sup>(Note 2)</sup>	3/3	1/1
Mr. Fang Jianyi <sup>(Note 3)</sup>	4/4	1/1

## SECTION IV CORPORATE GOVERNANCE

### *Notes:*

- (1) Mr. Song Feng and Mr. Li Zhijie were appointed as the Directors on June 16, 2023. During the year ended December 31, 2023, each of Mr. Song Feng and Mr. Li Zhijie attended three out of three Board meetings and one out of one general meeting during their term of office.
- (2) Mr. Wu Yong retired as a Director on May 31, 2023. During the year ended December 31, 2023, Mr. Wu Yong attended three out of three Board meetings and one out of one general meeting during his term of office.
- (3) Mr. Fang Jianyi retired as an independent non-executive Director on June 16, 2023. During the year ended December 31, 2023, Mr. Fang Jianyi attended four out of four Board meetings and one out of one general meeting during his term of office.

During the Reporting Period, a meeting was held between the chairman of the Board and the independent non-executive Directors without the presence of other Directors in accordance with code provision C 2.7 of the CG Code.

Board members were provided with complete, adequate and timely information to allow them to fulfill their duties properly.

Schedules for regular Board meetings and meeting agenda are sent to all Directors in advance. Notice of at least 14 days is given for a regular Board meeting. For other Board and committee meetings, reasonable notice is generally given. Board papers together with all appropriate, complete and relevant information are dispatched to all Directors at least three days before each regular Board meeting to ensure that the Directors have sufficient time to review the related documents and be adequately prepared for the meeting.

The Joint Company Secretaries of the Company are responsible for keeping minutes of all Board and committee meetings. Draft minutes are normally circulated to all Directors for comments within a reasonable time after each meeting and the final version is open to Directors for inspection. The Articles of Association contain provisions requiring Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

### **7. Continuous professional development**

Prior to the Company's listing, all Directors have been given relevant guideline materials regarding the responsibilities and obligations of being a Director, the relevant laws and regulations applicable to the Directors, duty of disclosure of interest and business of the Company and such induction materials will also be provided to newly appointed Directors shortly upon their appointment as Directors to ensure that he or she has a proper understanding of the operation and business of the Company and full awareness of Directors' responsibilities and obligation under the Listing Rules and relevant statutory requirements. All Directors have been regularly provided with updates of the Group's performance, financial position and prospects to keep the Directors' abreast of the Group's affairs in order to discharge their duties. All Directors are also updated from time to time on the latest developments regarding the Listing Rules and other applicable regulatory requirements to ensure compliance and enhance their awareness of good corporate governance practices, as set out in their respective terms of reference which are available on the websites of the Hong Kong Stock Exchange and the Company.

## SECTION IV CORPORATE GOVERNANCE

During the year ended December 31, 2023, all Directors had participated in continuous professional development in the following manner in compliance with code provision C.1.4 of the CG Code:

<b>Name of Directors</b>	<b>Type of training</b>
Mr. Zhang Guoqiang	A, B
Ms. Song Haiying	A, B
Ms. Dai Dongzhe	A, B
Ms. Teng Renjie	A, B
Mr. Song Feng	A, B
Mr. Liu Xiaoshi	A, B
Mr. Ji Xuehong	A, B
Mr. Chan So Kuen	A, B
Mr. Li Zhijie	A, B

A: attending seminars/courses/conference to develop professional skills and knowledge

B: reading materials in relation to regulatory update

### 8. Corporate governance functions

As mentioned in the above paragraph A.4 "Responsibilities and delegation of functions" of this report, the Board is responsible for performing the corporate governance functions set out in code provision A.2.1 of the CG Code. During the Reporting Period, the Board has reviewed the Company's policies and practices on corporate governance and compliance with the CG Code, reviewed and monitored the continuous professional development of the Directors and also reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements.

The Company has established channels through formal and informal means whereby independent non-executive Directors can express their views in an open and candid manner. These include periodic Board reviews, dedicated meeting sections with the Chairman and interaction with management and other Board members including the Chairman outside the boardroom. The Board will review the implementation and effectiveness of the abovementioned mechanism on an annual basis to ensure that independent views and input are available to the Board.

### (V) Board Committees

The Board has established four Board committees, namely, the audit committee (the “**Audit Committee**”), the remuneration and evaluation committee (the “**Remuneration and Evaluation Committee**”), the nomination committee (the “**Nomination Committee**”) and the strategy committee (the “**Strategy Committee**”), to assist them in the efficient implementation of their functions and to oversee particular aspects of the Company’s affairs. Specific responsibilities, as set out in their respective terms of reference which are available on the websites of the Hong Kong Stock Exchange and the Company, have been delegated to the above committees. All committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company’s expense.

#### 1. Audit Committee

We have established the Audit Committee with terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG code. The primary duties of the Audit Committee are to review and supervise the financial reporting process, internal control and risk management system of the Group, including (i) to review the Company’s financial information and monitor the integrity of the Company’s financial statements, annual report and accounts, half-year report, and quarterly reports (if prepared for publication) and to review significant financial reporting judgments contained therein before submission to the Board; (ii) to manage the relationship with the external auditors, including but not limited to making recommendation to the Board on the appointment, reappointment and removal of external auditors, reviewing and monitoring the external auditors’ independence and objectivity and the effectiveness of the audit process, discussing with the auditors the nature and scope of the audit and reporting obligations, and developing and implementing policy on engaging an external auditor to supply non-audit services; (iii) to oversee the Company’s financial reporting system, risk management and internal control systems and associated procedures; and (iv) to develop, review and monitor the Company’s policies and practices on corporate governance issues, including but limited to training and continuous professional development of Directors and senior management, and the Company’s compliance with legal and regulatory requirements and the CG Code. For details of the duties and obligations of the Audit Committee, please refer to the terms of reference of the Audit Committee published on the websites of the Hong Kong Stock Exchange and the Company on January 11, 2023.

As of December 31, 2023, the Audit Committee comprised three members, namely Mr. Li Zhijie, Mr. Ji Xuehong and Mr. Chan So Kuen, all of whom are independent non-executive Directors and is chaired by Mr. Li Zhijie who has the appropriate professional qualifications or accounting or related financial management expertise. During the year ended December 31, 2023, the Audit Committee held six meetings and the work performed by the Audit Committee was summarized as follows:

- (1) reviewed the Company’s financial statements and financial report for the year ended December 31, 2022, including Group’s accounting policies, financial performance and position set out therein;
- (2) reviewed the findings and recommendations from external auditors and the independent internal control reviewer;
- (3) reviewed the independence of the external auditors and engagement of external auditors;
- (4) reviewed the audit plan, internal control plan, the development in accounting standards and their effects on the Group, financial reporting and risk management matters;

## SECTION IV CORPORATE GOVERNANCE

- (5) reviewed the adequacy of resources, qualifications and experience of staff in the Group's accounting and financial reporting functions; and
- (6) reviewed the effectiveness of the Group's risk management and internal control systems.

The attendance records of each committee members are set out below:

	<b>Number of attendance/ Number of meetings</b>
Mr. Li Zhijie ( <i>Convener</i> )	3/6
Mr. Ji Xuehong	6/6
Mr. Chan So Kuen	6/6
Mr. Fang Jianyi	3/6

*Note:* Mr. Li Zhijie was appointed as a member of the Audit Committee and Mr. Fang Jianyi resigned as a member of the Audit Committee with effect from June 16, 2023.

The Company's annual report and annual results announcement for the year ended December 31, 2023 have been reviewed by the Audit Committee. The Audit Committee is of opinion that the preparation of such financial information complied with the applicable accounting standards, the requirements under the Listing Rules and any other applicable legal requirements, and that adequate disclosures have been made.

### 2. Nomination Committee

We have established the Nomination Committee with written terms of reference in compliance with the CG Code. The primary duties of the Nomination Committee are to (i) review the structure, size, composition and diversity (including without limitation, professional experience, skills, knowledge, age, gender, education, cultural background and length of service) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy; (ii) determine the policy for the nomination of Directors, identify individuals suitably qualified to become members of the Board and select or make recommendations to the Board on the selection of individuals nominated for directorships, and in identifying suitable individuals, consider individuals on merit and against the object criteria, with due regard for the benefits of diversity on the Board; (iii) assess the independence of independent non-executive Directors of the Company; (iv) make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive, taking into account the Company's corporate strategy and the mix of skills, knowledge, experience and diversity needed in the future; and (v) formulate and regularly review measurable objectives for the implementation of the board diversity policy and monitor the progress of the implementation of such objectives. For details of the duties and obligations of the Nomination Committee, please refer to the terms of reference of the Nomination Committee published on the websites of the Hong Kong Stock Exchange and the Company on January 11, 2023.

## SECTION IV CORPORATE GOVERNANCE

As of December 31, 2023, the Nomination Committee comprised three members, namely Mr. Liu Xiaoshi (Convener), Mr. Zhang Guoqiang and Mr. Ji Xuehong. During the year ended December 31, 2023, the Nomination Committee held two meetings and the work performed by the Nomination Committee was summarized as follows:

- (1) reviewed and confirmed the structure, size and composition of the Board and the split between number of executive Directors and independent non-executive Directors remained appropriate for the Board to perform its duties;
- (2) reviewed and confirmed the Board has a diverse mix of skills, knowledge, experience and gender;
- (3) reviewed the board diversity policy (the “**Board Diversity Policy**”); and
- (4) formulated the nomination policy (the “**Nomination Policy**”) and made a recommendation to the Board for adoption.

The attendance records of each committee members are set out below:

	<b>Number of attendance/ Number of meetings</b>
Mr. Liu Xiaoshi ( <i>Convener</i> )	2/2
Mr. Zhang Guoqiang	2/2
Mr. Ji Xuehong	2/2

### *Board Diversity Policy*

We have adopted the Board Diversity Policy which sets out the objective and approach to achieve and maintain a high level of diversity on our Board in order to enhance the effectiveness of our Board. The Board Diversity Policy provides that the Company should endeavor to ensure that the Board members have the appropriate balance of skills, experience, and diversity of perspectives that are required to support the execution of its business strategy. Pursuant to the Board Diversity Policy, a number of factors will be taken into account in determining the board composition to achieve board diversity, including but not limited to professional experience, skills, knowledge, age, gender, education, cultural background and length of service. The Nomination Committee is delegated by the Board to be responsible for compliance with relevant code governing board diversity under the CG Code.

The Nomination Committee will review the Board Diversity Policy from time to time to ensure its continued effectiveness including assessing annually on the board’s diversity profile including gender balance and making recommendation on suitable candidates for Board appointments and the Company will disclose in its corporate governance report about the implementation of the Board Diversity Policy on an annual basis.

The Nomination Committee will identify and recommend suitable female candidates for the Board’s consideration and our Company will maintain not less than 30% female representation in the Board so as to maintain an appropriate balance of gender diversity with reference to stakeholders’ expectation and international and local recommended best practices. As of the date of this report, the Board has three female members and six male members.

## SECTION IV CORPORATE GOVERNANCE

As of December 31, 2023, the Board has a reasonable age structure, with four directors aged 41 to 50, three directors aged 51 to 60 and two directors aged 61 or above. Furthermore, members of the Board have a balanced mix of knowledge, skills and experience, including engineering, overall business management, finance and investment. The Directors obtained degrees in various majors, including public administration, agronomy, business administration, accounting, engineering and science. The Board has three independent non-executive Directors who have different industry backgrounds, representing over one-third of our Board members.

The Nomination Committee has considered measurable objectives based on four focus areas: gender, age, professional experience and length of service to implement the Board Diversity Policy. Such objectives will be reviewed from time to time as and when appropriate and at least once a year to ensure their appropriateness and the progress made towards achieving those objectives will be ascertained. The Nomination Committee will review the Board Diversity Policy and our diversity profile as appropriate and at least once a year to ensure its continued effectiveness from time to time, and where necessary, make any revisions that may be required and recommend any such revisions to the Board for consideration and approval.

The effective implementation of the Board Diversity Policy also depends on the judgement of the Shareholders of the Company on the suitability of individual candidates and their views on the scale of gender diversity of our Board. As such, the Board will provide the Shareholders with detailed information of each candidate for appointment or re-election to the Board through announcements and circulars published prior to general meetings of our Company.

The Nomination Committee will disclose in the corporate governance report about the implementation of the Board Diversity Policy on an annual basis.

### *Employee diversity*

The Company also takes into account relevant factors when recruiting and selecting key business management personnel and other personnel to maintain gender diversity. As of December 31, 2023, all employees (including senior management) of the Company comprised 81% male employees and 19% female employees. We will continue to maintain gender diversity at all levels as our goal and review our policies on employee recruitment and management in accordance with the Company's business development and needs as and when appropriate.

### *Nomination Procedures*

The Nomination Committee identifies individuals suitably qualified to become Board members, having due regard to the Board Diversity Policy, Nomination Policy and the needs of the Company by considering the skills, knowledge, experience, expertise, etc. of the proposed candidate and assesses the independence of the proposed independent non-executive director, as the case may be. The Nomination Committee then makes recommendation(s) to the Board. The Board considers the candidate(s) recommended by the Nomination Committee, having due regard to the Board Diversity Policy, the Nomination Policy and the needs of the Company. The Board will then confirm the list of candidates for appointment to be proposed at the general meeting for voting.

### 3. Remuneration and Evaluation Committee

The Company has established the Remuneration and Evaluation Committee with written terms of reference in accordance with rule 3.26 of the Listing Rules and code provision E.1.2(c)(ii) of the CG Code. The primary duties of the Remuneration and Evaluation Committee are to (i) make recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy; (ii) review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives; and (iii) make recommendations to the Board on the remuneration packages of individual executive Directors and senior management/determine, with delegated responsibility, the remuneration packages of individual executive directors and senior management; and (iv) make recommendations to the Board on the remuneration of independent non-executive Directors. For details of the duties and obligations of the Remuneration and Evaluation Committee, please refer to the terms of reference of the Remuneration and Evaluation Committee published on the websites of the Hong Kong Stock Exchange and the Company on January 11, 2023.

The Remuneration and Evaluation Committee currently comprised three members, namely Mr. Liu Xiaoshi (Convener), Mr. Ji Xuehong and Ms. Dai Dongzhe. The remuneration of the Directors was determined with reference to the salaries paid by comparable companies and the experience, responsibilities, workload, time devoted to the Group and individual performance of the Directors, as well as the performance of the Group.

During the year ended December 31, 2023, the Remuneration and Evaluation Committee held one meeting and the work performed by the Remuneration and Evaluation Committee was summarised as follows:

- (1) made recommendations to the Board on the remuneration packages of the independent non-executive Directors.

The attendance records of each committee members are set out below:

	<b>Number of attendance/ Number of meetings</b>
Mr. Liu Xiaoshi ( <i>Convener</i> )	1/1
Mr. Ji Xuehong	1/1
Mr. Dai Dongzhe	1/1

Pursuant to code provision E.1.5 of the CG Code, the remuneration of the senior management of the Company by band for the year ended December 31, 2023 was set out in "8. Others (1) Remuneration of Directors and Supervisors" under "14. Other Significant Events" of "Section X Financial Statements".

## SECTION IV CORPORATE GOVERNANCE

### 4. Strategy Committee

The Company has established the Strategy Committee with written terms of reference. The primary duties of the Strategy Committee include (i) the formulation of long-term development strategies for the Company; (ii) the supervision and verification of major investment decisions of the Company; and (iii) other matters authorized by the Board. For details of the duties and obligations of the Strategy Committee, please refer to the terms of reference of the Strategy Committee published on the websites of the Hong Kong Stock Exchange and the Company on January 11, 2023.

The Strategy Committee currently comprised three members, namely Mr. Zhang Guoqiang (Convener), Ms. Song Haiying and Ms. Dai Dongzhe, all of whom are executive Directors.

During the year ended December 31, 2023, no meeting was held by the Strategy Committee.

### (VI) Directors' Responsibilities for the Financial Statements

The Board acknowledges its responsibilities for preparing the Company's financial statements for each financial year and to ensure that the financial statements are prepared in accordance with statutory requirements and applicable accounting standards. The Board also ensures the timely publication of the financial statements in accordance with statutory and/or regulatory requirements. The Directors, having made appropriate enquiries, confirm that they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. The statement by the auditor of the Company about their reporting responsibilities and opinion on the financial statements for the year ended December 31, 2023 is set out in the Independent Auditor's Report in the "Section X Financial Statements" of this annual report.

### (VII) RISK MANAGEMENT AND INTERNAL CONTROL

The Company had established appropriate and effective risk management and internal control systems. The Board is responsible for evaluating and determining the nature and extent of the risks that the Company is willing to take in achieving the Company's strategic objectives, and ensuring that the Company establishes and maintains appropriate and effective risk management and internal control systems. The management is responsible for designing, implementing and monitoring the risk management and internal control systems while the Board oversees the management in performing its duties on an on-going basis.

The management, under the supervision of the Board, has implemented and maintained appropriate and effective risk management and internal control system, which aims to manage and reduce (i) risks associated with the Group's daily operations; (ii) risks of failing to achieve business objectives; (iii) risks of asset misappropriation; and (iv) risks of making potential material misstatements or losses. However, the risk management and internal control system can only provide reasonable and not absolute assurance against material misstatements or losses. Main features of the risk management and internal control systems are described in the sections below:

### 1. Risk Management System

The Company adopts a risk management system which manages the risk associated with its business and operations. The system comprises the following phases:

- Risk identification: Identify risks that could potentially affect the Group's operation and business.
- Risk evaluation: Analyze the likelihood and impact of risks on the Group's business and evaluate the risk portfolio accordingly.
- Management: Determine the risk management strategies and internal control processes to prevent, avoid or mitigate the risks; monitor the risks on an on-going basis and ensure effective and appropriate internal control processes are in place; report the results and effectiveness of risk management and internal control to the Board regularly.

With regard to the principal risks encountered by the Company/Group, please refer to "IV. Risk Factors" under the "Section III Management Discussion and Analysis" set out in this annual report.

### 2. Internal Control System

The Company has in place an internal control system which enables the Company to achieve objectives regarding effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations. The internal control procedures are designed to monitor operations of the Group and ensure overall compliance. The components of the internal control system framework are shown as follow:

- Control Environment: A set of standards, processes and structures has been implemented to provide the basis for carrying out internal control across the Company.
- Risk Assessment: A dynamic and iterative process for identifying, assessing and analyzing risks to achieve the Company's objectives, forming a basis for determining how risks should be managed.
- Control Activities: Action established by policies and procedures to help ensure that management directives to mitigate risks to the achievement of objectives are carried out.
- Information and Communication: Regular and effective internal and external communication to provide the Company with the information needed to carry out day-to-day controls.
- Monitoring: Ongoing and separate evaluations to ascertain the existence and effective operation of each component of the internal control system.

In order to enhance the Company's system of handling and disseminating inside information, and to ensure the truthfulness, accuracy, completeness and timeliness of its public disclosures, the Company also adopts and implements an inside information policy and procedures. Certain reasonable measures have been taken from time to time to ensure that potential inside information being captured and confidentiality of such information being maintained in order to prevent a breach of a disclosure requirement in relation to the Company, which include:

## SECTION IV CORPORATE GOVERNANCE

- The access of information is restricted to a limited number of employees on a need-to-know basis. Employees who are in possession of inside information are fully conversant with their obligations to preserve confidentiality.
- Confidentiality agreements are in place when the Company enters into significant negotiations.
- Reporting channels are in place for different operating units to report any potential inside information to designated departments.
- The executive Directors are designated persons who speak on behalf of the Company when communicating with external parties such as the media, analysts or investors and to respond to external enquiries.

Based on the internal control reviews conducted by the Company in 2023, no significant internal control deficiency was identified.

### 3. Internal Audit Function

The Company has adopted an internal audit system and designated auditors to supervise the internal audits of income and expenses as well as the business activities of the Company. The internal audit team is responsible for reviewing the approval status, implementation status, and cash management as well as verifying the accounting procedure. The person in charge of audits shall be accountable to and report to the Board.

### 4. Effectiveness of the Risk Management and Internal Control Systems

The Board is responsible for overseeing the implementation and managing the risk management and internal control systems of the Company and ensuring review of the effectiveness of these systems has been conducted annually. The review covered all material controls of the Group, including financial, operational and compliance controls. Several areas have been considered during the Board's review, including but not limited to (i) the changes in the nature and extent of significant risks (including ESG risks) since the last annual review, and the Company's ability to respond to changes in its business and the external environment; (ii) the scope and effectiveness of management's ongoing monitoring of risks (including ESG risks) and of the internal control systems; (iii) the extent and frequency of communication of monitoring results to the board (or board committee(s)) which enables it to assess control of the issuer and the effectiveness of risk management; (iv) significant control failings or weaknesses that have been identified during the period, and the extent to which they have resulted in unforeseen outcomes or contingencies that have had, could have had, or may in the future have, a material impact on the issuer's financial performance or condition; and (v) the effectiveness of the issuer's processes for financial reporting and Listing Rule compliance. and (vi) the adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting, internal audit, financial reporting functions, as well as those relating to the Company's ESG performance and reporting.

The Board, through its review and the review made by internal audit team and the Audit Committee, concluded that the risk management and internal control systems were effective and adequate during the year ended December 31, 2023. Such systems, however, are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board also reviewed and considered that during the year ended December 31, 2023, the resources, staff qualifications and experience of relevant staff were adequate and the training programs and budget provided were sufficient.

## SECTION IV CORPORATE GOVERNANCE

### 5. Anti-corruption

The Group does not tolerate any form of corruption, such as bribery, extortion, fraud or money laundering. The Group requires all employees to comply with professional ethics, and prohibits any form of corruption. The Group has prepared manuals for internal training and implemented anti-bribery and anti-corruption compliance policies. The Group has adopted a zero-tolerance policy for any form of corruption. Employees who are found to have committed corruption will receive disciplinary action, including being discharged from their duties and required to indemnify the losses caused. If their acts are found to be in violation of any regulatory requirement, the employee will be held accountable for his/her judicial responsibility. The Group further strengthens the awareness of employees and new recruits by conducting periodic anti-corruption training.

### 6. Whistleblowing policy

The Board has established and adopted a whistleblowing policy which sets out the channels for employees and those who deal with the Group, including customers and suppliers, to raise concerns about possible improprieties in any matters about the Group, including financial reporting, internal control, corruption, or any kind of misconduct. Complaints will be kept confidential and anonymous, and will be handled in a timely and fair manner. The Audit Committee is responsible for the implementation and oversight of the policy and will review the policy annually.

## (VIII) INDEPENDENT AUDITOR'S REMUNERATION

The remuneration paid/payable to the independent auditor of the Company for the year ended December 31, 2023 is set out as follows:

Services rendered	Paid/payable RMB0'000
Audit services <sup>(Note 1)</sup>	130
Non-audit services <sup>(Note 2)</sup>	20
Total	150

Notes:

1. For the year ended December 31, 2023, the audit services provided by the independent auditor included audit on annual results.
2. The non-audit services included internal control audit services provided by the independent auditor.

## (IX) REMUNERATION OF SENIOR MANAGEMENT

For the year ended December 31, 2023, the remuneration before tax paid to a total of 4 senior management (excluding Directors and Supervisors) by the Company is set out below:

Remuneration Bands	Number
RMB1,000,000 or below	3
Over RMB1,000,000	1

## SECTION IV CORPORATE GOVERNANCE

### (X) JOINT COMPANY SECRETARIES

Mr. Kang Zhi (“**Mr. Kang**”) and Mr. Lau Kwok Yin (“**Mr. Lau**”), a vice president of SWCS Corporate Services Group (Hong Kong) Limited (a professional service provider specializing in corporate services), were appointed as the Joint Company Secretaries of the Company and are responsible for overseeing the company secretarial work of the Group. The primary corporate contact of Mr. Lau at the Company is Mr. Kang.

In accordance with the requirements under Rule 3.29 of the Listing Rules, both Mr. Kang and Mr. Lau confirmed that they have taken not less than 15 hours of relevant professional training during the year ended December 31, 2023.

### (XI) COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Board believes that a transparent and timely disclosure of the Company’s information is essential for enhancing investor relations and will enable the Shareholders and investors to make the best investment decision and to have better understanding of the Company’s business performance and strategies. The Company endeavours to maintain an on-going dialogue with the Shareholders and the investment community, and in particular, through the Company’s annual reports, interim reports and quarterly reports (if any), annual general meetings and other general meetings that may be convened, as well as by making available disclosures submitted to the Hong Kong Stock Exchange for publication and corporation communications and other corporate publications. The chairman of the Board and the chairmen of the Board committees will endeavour to meet the Shareholders at the general meetings to answer any questions raised by the Shareholders.

The Company has adopted a Shareholders Communication Policy (the “**Shareholders Communication Policy**”) to ensure that Shareholders’ views and concerns are appropriately addressed with the objective of ensuring transparent, accurate and open communications with the Shareholders, which will be reviewed annually to ensure its implementation and effectiveness.

The Company also maintains its website at [www.sinohytec.com](http://www.sinohytec.com) where corporate communication documents, other documents issued by the Company which are published on the website of the Stock Exchange, constitutional documents, corporate information, other corporate publications and up-to-date information and updates of the Company’s operations, performances and strategies are available to public access. The Company’s website serves as a communication platform with the Shareholders and investors.

The contact details of the Company are set out on the Company’s website to enable Shareholders to make any query that they may have with respect to the Company.

**(XII) SHAREHOLDERS' RIGHTS**

**1. Procedures for convening extraordinary meeting or class meeting on requisition**

The Shareholders shall follow the procedures as prescribed in Article 56 of the Articles of Association to convene an extraordinary general meeting or class meeting of the Company. The Shareholders who individually or jointly hold more than 10% (inclusive) of the issued shares of the Company carrying the right to vote shall have the right to propose to the Board to convene an extraordinary general meeting or a class meeting, and shall make such proposal to the Board in writing and illustrate the topic of the meeting. The Board shall, in accordance with the provisions of laws, administrative regulations, departmental rules, securities regulatory rules of the places where the shares of the Company are listed, and the Articles of Association, give written feedback on approval or disapproval of the convening of an extraordinary general meeting or class meeting within 10 days after receiving the written request. When the Board agrees to convene an extraordinary general meeting, it shall serve a notice of such meeting within 5 days after the resolution is made by the Board. Changes in the original proposal in the notice shall be subject to the approval of relevant shareholders. Where the laws, administrative regulations, departmental rules, securities regulatory rules of the places where the shares of the Company are listed have any other provisions, such provisions shall prevail. If the Board does not agree to hold the extraordinary general meeting or a class meeting or fails to give a reply within 10 days after receipt of the request, shareholders severally or jointly holding more than 10% (inclusive) of the shares carrying the right to vote at the meeting sought to be held shall be entitled to propose and request in writing to the supervisory committee of the Company (the "**Supervisory Committee**") to convene an extraordinary general meeting or a class meeting. If the Supervisory Committee agrees to convene the extraordinary general meeting or a class meeting, it shall serve a notice of such meeting within 5 days after receipt of the said request. Changes in the original requisition in the notice shall be subject to the approval of relevant shareholders. If the Supervisory Committee fails to give the notice of such a meeting within the specified time limit, it shall be deemed to have failed to convene or preside over the meeting, in which case, shareholders who individually or collectively hold more than 10% (inclusive) of the shares carrying the right to vote at the meeting sought to be held for more than 90 consecutive days may convene and preside over the meeting themselves. According to Article 57 of the Articles of Association, when the Supervisory Committee or the shareholders decide to convene the general meeting or a class meeting by themselves, they must notify the Board in writing and at the same time submit the relevant documentation to the stock exchange in the place where the shares of the Company are listed.

If the Supervisory Committee or shareholders convene the general meeting or class meeting on their own, the Company shall bear the reasonable expenses incurred thereby and deduct the expenses from the amount owed by the Company to the defaulting Directors.

The Shareholders of the Company shall follow the procedures as prescribed in Article 61 of the Articles of Association to propose new resolutions at general meetings. When the Company convenes an annual general meeting, shareholders holding more than 3% of the shares of the Company individually or jointly are entitled to submit proposals to the Company. The shareholders individually or jointly holding more than 3% of the shares of the Company may raise provisional proposal and submit it to the convener in writing 10 days before the general meeting is held. Upon the satisfaction that the proposal complies with the provisions in Article 60 of the Articles of Association, the convener shall, within 2 days after the receipt of the proposal, issue a supplementary notice of general meeting and announce the contents of the provisional proposal.

## SECTION IV CORPORATE GOVERNANCE

### 2. Procedures for raising enquiries

Shareholders can direct their enquiries about their shareholdings to the Company's H share registrar. Their details are as follows:

**Tricor Investor Services Limited**

17/F, Far East Finance Centre

16 Harcourt Road

Hong Kong

Email: [is-enquiries@hk.tricorglobal.com](mailto:is-enquiries@hk.tricorglobal.com)

Tel: (852) 2980 1333

Fax: (852) 2810 8185

The Shareholders may at any time make any queries in respect of the Company at the following designated contacts, correspondence address, email address(es) and enquiry hotline(s) of the Company. Information on the designated contact person, correspondence address, email address and enquiry hotline of the Company is set out in "II. Contact Persons and Contact Methods" of "Section II Company Profile and Major Financial Indicators".

The Shareholders are reminded to lodge their queries together with their detailed contact information for the prompt response of the Company if it deems appropriate.

The list of candidates for Directors and Supervisors shall be submitted by way of proposal for voting at the general meeting. Article 89 of the Articles of Association provides that any shareholders holding 3% or above of the shares individually or in aggregate or the Board may propose a resolution for the nomination of Directors at the general meeting, while any shareholders holding 3% or above of the shares individually or in aggregate or the Supervisory Committee may propose a resolution for the nomination of Supervisors at the general meeting. Candidates for independent non-executive Directors are nominated by the Board or the Supervisory Committee, or any shareholders holding 1% or above of the issued shares of the Company individually or in aggregate. In considering the proposal for the election of Directors and Supervisors, the general meeting shall vote on each candidate for Director and Supervisor one by one. The Board shall inform the Shareholders of the resumes and basic information of the candidates for Directors and Supervisors.

Further details of the procedures for Shareholders to propose a person for election as a Director are posted on the website of the Company. Shareholders or the Company may also refer to the above procedures for putting forward any other proposals at general meetings.

### (XIII) CONSTITUTIONAL DOCUMENTS

The Company amended its Articles of Association by way of special resolution on an extraordinary general meeting held on March 9, 2023, for the purposes of reflecting the change of registered capital and preparation of financial statements of the Company, bringing the Articles of Association in line with the amendments made to the applicable laws and regulations in the PRC and making minor housekeeping amendment. The Company further amended its Articles of Association by way of special resolution at the 2023 annual general meeting held on June 16, 2023, for the purposes of reflecting the change in the registered capital of the Company. On January 30, 2024, another special resolution was passed by the Company at an extraordinary general meeting for amendment of its Articles of Association for the purposes of, among others, (i) reflecting the latest updates on requirements and interpretation of applicable PRC laws, administrative regulations and normative documents and the related Listing Rules; and (ii) making housekeeping amendments. Save for the above, there has been no amendment made to the Articles of Association during the year ended December 31, 2023 and up to the date of this report. The updated Articles of Association is available on the respective websites of the Company and the Hong Kong Stock Exchange published on January 30, 2024.

# SECTION V

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### ABOUT THE REPORT

Beijing SinoHytec Co., Ltd. (the “**Company**”) and its subsidiaries (the “**Group**” or “**we**”) are pleased to publish its first Environmental, Social and Governance (“**ESG**”) Report (the “**ESG Report**” or the “**Report**”) to summarize the Group’s concepts and measures in the environmental and social aspects, promote the understanding, communication and interaction among the Group, stakeholders and the public and achieve the sustainable development of the Group.

### Reporting Scope and Period

The Group’s business focuses on the R&D and industrialization of fuel cell systems. The information and data disclosed in the Report cover the Company and its major subsidiaries included in the scope of the annual report. Unless otherwise specified, the reporting period is from January 1, 2023 to December 31, 2023 (the “**Reporting Period**” or the “**Year**” or “**2023**”).

### Reporting Standards

The Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “**Guide**”) as set out in Appendix C2 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and based on the reporting principles of materiality, quantitative, balance and consistency.

1. **Materiality:** ESG issues may have an impact on stakeholders and require disclosure in this ESG Report. For the procedure of identifying material ESG factors and the criteria for selecting these factors, please refer to the section headed “Analysis of Material ESG Issues” for details.
2. **Quantitative:** The ESG targets identified are measurable, so our ESG performance can be compared with the performances of our peers or the industry. Please refer to the section headed “Environment” for the standards, methods, assumptions and sources of conversion factors used to report emissions for details.
3. **Balance:** The information contained in this ESG Report shall be unbiased, and there are no presentation formats, selections or omissions that may mislead the judgments of stakeholders.
4. **Consistency:** To ensure comparability, the calculation and assumptions of all ESG key performance indicators (“**KPIs**”) shall be consistent. Changes in assumptions or calculation methods shall be specifically disclosed.

## SECTION V ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### Environmental, Social and Governance Statement of the Board

Promoting a sustainable and low-carbon future is one of our missions. Our product fuel cell system plays an important role in decarbonized transport as our products are the core of hydrogen fuel cell vehicles, and the working principle of fuel cell system is to combine hydrogen with oxygen to generate electricity with water and heat being its only byproduct. We have a positive impact on the global climate by promoting the development of hydrogen energy applications and promoting energy transformation. We will keep on adhering to the concept of promoting green energy in product development, manufacturing and technological innovation.

We assess our business to identify our environmental, social and governance responsibilities and adopt comprehensive environmental, social and governance policies in accordance with the requirements of the Stock Exchange to shoulder our corporate sustainability responsibilities to our shareholders as a corporate citizen. The Board pays close attention to the latest legal developments in ESG matters to ensure that we comply with the latest regulatory requirements. The Board is responsible for reviewing the content and quality of the ESG Report.

To better monitor the environmental and social performance of the Group, we have established the Safety, Occupational Health and Environmental, Health and Safety Committee (EHS Committee) to be responsible for our safety, occupational health and environmental protection work. The EHS committee is chaired by Mr. Zhang Guoqiang, Chairman of the Company's Board of Directors, and its members are the Deputy General Managers overseeing each business line and the persons-in-charge of our subsidiaries. We engage an independent third-party agency to identify and assess the Group's ESG risks and policies. On April 26, 2024, the Board examined and approved the 2023 Corporate Social Responsibility Report of the Group.

Developing hydrogen energy industry is one of the important ways to achieve China's strategic goals of carbon peaking and carbon neutrality, and has special strategic significance for improving China's energy structure, promoting low-carbon transformation in the transportation sector, and improving the international competitiveness and technological innovation of key industries. China attaches great importance to the development of hydrogen energy and fuel cell vehicles. In 2021, hydrogen energy was included into the "Outline of the Fourteenth Five Year Plan for the National Economic and Social Development and the Long-Range Objectives Through the Year 2035" as a future-proof industry. The hydrogen energy industry thus became an important part of China's energy strategy. The strategic position of the hydrogen energy and fuel cell industry is clarified in the Medium- and Long-term Plan for the Development of Hydrogen Energy Industry (2021–2035), the Outline of the National Innovation-driven Development Strategy, the China Energy Technology Innovation Action Plan (2016–2030), the Made in China 2025 and the New Energy Vehicle Industry Development Plan (2021–2035). In March 2022, the Medium- and Long-term Plan for the Development of Hydrogen Energy Industry (2021–2035) clarified that hydrogen energy is an important part of the future national energy system, an important focus in the green and low-carbon transformation with energy terminals, and a key development prospect for strategic emerging industries and future-proof industries.

The Group is committed to making contributions to the goals of "Carbon Peak and Carbon Neutrality" with hydrogen fuel cell technology as the breakthrough point, promoting the global energy revolution, becoming the leader of global hydrogen fuel cell technology and building a sustainable and diversified green and low-carbon new life. We strive to improve the rights and interests of the government, shareholders, customers, employees, suppliers and other stakeholders through technological innovation, product innovation and a more comprehensive business model than ever before.

## SECTION V ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### Stakeholders' Concerns

We define stakeholders based on their relations with the Group and the extent of their impacts on business operations. Interaction with our stakeholders helps to take our mutual understanding to a higher level and strengthens the Group's relations with stakeholders.

The following table illustrates the Group's major stakeholders, communication channels and their key concerns:

Stakeholders	Communication Channels	Key Concerns
Employees	<ul style="list-style-type: none"> <li>Employee training and team building activities</li> <li>Labor union activities</li> <li>Performance evaluation and appraisal</li> </ul>	<ul style="list-style-type: none"> <li>Career development and training opportunities</li> <li>Healthy and safe working environment</li> <li>Remuneration and benefits</li> </ul>
Shareholders and Investors	<ul style="list-style-type: none"> <li>Annual and interim reports</li> <li>General meetings</li> <li>Investor conferences</li> </ul>	<ul style="list-style-type: none"> <li>Financial and business stability</li> <li>Compliant operation</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>Examining suppliers</li> <li>On-the-spot examination</li> <li>Supplier performance evaluation</li> <li>Industry discussion</li> </ul>	<ul style="list-style-type: none"> <li>Fair cooperation</li> <li>Green purchasing</li> <li>Quality and stability</li> </ul>
Government	<ul style="list-style-type: none"> <li>Research and examination</li> <li>Information disclosure</li> </ul>	<ul style="list-style-type: none"> <li>Green production and operation</li> <li>Compliance operation</li> <li>Product quality and safety</li> </ul>
Communities	<ul style="list-style-type: none"> <li>Charitable and philanthropic events and voluntary activities</li> <li>ESG reports</li> <li>Social media channels</li> </ul>	<ul style="list-style-type: none"> <li>Social welfare</li> <li>Green production</li> </ul>
Customers	<ul style="list-style-type: none"> <li>Online and offline promotion activities</li> <li>Product launch events</li> <li>Customer satisfaction surveys</li> </ul>	<ul style="list-style-type: none"> <li>Product and service quality</li> <li>Privacy protection</li> </ul>

## SECTION V ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### ESG Materiality Analysis

We regularly identify the environmental, social and governance impacts that may occur in the course of our business. The Board shall assess the risks and review our existing strategies, objectives and control measures to further drive our sustainable business development. We shall adopt the following methods to identify, assess and manage material ESG issues:

**Identification:** Identifying ESG issues by analyzing the focuses of stakeholders (including major customers, major suppliers and employees) and collecting their opinions and views on our ESG measures and practices help us better identify and prioritize ESG issues and risks in our business operations. We believe that maintaining an open dialog with our stakeholders is essential to the sustainability of our business.

**Evaluation:** We and our stakeholders shall evaluate the performance of our ESG measures through effective communication. We shall continue to engage independent third parties to examine and evaluate, aiming to identify and evaluate our level of environmental compliance.

**Management:** We have implemented key ESG policies guiding the Group's management of ESG issues. The Board and the Committees shall review ESG issues arising from business operations when reviewing ESG measures, risk management policies, business plans and setting relevant performance targets.

In accordance with the Environmental, Social and Governance Guide issued by the Stock Exchange, the Group has identified compliance operation, product and service quality, supplier management and intellectual property protection as important ESG issues after comprehensively considering the importance of relevant issues to the Group and stakeholders. The identification of relevant issues helps ensure that the Group's business objectives and development direction are in line with stakeholders' expectations and requirements. We shall tilt our limited resources towards the management of these issues.

### INFORMATION AND FEEDBACK

Latest information on the Group's financial performance and corporate governance during the Reporting Period can be found on our official website ([www.sinohytec.com](http://www.sinohytec.com)) and our annual report. The Group welcomes all feedback from investors and stakeholders. We highly value your opinions. If you have any suggestions or opinions, please contact us through the following channels.

Address: 7/F, Building b-6, Area B, No. 66, Xixiaokou Road, Haidian District, Beijing  
Telephone: (010) 62796418  
Email: [sinohytec@autoht.com](mailto:sinohytec@autoht.com)

## SECTION V

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### A. ENVIRONMENT

Environmental protection is closely related to sustainable development. The purpose of sustainable development is to meet contemporary demands without compromising the ability of future generations to meet their demands. Environmental pollution may have a significant impact on human health. Air and water pollution, harmful chemicals, and other sources of pollution may all contribute to a variety of diseases and health problems. Visibly, environmental protection is one of the key elements of sustainable development, which involves the conservation and reuse of resources, the reduction of pollution, the protection of biodiversity, and the balanced development of society and economy.

Environmental protection measures may ensure our actions will not cause irreversible environmental impacts to future generations. With such measures, we can reduce the emissions of pollutants, and provide healthier and safer living conditions for human beings. The Group has formulated relevant measures related to environmental protection, the reduction of emissions and consumption and integrated environmental protection management into its daily operations. Meanwhile, the Group always ensures that it complies with relevant local laws and regulations in its business activities, including but not limited to the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution, the Law of the People's Republic of China on the Prevention and Control of Water Pollution and the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste.

The importance of environmental protection is reflected in the protection of the ecological environment, the protection of human health, the response to climate change and the realization of sustainable development. The Group is aware that environment is closely linked with life and human benefits, and through environmental actions, the Group can also create a more beautiful environment for the present and future generations. Our key ESG objectives are to minimize our environmental impacts and contribute to improving the environment. As our business is in the development stage, our current production capacity has not been fully utilized. Therefore, our ESG KPIs are volatile, but they are still within the controllable range. To better assume environmental responsibility, we are committed to achieving the goals of an energy consumption and GHG emission growth rate approximately five to ten percent lower than the production growth rate by 2025, while maintaining an energy consumption rate that is far below the average rate of the industry.

#### A1 Emissions

Clean air and water are essential to our lives and health. Air pollution makes the air dirty and even harmful to human beings. Air pollution may occur globally or locally, and air pollutants mainly include suspended particulates and hazardous gases, which can cause negative impacts on the mankind, the environment and the world.

The resources consumed by the Group during its operation mainly include energy and water. The consumption of resources is related to our production and R&D activities. The Group strictly complies with national and local emission regulations, laws and requirements, attaches great importance to the mission of various pollutants, manages them according to different situations and strives to study the feasibility of reducing emissions.

## SECTION V

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### Air Pollutants

Common air pollutants include nitrogen oxides, sulphur oxides, respirable suspended particulates and volatile organic compounds. Fuel combustion and transportation are the two main sources of air pollutants. Fuel combustion is a stationary source of pollution, while vehicles in driving are a mobile source of pollution. The Group's air pollutants are mainly generated by the use of motor vehicles, with a small amount of emissions from stationary sources from factory canteens, while volatile organic compounds are mainly generated from production activities

The following table sets forth the types of emissions and respective data in 2022 and the Reporting Period:

Air Pollutants	Units	2022	2023
Nitrogen oxides (NOx)	kg	24.2	27.8
Sulfur oxides (SOx)	kg	0.5	0.6
Particulate Matter (PM)	kg	5.7	2
Volatile organic compounds (VOCs)	kg	50.9	68.8
<b>Total air pollutant emissions</b>	kg	81.3	99.2

*Notes:*

The above data are collected, calculated and reported in accordance with the Stock Exchange's "How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs".

The production plants under the Group have set up an exhaust gas emission treatment system in our production plants, to ensure the treated exhaust gases meet the discharge standards before discharging.

In order to align with and achieve the Group's emission reduction goals, we will actively adopt clean production technologies in the future, to minimize future emissions of air pollutants.

### GHG Emissions

Greenhouse gases are the main cause of greenhouse effect, and the most important greenhouse gas is carbon dioxide, followed by pollutants such as nitrous oxide and methane, which are mainly generated from the combustion of petrochemical raw materials (i.e. coal and oil). The greenhouse effect will cause global temperature increase, and the resulting climate change will cost us enormously.

To combat climate change, reducing GHG emissions is a crucial goal. GHG emissions can be grouped into two scopes, namely, all direct emissions from Group-controlled activities (Scope 1) and indirect emissions from the use of energy supplied by energy suppliers (Scope 2).

## SECTION V ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The following table sets forth the total greenhouse gas (“GHG”) emissions as of 2022 and the Reporting Period:

GHG Emissions	Units	2022	2023
Scope 1 – Direct GHG emissions	tCO <sub>2</sub> eq	107.0	<b>121.8</b>
Scope 2 – Energy indirect GHG emissions	tCO <sub>2</sub> eq	7,382.3	<b>7,967.0</b>
Total GHG Emissions	tCO <sub>2</sub> eq	7,489.3	<b>8,088.8</b>
Total GHG intensity	tCO <sub>2</sub> eq/RMB10,000 of operating revenue	0.1	<b>0.1</b>

### Notes:

References of GHG emission data include but are not limited to the “Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard” issued by the World Resources Institute and the World Business Council for Sustainable Development and the “How to prepare an ESG Report --Appendix 2: Reporting Guidance on Environmental KPIs” issued by the Stock Exchange. To better reflect the Group’s actual performance, during this Reporting Period, the intensity is calculated on the basis of Group’s operating revenue, RMB800,701,900 in 2023 and RMB738,116,600 in 2022.

Within the Reporting Period, the Group’s GHG emissions were mainly within Scope 2, that is, by use of electrical energy; our electrical energy was mainly used in the operation of office premises and the production of goods, and the total intensity of GHG emissions was almost unchanged from previous year.

The Group will be committed to reducing GHG emissions by improving energy efficiency, promoting the development of renewable energy and implementing other energy conservation and emission reduction measures in line with national goals and policies. The Group will evaluate the existing energy utilization, seek the feasibility of improving the efficiency of production equipment by regularly inspecting production equipment and facilities, and strive to optimize production processes and R&D testing procedures.

### Wastewater Discharge

Wastewater pollution is a growing threat to humans and marine life and constitutes the largest proportion of global coastal pollution. Wastewater treatment as an important process to deal with water pollution is to treat domestic sewage and industrial wastewater by various means, which can separate solid pollutants from water and reduce organic pollutants in water, so as to reduce the wastewater pollution to the environment.

We have set up an wastewater treatment system in our production plants, to ensure the treated wastewater meets the discharge standards before discharging, and meanwhile the Group will also recycle part of the wastewater for production through a deionized water preparation unit.

## SECTION V

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The following table sets forth the amount of wastewater discharged as of 2022 and the Reporting Period:

Waste water	Units	2022	2023
Total wastewater discharge	tonne	8.9	7.4
Chemical oxygen demand (COD) emissions	tonne	6.1	5.3
Ammonia nitrogen (NH <sub>3</sub> -N) emission	tonne	0.3	0.4
Other pollutant emissions	tonne	2.5	1.7

*Notes:*

The above data are collected, calculated and reported in accordance with the Stock Exchange's "How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs". The relevant data sources are mainly disclosed in accordance with the pollutant discharge permit implementation report. Other pollutants mainly include petroleum, anionic surfactants, suspended substance, total phosphorus and nitrogen pollutants.

### Waste Management

Although the Group generates a low level of hazardous wastes and industrial solid wastes during production, the Group pays great attention to related pollution. We're committed to minimizing the environmental impacts of wastes by effective waste emission management. We sign contracts with professional third-party companies to regularly dispose of hazardous wastes, while other wastes are collected and disposed of by qualified waste treatment companies.

The following tables set forth the total hazardous and non-hazardous wastes produced as of 2022 and the Reporting Period:

Hazardous Wastes	Units	2022	2023
Total hazardous wastes	kg	16,470.0	18,230.0
Hazardous waste intensity	kg/RMB10,000 of operating revenue	0.2	0.2

*Notes:*

The above data are collected, calculated and reported in accordance with the Stock Exchange's "How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs". To better reflect the Group's actual performance, during this Reporting Period, the intensity is calculated on the basis of Group's operating revenue, RMB800,701,900 in 2023 and RMB738,116,600 in 2022.

## SECTION V ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Non-hazardous Wastes	Units	2022	2023
Total non-hazardous wastes	kg	36,420.0	<b>37,680.0</b>
Non-hazardous waste intensity	kg/RMB10,000 of operating revenue	0.5	<b>0.5</b>

*Notes:*

The above data are collected, calculated and reported in accordance with the Stock Exchange’s “How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs”. To better reflect the Group’s actual performance, during this Reporting Period, the intensity is calculated on the basis of Group’s operating revenue, RMB800,701,900 in 2023 and RMB738,116,600 in 2022.

The Group closely monitors the sources of pollutants published by the local governments and complies with national and local environmental regulations in the PRC. To comply with the applicable environmental protection laws, we have obtained the necessary pollutant discharge permits and complied with the PRC laws and regulations applicable to the treatment and disposal of pollutants. During the Reporting Period, we were in compliance with the applicable national and local environmental laws and regulations, and we were not subject to any administrative penalties in relation to environmental laws and regulations.

### A2 Use of Resources

We keep a close eye on energy consumption, regularly evaluate the electricity and water consumption during production, and compare with historical data etc to identify abnormalities and assess potential risks. We try to continuously improve energy efficiency and reduce carbon footprints by following means:

- Giving priority to low-energy consumption products when purchasing equipment and facilities;
- Regularly maintaining productive equipment, increasing efficiency and reducing energy consumption;
- Advocating environmental protection philosophy among employees, encouraging employees to use electronic records;
- Requiring employees to turn off lights when they are off duty and turn off all non-essential items such as calculators and photocopiers during non-business hours; and
- Setting the temperature of air conditioner to 25 degrees Celsius to reduce unnecessary energy consumption..

## SECTION V

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### Direct and Indirect Energy Consumption

Energy consumption includes both direct and indirect energy consumption. Direct energy consumption is the use of non-renewable fuels, including the use of fuels in vehicles and factory canteens. Indirect energy consumption is mainly through the use of purchased electricity, and our electricity is mainly consumed in products production and R&D testing activities.

The following table sets forth the total energy consumption as of 2022 and the Reporting Period:

Energy types	Units	2022	2023
– Gasoline	kWh	340,640.6	<b>387,011.8</b>
– Diesel	kWh	5,961.9	<b>6,221.3</b>
– LPG	kWh	55,644.5	<b>64,686.7</b>
<b>Non-renewable fuel (direct)</b>	kWh	402,247.0	<b>457,919.8</b>
– Electricity	kWh	12,100,219.6	<b>13,969,881.7</b>
<b>Energy (indirect) purchased</b>	kWh	12,100,219.6	<b>13,969,881.7</b>
<b>Total energy consumption</b>	kWh	12,502,466.6	<b>14,427,801.5</b>
<b>Total energy consumption intensity</b>	kWh/RMB10,000 of operating revenue	169.4	<b>180.2</b>

*Notes:*

The above data are collected, calculated and reported in accordance with the Stock Exchange’s “How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs”. To better reflect the Group’s actual performance, during this Reporting Period, the intensity is calculated on the basis of Group’s operating revenue, RMB800,701,900 in 2023 and RMB738,116,600 in 2022.

### Water Consumption

Water is mainly consumed in the Group’s production of products. We pay close attention to the energy and water control measures implemented by local governments, including potential restrictions. During the Reporting Period, we did not experience material disruptions due to shortage of water, or face any problem in search of applicable water source.

## SECTION V ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The total water consumption as of 2022 and the Reporting Period are shown in the following table:

<b>Water Consumption</b>	<b>Units</b>	<b>2022</b>	<b>2023</b>
Total water consumption	m <sup>3</sup>	41,832.4	<b>60,070.7</b>
Water consumption intensity	m <sup>3</sup> /RMB10,000 of operating revenue	0.6	<b>0.8</b>

*Notes:*

The above data are collected, calculated and reported in accordance with the Stock Exchange's "How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs". To better reflect the Group's actual performance, during this Reporting Period, the intensity is calculated on the basis of Group's operating revenue, RMB800,701,900 in 2023 and RMB738,116,600 in 2022.

### Packaging Materials Management

The Group attaches great importance to the management of packaging materials, and the packaging materials involved in our products mainly include plastic bags, cartons, and wooden boxes. In order to reduce the use of packaging materials, we will recycle some of our packaging materials for reuse.

The following table sets forth the total packaging materials used as of 2022 and the Reporting Period:

<b>Packaging materials used for finished products</b>	<b>Units</b>	<b>2022</b>	<b>2023</b>
Total packaging materials used	kg	107,393.9	<b>142,696.5</b>
Intensity of packaging materials used	kg/unit	30.7	<b>35.4</b>

*Notes:*

The above data are collected, calculated and reported in accordance with the Stock Exchange's "How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs".

Since our business is currently in early stage of large-scale development, the consumption of direct and indirect energy, water and packaging materials during the Reporting Period would increase along with our business growth.

## SECTION V ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### A3 The Environment and Natural Resources

Human life depends on various natural resources, and natural resources is currently in short supply. The Group is well aware of the importance of natural resources, and in order to reduce the Group's significant impact on the environment and natural resources, we pay close attention to the possible impact of the Group's business on the environment and natural resources. The major natural resources the Group had an impact on were the energy and water consumed in product production and R&D and testing activities. To effectively reduce the consumption of these resources, we implement green operation policies, continuously optimize productive technology and improve resource efficiency.

Meanwhile, our product fuel cell system plays an important role in decarbonized transport as our products are the core of hydrogen fuel cell vehicles, and the working principle of fuel cell system is to combine hydrogen with oxygen to generate electricity with water and heat being its only by-product. We have a positive impact on the global climate by promoting the development of hydrogen energy applications and promoting energy transformation.

### A4 Climate Change

Climate change refers to the change of climate caused by the change of atmospheric composition due to human activities. Climate-related issues pose a certain degree of threat to us. Our identified climate-related risks can be categorized into (i) physical risks, which are the risks that may cause physical impacts on us due to extreme weather conditions; and (ii) transition risks, which are the risks arising from compliance with applicable environmental laws and regulations and stringent environmental protection standards.

The following risks are the physical risks and transition risks we have identified:

#### Physical risks

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Chronic risks	<p>As the climate changes, the global temperatures may rise, resulting in an increase in electricity consumption and potential regional power shortages.</p> <p>The Group will closely monitor relevant risks and, if the risks increase significantly, take timely countermeasures, like preparing backup power or studying the feasibility of other sources of electricity.</p>
Acute risks	<p>Rising global temperatures may also lead to more unpredictable weather conditions, such as frequent severe typhoons, droughts, floods and increased rainfalls. Such weather conditions are expected to cause disruption to transportation services, and our supply chain may be adversely affected, which may result in delays in the delivery of raw materials and products.</p> <p>The Group will closely monitor relevant risks, and if the risks increase significantly, take all necessary protective measures to minimize the impact on our operations.</p>

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## SECTION V ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### Transition risks

#### Policy and legal risks

The Group's productive facilities and operations are subject to certain environmental requirements, including those relating to air, water, noise and solid waste pollution, and production safety and labor protection requirements of the PRC laws. In the face of increasingly stringent policies and regulations in the future, there is a possibility of failure to comply with relevant regulations in response to changes in regulations. The major relevant laws and regulations that the Group should comply with are detailed below:

#### Environmental-related and social-related risks

General environmental requirements

Air pollution and emissions

Environmental impact assessment

#### Future potential impacts and risks

Non-compliance with the Environmental Protection Law of the People's Republic of China

Non-compliance with the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution and Regulation on the Administration of Permitting of Pollutant Discharges

Non-compliance with the Law of the People's Republic of China on Environmental Impact Assessment

The Group will closely monitor any change of relevant requirements, and if relevant requirements are changed, adjust relevant productive and living activities and management approaches, to comply with the changed requirements.

#### Market risks

Tightened environmental regulations and the future launch of the national carbon emission trading program may lead to an increase in the prices of major raw materials, increasing the operating costs.

However, the PRC government's growing focus on environmental protection and the implementation of environmental protection measures may encourage the manufacturing of environmentally friendly products, and thus we expect more opportunities in the future than ever before.

During the Reporting Period, the Group was not adversely affected or harmed by climate-related risks.

## SECTION V

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## B. SOCIAL

### B1 Employment

We attach great importance to the rights, interests and career development of our employees. The Group provides employees with attractive employment opportunities, ideal promotion plans, competitive remuneration packages and harmonious working environment and strives to create a fair, just and open working and development environment for employees. We adopt the principle of appointing people on their merit and providing equal opportunities for employees regardless of genders, ages, races, religions or other social or personal characteristics.

For our operations in the PRC and Hong Kong, we strictly comply with relevant employment laws and regulations, including the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, the Law of the People's Republic of China on the Protection of Minors, the Provisions on the Prohibition of Using Child Labor of the People's Republic of China and the Employment Ordinance of Hong Kong. We are subject to various PRC laws and regulations relating to occupational health and safety. We are committed to complying with the regulatory requirements in the PRC to prevent and reduce hazards and risks associated with our business and ensure the health and safety of our employees and surrounding communities. We pay contributions to five social insurances and one housing fund for employees, provide housing benefits, and employees are entitled to annual leave, maternity leave and other welfare leave in accordance with law. We also provide benefits such as meal allowance, cultural and social activities and holiday and birthday gifts to our employees.

#### Diversity and Inclusion

We are committed to building and maintaining an inclusive workplace where all employees are expected to grow healthily, fostering a diverse and skilled workforce. Meanwhile, we ensure that the workplace is free from discrimination, physical or verbal harassment against employees in terms of races, religions, skin colors, genders, physical or mental disabilities, ages, places of birth and marital statuses. In addition, any forms of harassment or abuses in the workplace are strictly prohibited. The Group is committed to creating a diverse workplace with an increased diversity of workforce.

During the Reporting Period, we employed a total of 1,044 employees, representing a year-on-year increase of approximately 3%, and the Group's total turnover rate was approximately 22%. At present, the Group is constantly optimizing and improving our human resources structure, leading to an increase of turnover rate.

The following table sets forth the total number of full-time employees by genders, age groups and geographical location as of December 31, 2022 and 2023:

Types	Categories	Units	2022	2023
<b>Genders</b>	Male	persons	822	<b>842</b>
	Female		192	<b>202</b>
<b>Age Groups</b>	Aged 30 or below	persons	385	<b>388</b>
	31-40 years old		483	<b>501</b>
	41-50 years old		128	<b>138</b>
	51 years old or above		18	<b>17</b>
<b>Geographical Location</b>	The People's Republic of China	persons	1,014	<b>1,044</b>
<b>Total</b>		persons	1,014	<b>1,044</b>

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The following table sets forth the total employee turnover rates by genders, age groups and geographical location as of December 31, 2022 and 2023:

Types	Categories	Units	2022	2023
<b>Genders</b>	Male	%	14.0%	<b>22.4%</b>
	Female	%	8.3%	<b>16.8%</b>
<b>Age Groups</b>	Aged 30 or below	%	14.0%	<b>26.8%</b>
	31–40 years old	%	13.7%	<b>19.8%</b>
	41–50 years old	%	7.8%	<b>13.0%</b>
	51 years old or above	%	5.6%	<b>11.8%</b>
<b>Geographical Location</b>	The People’s Republic of China	%	12.9%	<b>21.4%</b>

### B2 Health and Safety

The Group adheres to the people-oriented development concept, and safety production is the basic requirement for the sustainable development of the Group. The Group is committed to protecting the health and safety of its employees with a highly responsible attitude towards its employees and society. We continuously improve the occupational health management system and emergency management system, enhance the safety management level, comply with regulatory requirements, standardize the Company’s behavior, achieve normalized and standardized management, seriously carry out safe production management and establish a long-term mechanism to protect employees’ occupational health and safety.

Therefore, we have established and implemented a series of policies and measures accordingly, including but not limited to: safety, health and environmental risk identification and assessment management; safety and emergency management; occupational health management; safety input management, hazard warning & notice management, and emergence management.

According to the characteristics of different departments, different positions and different businesses, we analyze the types, possibilities and severities of risks based on historical data, current status information, future plans and other factors and assess the effectiveness of existing measures. Based on the results of risk assessment, we take improvement measures such as optimizing equipment and facilities, improving system regulations and strengthening daily monitoring.

The Group has established a sound occupational health and safety management system. Being bound by the ties of basic safety and occupational health management policies, according to the management principles of different geographical areas, considering our own situation, the Group has developed the comparatively differentiated management model, established the dual responsibility structure for business and functions/regions, and under the management of unified base persons-in-charge, according to the characteristics of different business operation manners, has divided respective responsible areas, traceable level by level to every level of person-in-charge of each business line, to ensure every level has clear awareness of responsibilities.

According to the characteristics of different departments, different positions and different businesses, the Group will analyze the types, possibilities and severities of risks based on historical data, current status information, future plans and other factors, and assess the effectiveness of existing measures. Based on the results of risk assessment, the Group will further optimize equipment and facilities, and improve system regulations.

## SECTION V ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Based on different safety risks, the Group has established a comprehensive, special and on-the-spot emergency plan system, including accident emergency response organizations, response classification, and response processes, which can timely and effectively guide employees in response to safety incidents. The Group does drills and training regularly, to increase employees' emergency response awareness and skills.



Fire emergency drill



Electric shock emergency drill



Hydrogen leak emergency drill



Vehicle injury emergency drill



Lifting operation emergency drill

We encourage our employees to stay alert in performing their job duties and be responsible for their safety and health. We also provide training to help employees identify abnormal situations and enhance their safety awareness. The Group pays contributions to work-related injury insurance for all new employees, helps the injured employee make a work-related injury insurance claim after the work-related injury accidents and pays wages normally and provides sufficient days of leave. During the Reporting Period, the total number of days lost due to work-related injuries of the Group was approximately 204 (2022: 201) days, with an average of approximately 51 (2022: 33) lost days due to work-related injury per case, and the Group's work-related injury rate was 0.4% (2022: 0.6%). We will continue to improve the employee health, safety and welfare protection mechanism to protect the rights and interests of employees. In the past three years, no work-related fatalities were recorded.

### B3 Development and Training

We regularly provide specialized training based on the needs of different employees. We hope that employees' skills improve continuously by training, and we also hope that a learning organization can be built. We distribute the Company's Employee Handbook to all new employees, which includes company introduction, corporate culture, work ethics and internal regulations banning dereliction of duty and corruption. We explain the requirements in the Employee Handbook during employee onboarding.

The Group attaches great importance to the professional skill improvement and the training and learning of employees, encourages employees to keep on making progress and improves their skills by training, aiming to bring the strengths and potential of employees into blossom at their posts. The Group encourages employees to integrate their strengths, interests and opportunities for the Group's business development to forge ahead, and internal mobility and cross-border development of employees are also encouraged.

## SECTION V

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Types	Categories	Proportion of trained employees in total employees (%)	Average training hours
<b>Genders</b>	Male	80.7%	10.88
	Female	19.3%	9.45
<b>Employee Categories</b>	Senior management	1.1%	5.45
	Middle management	9.5%	10.31
	Frontline employees and other employees	89.4%	11.81

*Notes:*

The number of average training hours is the total number of training hours divided by the total number of employees so trained.

During the Reporting Period, the total number of training hours of management personnel and ordinary employees of the Group's subsidiaries was 11,069 (2022: 15,791), and the proportion of trained employees in total employees reached 91.4% (2022: 93.0%).

## B4 Labor Standards

### Talent Recruitment

The Group's labor employment policies and standards are in strict compliance with the Labor Contract Law of the People's Republic of China, the Labor Law of the People's Republic of China and other applicable employment laws and regulations. The employment environment, employment term, working hours, rest breaks, statutory leave and time off and other terms related to labor employment are in compliance with the laws and regulations. The Group's employment procedures are in compliance with national and regional regulations and policies. The Group pays close attention to the updates of relevant government laws and regulations and timely adjusts and updates relevant systems and procedures.

The Group adheres to an "people-oriented" employment policy, adopts open recruitment, regardless of qualifications, sources and backgrounds. All candidates shall comply with the Group's recruitment rules, and only high-test candidates can be employed. Being in keeping with the Company's culture and values is one of the basic standards for recruitment. We give first place to suitability to posts and take into account the potential for future development.

### Measures Preventing Child Labor and Forced Labor

Child labor and forced labor are strictly prohibited during the Group's recruitment. To prevent child labor and forced labor, the Group ensures that applicants have the right to attend interviews and apply for jobs voluntarily. The Group has established a strict internal approval procedure for employment. In terms of pre-employment checks, all kinds of certificates, documents and information shall be strictly complete and checked, and employees can only be employed after approval by the person-in-charge at each level, aiming to effectively avoid non-standard employment such as child labor. The Group adheres to the principle of equal and voluntary employment. When signing a labor contract with an employee, the Group fully and accurately conveys the statutory and necessary information such as workplaces, working hours and remunerations, and the two parties sign a labor contract on a voluntary basis to avoid forced labor.

## SECTION V ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### Board and Management Diversity

A more diverse and inclusive Board than ever before is not only a values-driven topic, but also a measure we are taking and embracing. We have adopted a Board diversity policy providing that the Group should endeavor to ensure that our Board members have the appropriate skills, expertise and diversified perspectives that are required to comply with emerging new standards and deal with various risks. Selection of candidates for directorship shall also be based on a series of diversity perspectives, including but not limited to his/her skills, professional experience, academic background, knowledge, expertise, culture, independence, age and gender.

We value gender diversity and promote gender diversity at all levels, including the Board and senior management. As at the end of the Reporting Period, three out of nine Directors of the Group were female, and two out of seven members of senior management were female.

### B5 Supply Chain Management

The Group has formulated a series of supplier management systems such as the Supplier Development Management Regulations, the Supplier Management Regulations and the Supplier Quality System Management Regulations, which are optimized and updated annually.

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 high-test suppliers can be included in the Group's list of qualified suppliers. We regularly evaluate and examine selected suppliers and remove suppliers that do not meet the Group's standards from the list of qualified suppliers.

The Group adopts a fair purchasing mode. When selecting suppliers of goods or services from our competitors, we treat facts fairly and objectively and select suppliers who can provide the most valuable products or services according to our needs. Our purchasing personnel are required to strictly comply with the Group's relevant regulations banning degeneration and corruption. If an employee violates the relevant regulations, the Group shall impose corresponding penalties depending on the severity of the case, and the case shall be handed over to the public security or judicial authorities for handling.

During the Reporting Period, there were 155 major suppliers related to the production of the Company's products.

<b>Geographical Distribution of Suppliers</b>	<b>2023</b>
Mainland China	153
Canada	1
South Korea	1

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# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### B6 Product Responsibility

#### Product Quality Management

The Group attaches great importance to product quality management. High-quality products are the driving force for the sustainable development of the Company's business. To ensure the safety and effectiveness of the quality of products provided by the Company, the Company has implemented a series of control measures for product quality inspection:

- (1) The Company has formulated the rules and regulations for the Management of Monitoring and Measurement Equipment, requiring regular third-party calibrations of monitoring and measurement equipment, MSA analyses of measurement systems, spot-checking and maintenance during daily use.
- (2) The Company has formulated regulations such as the Product Monitoring and Measurement Control, the Supplied Material Acceptance Management, the In-process Inspection Management and the Finished Product Inspection Management to inspect the product quality in the processes of receiving raw materials, goods in process, finished products and shipments in the Company's production activities to ensure that the relevant materials and products meet the standards and requirements, and inspection results shall be recorded to prepare reports.
- (3) The Company has formulated the Control over Unqualified Products to analyze the causes of subquality products found during the inspection of each process. The Company takes corrective and preventive measures for major and reoccurred subquality situation to keep on improving the Company's product quality.

During the Reporting Period, the Group did not record any recalls of sold products due to safety and health issues. We are committed to providing high-quality and safe products and striving for customers' recognition of our products and services.

#### After-sale Protection and Complaint Resolution

The Group adheres to the customer-oriented spirit, continuously improves the quality of products and services and strives to improve customer satisfaction. The protection of customers' rights and interests in the course of sale is crucial to our operations, and thus we strictly comply with the Law of the People's Republic of China on the Protection of Consumers' Rights and Interests.

Prior to the launch of the Company's products, the Company offers corresponding theoretical and practical training to customers to ensure that customers know how to correctly use and operate the Company's products. The Company establishes a market operation guarantee plan for customers, and service personnel of the places where the markets locate actively connect with customers. After the launch of the Company's products, the Company offers 24/7 after-sale service to customers and strives to respond to customers within 15 minutes and solve general problems within 24 hours. The Group has replacements, quick-wear parts and other components and parts in store in the places where the markets locate to ensure timely supply of replacements. In 2023, the Company had a total of 6 (2022: 7) customer complaints, all of which were properly resolved through active communication and negotiation with customers.

## SECTION V ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### Maintenance and Protection of Intellectual Property Rights

We strictly abide by the laws and regulations related to intellectual property rights, including the Patent Law of the People's Republic of China and the Copyright Law of the People's Republic of China, to ensure that our intellectual property rights are not infringed, ensuring the Group's competitive advantages.

The Group attaches great importance to intellectual property management, and has established a special intellectual property managing department for this purpose. This department is responsible for designing the Group's technical system standardization and intellectual property development planning, improving relevant systems and procedures, and ensuring their effective implementation. In addition, this department is also responsible for intellectual property management within technical systems, and has established a special intellectual property database. Meanwhile, the Group has set up the "Intellectual Property Experts Committee", through which, the Group can integrate internal and external resources more effectively, increase the expertise of intellectual property management, and ensure the intellectual property management is in pace of the Group's long-run development objectives.

To strengthen the protection of the Group's intellectual property rights, standardize the management of intellectual property rights, encourage the enthusiasm of employees for invention and creation and facilitate the promotion and application of scientific and technological achievements, the Company has formulated the Measures for the Management of Intellectual Property Rights to formulate relevant provisions for intellectual property application, intellectual property operation, intellectual property protection, intellectual property reward system and other aspects. To strengthen the Company's independent innovation, improve the Company's core competitiveness, stimulate employees' enthusiasm for R&D and learning and encourage employees to participate in technological innovation, writing academic papers and intellectual property related work, the Company has also formulated and implemented the Measures for the Administration of Incentives for Intellectual Property Rights and Paper Publication.

To optimize the patent application process, during this year, the Company developed the Measures for the Management of Patent Application, providing that for patent application, based on the patent quality evaluation model, the approval for patent will be classified in three kinds: preliminary examination cases, prioritized examination cases, and ordinary examination cases. By simplifying some process links, the Regulation further enhances the efficiency of patent application.

The Group won the titles like Beijing Intellectual Property Rights Model Enterprise, National Intellectual Property Rights Advantageous Enterprise and others, not only reflecting the Group's expertise and leadership in the intellectual property field, but also encouraging and enhancing the IPR protection awareness of the entire industry.

During the Reporting Period, we had a total of 214 new intellectual properties, including 68 inventive patents, 145 utility model patents, and one software copyright. As of the end of the Reporting Period, we had a total of 1,162 intellectual properties, including 294 inventive patents, 741 utility model patents, 23 design patents and 104 software copyrights.

During the Reporting Period, the Group did not record any material infringements of intellectual property rights.

## SECTION V

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### Protection of Customers' Data and Privacy

The Group strictly complies with the Personal Information Protection Law. All employees of the Group shall sign the Business Confidentiality and Non-compete Agreement when they join the Group, to ensure that the information of customers, suppliers and other related parties shall not be leaked. We have zero tolerance for violations. The Group ensures they understand the importance of information protection and corporate policies and procedures, and meanwhile enhances the awareness of information protection and privacy, and establishes internal control system, to prevent unauthorized access or misuse of information.

As customers' data and information are important business information of the Company, the Company has formulated strict customer information confidentiality regulations, i.e. the Sale Information Security Operation Manual, which clearly stipulates the scope of authorization and confidentiality requirements for customer data and information. For personnel who violate the confidentiality regulations, the Company shall impose corresponding penalties depending on the severity of the case. The Group only collects and uses necessary customers information, with prior consent of customers.

During the Reporting Period, the Group did not record any material leakages of consumers' data and privacy.

### B7 Anti-corruption

All business activities of the Group shall be up to the integrity standard. Any forms of corruption, extortion and fraud are strictly prohibited, and the involved parties shall be dealt with in accordance with laws and regulations. The Group strictly complies with the provisions related to corruption and bribery in the Criminal Law of the People's Republic of China and other relevant laws and regulations. The Group strictly prohibits the provision, acceptance and solicitation of bribes, gifts, entertainment or other forms of practices that are intended to affect or may affect the Company's business decisions to obtain unusual or inappropriate advantages. Accordingly, the Group has formulated the Collection of Anti-corruption Management Regulations to provide guidance for anti-corruption actions, which clearly stipulates office standardization, work transparency, how to deal with taking advantage of duty to embezzle corporate properties, public funds and other corporate interests and concealed and unreported embezzlement. The Group encourages employees to report misconducts within the Group and protects the information of the whistle-blowers.

We regularly train our employees, and anti-bribery and anti-corruption contents are included in the onboarding training for all employees to remind them to stay legally compliant when doing their duties. During the Reporting Period, the Group provided training related to anti-corruption to 143 employees and 9 Directors with a total of 152 training hours; meanwhile the Group included anti-corruption training content into the onboarding training program for 105 new employees, with a total of 52.5 training hours. During the Reporting Period, the Group did not have any legal cases regarding embezzlement and engaging in corrupt practices.

## SECTION V ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### B8 Community Investment

We have been focusing on the R&D and industrialization of fuel cell systems. Our fuel cell systems are the core of hydrogen fuel cell vehicles. The working principle of fuel cell systems is to combine hydrogen with oxygen to generate electricity, and water and heat are its only by-products. Our products play an important role in decarbonized transport. We have a positive impact on the global climate by promoting the development of hydrogen energy applications and energy transformation. We will keep on adhering to the concept of promoting green energy in product development, manufacturing and technological innovation.

In addition, we are keen about giving back to society and actively contributing to our community. Young generation as the future of nation will solve the problems left by current high carbon emissions and ecological destruction among other activities, in response to unavoidable global warming crisis. In order to realize carbon-free livability and sustainable development in the future, the input of youth is crucial. As knowledge of green energy is complex and rapidly evolving, companies and universities shall take an active part in promoting relevant education.

Shanghai SinoFuelCell Co., Ltd., a subsidiary of the Group, has a science generalization education base that is serving as the science generalization education base of Shanghai City, being China's first proton exchange membrane fuel cell vehicle display base. The education base offers science generalization class, fuel cell science generalization hall, hydrogen fueling station, hydrogen fuel cell vehicle display and other programs, combining static and dynamic exhibits, by use of sound, light, electricity, multimedia software and physical objects, displays profound knowledge with easy approaches, enabling the public to fully understand the basic principles of proton exchange membrane fuel cell, the operating process of fuel cell vehicle, and comprehensively generalize the fuel cell technology. The education base is open all day long and all year around. During the Reporting Period, a total of 447 persons took part in the science education, including pupils, high school students and college students, as well as Chinese and foreign journalists, enabling more people to understand the national objective of "carbon peaking and carbon neutrality" and the hydrogen energy industry.

We also encourage employees to actively participate in public welfare activities. The Group believes that actively participating in public welfare activities can cultivate employees' sense of social responsibility.

## SECTION V ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### APPENDIX 1: HONG KONG STOCK EXCHANGE ESG REPORTING GUIDE CONTENT INDEX

<b>Main scopes, aspects, general disclosures and KPIs</b>	<b>Descriptions</b>	<b>Section/Statement</b>
<b>A. Environmental</b>		
<b>Aspect A1: Emissions</b>		
General Disclosure	Information on: <ul style="list-style-type: none"> <li>(a) the policies; and</li> <li>(b) compliance with relevant laws and regulations that have a significant impact on the issuer;</li> </ul> relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	A Environmental
KPI A1.1	The types of emissions and respective emissions data.	A1 Emissions
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	A1 Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	A1 Emissions
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	A1 Emissions
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	A Environmental A1 Emissions
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	A Environmental A1 Emissions
<b>Aspect A2: Use of Resources</b>		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	A2 Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	A2 Use of Resources
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	A2 Use of Resources
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	A Environmental A2 Use of Resources

## SECTION V

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Main scopes, aspects, general disclosures and KPIs	Descriptions	Section/Statement
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	A2 Use of Resources
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	A2 Use of Resources
<b>Aspect A3: The Environment and Natural Resources</b>		
General Disclosure	Policies on minimising the issuer’s significant impacts on the environment and natural resources.	A3 The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	A3 The Environment and Natural Resources
<b>Aspect A4: Climate Change</b>		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	A4 Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	A4 Climate Change
<b>B. Social I</b>		
<b>Employment and Labour Practices</b>		
<b>Aspect B1: Employment</b>		
General Disclosure	Information on: <ul style="list-style-type: none"> <li>(a) the policies; and</li> <li>(b) compliance with relevant laws and regulations that have a significant impact on the issuer;</li> </ul> relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	B1 Employment
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	B1 Employment
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	B1 Employment

## SECTION V ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

<b>Main scopes, aspects, general disclosures and KPIs</b>	<b>Descriptions</b>	<b>Section/Statement</b>
<b>Aspect B2: Health and Safety</b>		
General Disclosure	Information on:	B2 Health and Safety
	(a) the policies; and	
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer;	
	relating to preventing child and forced labour.	
KPI B2.1	Number and rate of work-related fatalities occurred in the past three years including the reporting year.	B2 Health and Safety
KPI B2.2	Lost days due to work injury.	B2 Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	B2 Health and Safety
<b>Aspect B3: Development and Training</b>		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	B3 Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	B3 Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	B3 Development and Training
<b>Aspect B4: Labour Standards</b>		
General Disclosure	Information on:	B4 Labour Standards
	(a) the policies; and	
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer;	
	relating to preventing child and forced labour.	
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	B4 Labour Standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	B4 Labour Standards

## SECTION V

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Main scopes, aspects, general disclosures and KPIs	Descriptions	Section/Statement
<b>Operating Practices</b>		
<b>Aspect B5: Supply Chain Management</b>		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	B5 Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	B5 Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	B5 Supply Chain Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	B5 Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	B5 Supply Chain Management
<b>Aspect B6: Product Responsibility</b>		
General Disclosure	Information on: <ul style="list-style-type: none"> <li>(a) the policies; and</li> <li>(b) compliance with relevant laws and regulations that have a significant impact on the issuer;</li> </ul> <p>relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.</p>	B6 Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	B6 Product Responsibility
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	B6 Product Responsibility
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	B6 Product Responsibility
KPI B6.4	Description of quality assurance process and recall procedures.	B6 Product Responsibility
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	B6 Product Responsibility

## SECTION V ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

<b>Main scopes, aspects, general disclosures and KPIs</b>	<b>Descriptions</b>	<b>Section/Statement</b>
<b>Aspect B7: Anti-corruption</b>		
General Disclosure	Information on: <ul style="list-style-type: none"> <li>(a) the policies; and</li> <li>(b) compliance with relevant laws and regulations that have a significant impact on the issuer;</li> </ul>	B7 Anti-corruption
KPI B7.1	relating to bribery, extortion, fraud and money laundering. Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	B7 Anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	B7 Anti-corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	B7 Anti-corruption
<b>Community</b>		
<b>Aspect B8: Community Investment</b>		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	B8 Community Investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	B8 Community Investment
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	B8 Community Investment

## I. PERFORMANCE OF UNDERTAKINGS

### (I) Undertakings of the de facto controller, shareholders, related parties, acquirers of the Company, the Company and other relevant parties during or subsisting to the Reporting Period

Background of undertakings	Category of undertakings	Party providing undertakings	Contents of undertakings	Time and term of undertakings	Whether there is a term for performance	Term for performance	Whether or not timely and strictly performed	If the undertaking fails to be performed timely, please state reasons for the failure	Whether or not timely and strictly performed	Whether or not timely and strictly performed	Term for performance	Whether there is a term for performance	Time and term of undertakings	Contents of undertakings	Category of undertakings	Party providing undertakings	Contents of undertakings	Time and term of undertakings	Whether there is a term for performance	Term for performance	Whether or not timely and strictly performed	If the undertaking fails to be performed timely, please state reasons for the failure	
Undertakings related to IPO	Restricted shares	Controlling shareholder, de facto controller Zhang Guoqiang	For details of the undertaking restricted shares, please refer to "(I) Restrictions on circulation of shares" in "V. Significant Undertaking" in "Section X Investor Protection" in the prospectus of the Company disclosed on the website of the Shanghai Stock Exchange	August 10, 2020	Yes	Within 36 months	Yes	N/A	N/A	Yes	Within 36 months	Yes	August 10, 2020	For details of the undertaking restricted shares, please refer to "(I) Restrictions on circulation of shares" in "V. Significant Undertaking" in "Section X Investor Protection" in the prospectus of the Company disclosed on the website of the Shanghai Stock Exchange	Restricted shares	Controlling shareholder, de facto controller Zhang Guoqiang	For details of the undertaking restricted shares, please refer to "(I) Restrictions on circulation of shares" in "V. Significant Undertaking" in "Section X Investor Protection" in the prospectus of the Company disclosed on the website of the Shanghai Stock Exchange	August 10, 2020	Yes	Within 36 months	Yes	N/A	N/A
	Restricted shares	Controlling shareholder, de facto controller Zhang Guoqiang	Within 12 months from the date of signing of this Commitment Letter (October 18, 2023 to October 17, 2024), he will not transfer or reduce his current shareholding in the Company in any way, and will comply with the above commitments in the event of capital reserve conversion to share capital, dividend distribution, rights issue, additional share issuance, etc	October 18, 2023	Yes	Within 12 months	Yes	N/A	N/A	Yes	Within 12 months	Yes	October 18, 2023	Within 12 months from the date of signing of this Commitment Letter (October 18, 2023 to October 17, 2024), he will not transfer or reduce his current shareholding in the Company in any way, and will comply with the above commitments in the event of capital reserve conversion to share capital, dividend distribution, rights issue, additional share issuance, etc	Restricted shares	Controlling shareholder, de facto controller Zhang Guoqiang	Within 12 months from the date of signing of this Commitment Letter (October 18, 2023 to October 17, 2024), he will not transfer or reduce his current shareholding in the Company in any way, and will comply with the above commitments in the event of capital reserve conversion to share capital, dividend distribution, rights issue, additional share issuance, etc	October 18, 2023	Yes	Within 12 months	Yes	N/A	N/A
	Restricted shares	Core technicians holding shares of the Company	Regarding the undertaking restricted shares, please refer to "(I) Restrictions on circulation of shares" in "V. Significant Undertaking" in "Section X Investor Protection" in the prospectus of the Company disclosed on the website of the Shanghai Stock Exchange	August 10, 2020	Yes	Within 12 months and within 6 months after resignation	Yes	N/A	N/A	Yes	Within 12 months and within 6 months after resignation	Yes	August 10, 2020	Regarding the undertaking restricted shares, please refer to "(I) Restrictions on circulation of shares" in "V. Significant Undertaking" in "Section X Investor Protection" in the prospectus of the Company disclosed on the website of the Shanghai Stock Exchange	Restricted shares	Core technicians holding shares of the Company	Regarding the undertaking restricted shares, please refer to "(I) Restrictions on circulation of shares" in "V. Significant Undertaking" in "Section X Investor Protection" in the prospectus of the Company disclosed on the website of the Shanghai Stock Exchange	August 10, 2020	Yes	Within 12 months and within 6 months after resignation	Yes	N/A	N/A
	Others	Controlling shareholder, de facto controller Zhang Guoqiang	Undertakings of intention to hold shares and reduce shares, please refer to "(I) Undertakings of intention to hold shares and shareholding reduction" in "V. Significant Undertaking" under "Section X Investor Protection" of the Prospectus disclosed by the Company on the website of the Shanghai Stock Exchange	August 10, 2020	Yes	24 months after the expiration of the lock-up period	Yes	N/A	N/A	Yes	24 months after the expiration of the lock-up period	Yes	August 10, 2020	Undertakings of intention to hold shares and reduce shares, please refer to "(I) Undertakings of intention to hold shares and shareholding reduction" in "V. Significant Undertaking" under "Section X Investor Protection" of the Prospectus disclosed by the Company on the website of the Shanghai Stock Exchange	Others	Controlling shareholder, de facto controller Zhang Guoqiang	Undertakings of intention to hold shares and reduce shares, please refer to "(I) Undertakings of intention to hold shares and shareholding reduction" in "V. Significant Undertaking" under "Section X Investor Protection" of the Prospectus disclosed by the Company on the website of the Shanghai Stock Exchange	August 10, 2020	Yes	24 months after the expiration of the lock-up period	Yes	N/A	N/A
	Others	Shuimu Yuanjing	For details of the undertakings of intention to hold shares and reduce shares, please refer to "(I) Undertakings of intention to hold shares and shareholding reduction" in "V. Significant Undertaking" under "Section X Investor Protection" of the Prospectus disclosed by the Company on the website of the Shanghai Stock Exchange	August 10, 2020	Yes	24 months after the expiration of the lock-up period	Yes	N/A	N/A	Yes	24 months after the expiration of the lock-up period	Yes	August 10, 2020	For details of the undertakings of intention to hold shares and reduce shares, please refer to "(I) Undertakings of intention to hold shares and shareholding reduction" in "V. Significant Undertaking" under "Section X Investor Protection" of the Prospectus disclosed by the Company on the website of the Shanghai Stock Exchange	Others	Shuimu Yuanjing	For details of the undertakings of intention to hold shares and reduce shares, please refer to "(I) Undertakings of intention to hold shares and shareholding reduction" in "V. Significant Undertaking" under "Section X Investor Protection" of the Prospectus disclosed by the Company on the website of the Shanghai Stock Exchange	August 10, 2020	Yes	24 months after the expiration of the lock-up period	Yes	N/A	N/A
	Others	The Company, the controlling shareholder and de facto controller of the Company, Directors (excluding Independent Directors and Directors who do not receive remuneration from the Company), senior management	For details of the measures and undertakings for price stabilization, please refer to "(II) Measures and undertakings for price stabilization" in "V. Significant Undertaking" under "Section X Investor Protection" of the A-share Prospectus disclosed by the Company on the website of the Shanghai Stock Exchange	August 10, 2020	Yes	36 months	Yes	N/A	N/A	Yes	36 months	Yes	August 10, 2020	For details of the measures and undertakings for price stabilization, please refer to "(II) Measures and undertakings for price stabilization" in "V. Significant Undertaking" under "Section X Investor Protection" of the A-share Prospectus disclosed by the Company on the website of the Shanghai Stock Exchange	Others	The Company, the controlling shareholder and de facto controller of the Company, Directors (excluding Independent Directors and Directors who do not receive remuneration from the Company), senior management	For details of the measures and undertakings for price stabilization, please refer to "(II) Measures and undertakings for price stabilization" in "V. Significant Undertaking" under "Section X Investor Protection" of the A-share Prospectus disclosed by the Company on the website of the Shanghai Stock Exchange	August 10, 2020	Yes	36 months	Yes	N/A	N/A

## SECTION VI SIGNIFICANT EVENTS

## SECTION VI SIGNIFICANT EVENTS

Background of undertakings	Category of undertakings	Party providing undertakings	Contents of undertakings	Time and term of undertakings	Whether there is a term for performance	Whether or not timely and strictly performed	If the undertaking fails to be performed timely, please state the reasons for the failure	If the Undertaking fails to be performed timely, please state the next plan
Others	Others	The Company, controlling shareholder and de facto controller of the Company, directors and senior management	For details of the measures and undertakings in relation to recovery of diluted immediate return, please refer to "(IV) Measures and undertakings in relation to recovery of diluted immediate return" under "Section X Investor Protection" of the A-share Prospectus disclosed by the Company on the website of the Shanghai Stock Exchange	August 10, 2020	No	Yes	N/A	N/A
Others	Others	The Company, the controlling shareholder and the de facto controller of the Company	For details of share repurchase undertakings in connection with the fraudulent issuance and listing, please refer to "(VI) Share repurchase undertakings in connection with the fraudulent issuance and listing" under "Section X Investor Protection" of the Prospectus disclosed by the Company on the website of the Shanghai Stock Exchange	August 10, 2020	No	Yes	N/A	N/A
Others	Others	The Company, its controlling shareholder, de facto controller, all Directors, Supervisors and senior management	For details of the truthfulness, accuracy and completeness of the application documents for the issuance, and the undertakings to repurchase and to bear the compensation in accordance with the law for fraudulent issuance and listing, please refer to "(VII) The truthfulness, accuracy and completeness of the application documents for the issuance, and the undertakings to repurchase and to damages in accordance with the law for fraudulent issuance and listing" under "Section X Investor Protection" of the A-share Prospectus disclosed by the Company on the website of the Shanghai Stock Exchange	August 10, 2020	No	Yes	N/A	N/A
Others	Others	The Company, its controlling shareholder, de facto controller, shareholders holding more than 5% of the shares and their parties acting in concert, and all Directors, Supervisors and senior management of the Company	For details of the undertakings of restraining measures when failing to perform the undertakings, please refer to "(VIII) Undertakings of restraining measures when failing to perform the undertakings" under "Section X Investor Protection" of the A-share Prospectus disclosed by the Company on the website of the Shanghai Stock Exchange	August 10, 2020	No	Yes	N/A	N/A
Others	Others	Other shareholders other than controlling Shareholders holding more than 2% shares of the Company and their concert parties	For details of other undertakings, please refer to "(IX) Other undertakings" of "Section X Investor Protection" of the A-share Prospectus disclosed by the Company on the website of the Shanghai Stock Exchange	August 10, 2020	Yes	Yes	N/A	N/A
Non-competition undertaking	Non-competition undertaking	Shareholder and the de facto controller	For details of non-competition undertaking, please refer to "(II) Non-competition undertaking" in "VI. Horizontal competition" under "Section VII Corporate Governance and Independence" of the Prospectus disclosed by the Company on the website of the Shanghai Stock Exchange	August 10, 2020	No	Yes	N/A	N/A

II. OCCUPATION OF FUNDS BY CONTROLLING SHAREHOLDER AND OTHER RELATED PARTIES FOR NON-OPERATIONAL DURING THE REPORTING PERIOD

Unit: RMB

Name of shareholder related party	Affiliations	Occupancy time	Reason for occurrence	Opening balance	Amount of new occupied fund during the Reporting Period	Total amount Reimbursed during the Reporting Period	Closing balance	Balance as at the date of disclosure of the annual report	Expected reimbursement method	Expected amount	Expected repayment date
Zhangjiakou Haipei	Other related parties	July 2019 to present	Current payments	2,970.84	0.00	92.07	3,025.40	3,061.07	Cash	3,061.07	2026.12.31
Total	/	/	/	2,970.84	0.00	92.07	3,025.40	3,061.07	/	3,061.07	/
<p>Ratio of the total value at the end of the period to the latest audited net assets 0.99%</p> <p>Decision-making procedures for occupation of funds by controlling shareholder and other related parties for non-operational purpose</p> <p>The fund transfer between the Company and Zhangjiakou Haipei was due to the change in the scope of the consolidated statements of the Company. Zhangjiakou Haipei was a secondary subsidiary of the Company's consolidated statements from its date of establishment to September 2019. The borrowings provided by the Company to support its business development were within the above consolidated statements period. Since September 2019, the Company has not provided any new funds to it. The change in the balance of current accounts was due to the accrued interest on loans and repayment of funds.</p> <p>Reasons for occupation of funds by new controlling shareholders and other related parties for non-operational purpose in the current period, investigation on accountability of responsible person and description of measures to be taken by the Board</p> <p>Reasons for the failure to settle the occupation of funds for non-operational purpose as planned, investigation on accountability of responsible person and description of measures to be taken by the Board</p> <p>Special audit opinion on the occupation of funds by certified public accountants (if any)</p> <p>For details, please refer to the "Beijing SinoHytec Co., Ltd. - Occupation of funds by controlling shareholder and other related parties" disclosed by the Company.</p> <p>Explanation on the inconsistency between the occupation of funds by controlling shareholder and other related parties for non-operational purpose disclosed in the annual report and the special audit opinion (if any)</p> <p>Nil</p>											

Note: The estimated repayment amount does not include interest accrued after the date of disclosure in the annual report.

## SECTION VI SIGNIFICANT EVENTS

### III. ANALYSIS AND EXPLANATION OF THE CAUSES AND EFFECTS OF CHANGES IN ACCOUNTING POLICIES, ACCOUNTING ESTIMATES OR CORRECTION OF MAJOR ACCOUNTING ERRORS

#### (I) Analysis and explanation of the causes and effects of changes in accounting policies, accounting estimates by the company

For details, please refer to “40. Changes in significant accounting policies and accounting estimates” under “V. Significant accounting policies and accounting estimates” in “Section X Financial Statements” for the analysis and explanation of the causes and effects of changes in accounting policies, accounting estimates by the Company.

### IV. APPOINTMENT AND DISMISSAL OF ACCOUNTING FIRMS

Unit: RMB0'000

	<b>Appointed</b>
Name of domestic accounting firm	Moore Stephens Da Hua Certified Public Accountants (Special General Partnership)
Remuneration of domestic accounting firm	130
Term of service of the domestic accounting firm	4 years
Name of certified public accountants of domestic accounting firm	Hu Xiaohui, Gao Xiaopu
Term of audit services of certified public accountants of domestic accounting firms	4 years/1 year
Name of overseas accounting firm	–
Remuneration of overseas accounting firm	–
Term of audit of overseas accounting firm	–
Name of certified public accountants of overseas accounting firm	–
Term of audit of certified public accountants of overseas accounting firm	–

	<b>Name</b>	<b>Compensation</b>
Accounting firm for internal control and audit	Moore Stephens Da Hua Certified Public Accountants (Special General Partnership)	20
Financial adviser	–	–
Sponsor	Guotai Junan Securities Co., Ltd.	–

There was no change in auditor of the Company since the Listing Date.

## V. MATERIAL CONTRACTS AND ITS PERFORMANCE

### (I) Guarantee

Unit: RMB

#### External guarantees of the Company (excluding guarantees for subsidiaries)

Guarantor	Relationship between the guarantor and the listed company	Guaranteed party	Amount guaranteed	Date of guarantee agreement (date of agreement)	Commencement date of guarantee	Maturity date of guarantee	Type of guarantee	Collateral (if any)	Whether the guarantee has been fulfilled	Whether the guarantee is overdue	Overdue amount of guarantee	Counter-guarantee	Whether it is a related party guarantee	Affiliations
Total amount of guarantees incurred during the Reporting Period (excluding guarantees for subsidiaries)														
Total balance of guarantees at the end of the Reporting Period (A) (excluding guarantees for subsidiaries)														
														0
														0

#### Guarantees provided by the Company and its subsidiaries to its subsidiaries

Guarantor	Relationship between the guarantor and the listed company	Guaranteed party	Amount guaranteed	Date of guarantee agreement (date of agreement)	Commencement date of guarantee	Maturity date of guarantee	Type of guarantee	Whether the guarantee has been fulfilled	Whether the guarantee is overdue	Overdue amount of guarantee	Any counter guarantee
The Company	Headquarters of the Company	SinoHytec Power	1,440,325.00	2022/1/19	2022/1/19	2023/1/19	Joint liability guarantee	Yes	No	0	No
The Company	Headquarters of the Company	SinoHytec Power	4,637,870.50	2022/1/18	2022/1/18	2023/1/18	Joint liability guarantee	Yes	No	0	No
The Company	Headquarters of the Company	Chengdu SinoHytec	1,345,403.00	2022/7/22	2022/7/22	2023/1/22	Joint liability guarantee	Yes	No	0	No
The Company	Headquarters of the Company	Chengdu SinoHytec	624,945.00	2022/8/10	2022/8/10	2023/2/10	Joint liability guarantee	Yes	No	0	No
The Company	Headquarters of the Company	Chengdu SinoHytec	7,506,923.51	2022/9/28	2022/9/28	2023/3/28	Joint liability guarantee	Yes	No	0	No
The Company	Headquarters of the Company	Juxinghuatong	10,863,799.00	2023/5/23	2023/5/23	2023/11/23	Joint liability guarantee	Yes	No	0	No
The Company	Headquarters of the Company	Juxinghuatong	842,679.96	2023/5/29	2023/5/29	2023/11/29	Joint liability guarantee	Yes	No	0	No

## SECTION VI SIGNIFICANT EVENTS

## SECTION VI SIGNIFICANT EVENTS

Guarantees provided by the Company and its subsidiaries to its subsidiaries

Guarantor	Relationship between the guarantor and the listed company	Guaranteed party	Relationship between the guarantor party and the listed company	Amount guaranteed	Date of guarantee agreement	Commencement date of guarantee	Maturity date of guarantee	Type of guarantee	Whether the guarantee has been fulfilled	Whether The guarantee is overdue	Overdue amount of guarantee	Any counter guarantee
The Company	Headquarters of the Company	Juxinghuatong	Wholly-owned subsidiary	3,449,523.00	2023/6/1	2023/6/1	2023/12/1	Joint liability guarantee	Yes	No	0	No
The Company	Headquarters of the Company	Juxinghuatong	Wholly-owned subsidiary	754,841.40	2023/6/5	2023/6/5	2023/12/5	Joint liability guarantee	Yes	No	0	No
The Company	Headquarters of the Company	Juxinghuatong	Wholly-owned subsidiary	10,161,180.50	2023/6/9	2023/6/9	2023/12/9	Joint liability guarantee	Yes	No	0	No
The Company	Headquarters of the Company	Juxinghuatong	Wholly-owned subsidiary	1,668,543.22	2023/6/20	2023/6/20	2023/12/20	Joint liability guarantee	Yes	No	0	No
The Company	Headquarters of the Company	Juxinghuatong	Wholly-owned subsidiary	2,200,000.00	2023/6/26	2023/6/26	2023/12/26	Joint liability guarantee	Yes	No	0	No
The Company	Headquarters of the Company	SinoHytec Power	Wholly-owned subsidiary	10,000,000.00	2023/11/1	2023/11/1	2027/10/31	Joint liability guarantee	No	No	0	No
The Company	Headquarters of the Company	SinoHytec Power	Wholly-owned subsidiary	20,000,000.00	2023/11/15	2023/11/15	2027/11/14	Joint liability guarantee	No	No	0	No
The Company	Headquarters of the Company	SinoHytec Power	Wholly-owned subsidiary	2,328,000.00	2023/11/16	2023/11/16	2027/11/15	Joint liability guarantee	No	No	0	No
The Company	Headquarters of the Company	SinoHytec Power	Wholly-owned subsidiary	1,649,000.00	2023/11/20	2023/11/20	2027/11/19	Joint liability guarantee	No	No	0	No
The Company	Headquarters of the Company	SinoHytec Power	Wholly-owned subsidiary	2,085,500.00	2023/11/29	2023/11/29	2027/11/28	Joint liability guarantee	No	No	0	No
The Company	Headquarters of the Company	SinoHytec Power	Wholly-owned subsidiary	10,000,000.00	2023/12/7	2023/12/7	2027/12/6	Joint liability guarantee	No	No	0	No
The Company	Headquarters of the Company	SinoHytec Power	Wholly-owned subsidiary	10,000,000.00	2023/10/26	2023/10/26	2027/10/26	Joint liability guarantee	No	No	0	No
The Company	Headquarters of the Company	Chengdu SinoHytec	Wholly-owned subsidiary	392,104.05	2023/9/18	2023/9/18	2027/9/18	Joint liability guarantee	No	No	0	No
The Company	Headquarters of the Company	Juxinghuatong	Wholly-owned subsidiary	15,000,000.00	2023/12/26	2023/12/26	2026/6/26	Joint liability guarantee	No	No	0	No

## SECTION VI SIGNIFICANT EVENTS

### Guarantees provided by the Company and its subsidiaries to its subsidiaries

Guarantor	Relationship between the guarantor and the listed company	Guaranteed party	Relationship between the guaranteed party and the listed company	Amount guaranteed	Date of guarantee agreement	Commencement date of guarantee	Maturity date of guarantee	Type of guarantee	Whether the guarantee has been fulfilled	Whether the guarantee is overdue	Overdue amount of guarantee	Any counter guarantee
The Company	Headquarters of the Company	Juxinghuatong	Wholly-owned subsidiary	10,000,000.00	2023/10/16	2023/10/16	2027/10/15	Joint liability guarantee	No	No	0	No
SinoFuelCell	Majority-controlled subsidiary	Beijing Shenchuan Technology Co., Ltd.	Majority-controlled subsidiary	10,000,000.00	2023/6/26	2023/6/26	2023/12/28	Joint liability guarantee	Yes	No	0	No
SinoFuelCell	Majority-controlled subsidiary	Beijing Shenchuan Technology Co., Ltd.	Majority-controlled subsidiary	5,000,000.00	2023/8/15	2023/8/15	2026/2/15	Joint liability guarantee	No	No	0	No
SinoFuelCell	Majority-controlled subsidiary	Beijing Shenchuan Technology Co., Ltd.	Majority-controlled subsidiary	5,000,000.00	2023/9/4	2023/9/4	2026/3/4	Joint liability guarantee	No	No	0	No
<b>Total amount of guarantees provided by the Company (including guarantees for subsidiaries)</b>												
Total amount of guarantees provided to subsidiaries during the Reporting Period												
Total balance of guarantees provided to subsidiaries at the end of the Reporting Period (B)												
Total guarantee amount (A + B)												
Percentage of total guarantee amount to net assets of the Company (%)												
Including:												
Amount of guarantees provided for shareholders, de facto controllers and their related parties (C)												
Amount of debt guarantees directly or indirectly provided for guaranteed parties with gearing ratio over 70% (D)												
Amount of total guarantee exceeding 50% of net assets (E)												
Total amount of the above three guarantees (C + D + E)												
Explanation on the potential joint and several liability for outstanding guarantees												
Explanation on guarantee												

# SECTION VII CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

## I. CHANGES IN SHARE CAPITAL

### (I) Table of changes in the number of shares

#### 1. Table of changes in the number of shares

Unit: share

	Before the change		Changes for the period (+, -)					After the change	
	Number	Percentage (%)	Issue of new shares	Bonus issue	Capitalization of provident fund	Others	Sub-total	Number	Percentage (%)
I. Shares subject to trading restrictions	18,570,202	18.59	-	-	7,428,081	-	7,428,081	25,998,283	15.71
1. State-owned shares	-	-	-	-	-	-	-	-	-
2. Shares held by state-owned legal persons	-	-	-	-	-	-	-	-	-
3. Other domestic shares	18,570,202	18.59	-	-	7,428,081	-	7,428,081	25,998,283	15.71
Including: Shares held by domestic non-state owned legal persons	-	-	-	-	-	-	-	-	-
Shares held by domestic natural persons	18,570,202	18.59	-	-	7,428,081	-	7,428,081	25,998,283	15.71
4. Foreign shares	-	-	-	-	-	-	-	-	-
Including: Shares held by overseas legal persons	-	-	-	-	-	-	-	-	-
Shares held by overseas natural persons	-	-	-	-	-	-	-	-	-
II. Tradable shares not subject to trading restrictions	81,321,185	81.41	18,298,450	-	39,847,854	-	58,146,304	139,467,489	84.29
1. RMB denominated ordinary shares	81,321,185	81.41	-	-	32,528,474	-	32,528,474	113,849,659	68.81
2. Domestically listed foreign shares	-	-	-	-	-	-	-	-	-
3. Overseas listed foreign shares	-	-	18,298,450	-	7,319,380	-	25,617,830	25,617,830	15.48
4. Others	-	-	-	-	-	-	-	-	-
III. Total number of shares	99,891,387	100.00	18,298,450	-	47,275,935	-	65,574,385	165,465,772	100

## CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

## 2. Explanation on changes in shares

On January 13, 2023, the Company disclosed the Announcement of Beijing SinoHytec Co., Ltd. on the Listing of Overseas Listed Foreign Shares (H Shares) (announcement NO.: 2023-003) on the website of the Shanghai Stock Exchange (www.sse.com.cn). With the approval of the Hong Kong Stock Exchange, 17,628,000 overseas-listed foreign shares (H shares) (before the exercise of the over-allotment option) issued by the Company were listed on the Main Board of the Hong Kong Stock Exchange on January 12, 2023.

On February 9, 2023, the Company disclosed the Announcement of Beijing SinoHytec Co., Ltd. on the Partial Exercise of the Over-allotment Option in the Issuance of Overseas-listed Foreign Shares (H Shares) and Share Change (announcement NO.: 2023-007) on the Shanghai Stock Exchange (www.sse.com.cn). The joint global coordinators, in respect of the initial public offering of overseas-listed foreign shares (H shares) and the listing thereof on the Main Board of the Hong Kong Stock Exchange, has partially exercised the over-allotment option on February 3, 2023, involving 670,450 H shares in aggregate (the "Overallotment Option Shares"). After the exercise of the over-allotment options, the Company issued a total of 18,298,450 H shares.

The Company convened the 2022 annual general meeting, 2023 first A share class meeting and 2023 first H share class meeting on June 16, 2023, and has considered that approved the issuance of 0.4 share to all shareholders by way of capitalization of capital reserve, representing a total increase of 47,275,935 shares (including 39,956,555 A Shares and 7,319,380 H Shares), based on the total share capital of the Company of 118,189,837 shares as of March 31, 2023. The Company has completed the registration of issuance of new share mentioned above as of July 7, 2023.

## 3. Impact of share change on financial indicators such as earnings per share and net asset per share for the most recent year and period

During the Reporting Period, the Company issued 4 shares for every 10 shares to all shareholders by way of capitalization of capital reserve, totaling 47,275,935 shares, and the total share capital of the Company after the capitalization issue was 165,465,772 shares. Impact of changes in the number of ordinary shares on financial indicators such as earnings per share and net assets per share for the latest year and the latest period are as following:

Unit: RMB/share

Item	2023	2023 (on the same basis)
Basic earnings per share	-1.48	-2.09
Diluted earnings per share	-1.48	-2.09
Net assets per share attributable to ordinary shareholders of the listed company	18.40	25.76

*Note:* Basic earnings per share, diluted earnings per share and net assets per share attributable to ordinary shareholders of the listed company for 2023 on the same basis were calculated on the basis that no capital reserve would be capitalized in 2023.

## SECTION VII CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

### (II) Change in restricted shares

Unit: share

Name of shareholder	Number of restricted shares at the beginning of the year	Number of restricted shares released during the year	Increase in number of restricted shares during the year	Number of restricted shares at the end of the year	Reason for restriction	Date of release from restriction
Zhang Guoqiang	18,570,202	0	7,428,081	25,998,283	Pre-IPO shares	2024/10/17
Total	18,570,202	0	7,428,081	25,998,283	/	/

## II. ISSUANCE AND LISTING OF SECURITIES

### (I) Issuance of securities during the Reporting Period

Unit: RMB

Types of stocks and their derivatives	Issuance date	Issuance price (or interest rate)	Number of shares issued	Listing date	Trading amount approved for listing	Close date of trading
<b>Ordinary shares</b>						
H shares	2023/1/11	HK\$60.00	17,628,000	2023/1/12	17,628,000	–
H shares (over-allotment options)	2023/2/3	HK\$60.00	670,450	2023/2/8	670,450	–

Explanation on issuance of securities during the Reporting Period (for bonds with different interest rates during the duration, please specify separately):

January 13, 2023, the Company disclosed the Announcement of Beijing SinoHytec Co., Ltd. on the Listing of Overseas Listed Foreign Shares (H Shares) (announcement NO.: 2023-003) on the website of the Shanghai Stock Exchange (www.sse.com.cn). With the approval of the Hong Kong Stock Exchange, 17,628,000 overseas-listed foreign shares (H shares) (before the exercise of the over-allotment option) issued by the Company were listed on the Main Board of the Hong Kong Stock Exchange on January 12, 2023.

February 9, 2023, the Company disclosed the Announcement of Beijing SinoHytec Co., Ltd. on the Partial Exercise of the Over-allotment Option in the Issuance of Overseas-listed Foreign Shares (H Shares) and Share Change (announcement NO.: 2023-007) on the Shanghai Stock Exchange (www.sse.com.cn). The joint global coordinators, in respect of the initial public offering of overseas-listed foreign shares (H shares) and the listing thereof on the Main Board of the Hong Kong Stock Exchange, has partially exercised the over-allotment option on February 3, 2023, involving 670,450 H shares in aggregate (the “**Over-allotment Option Shares**”). After the exercise of the over-allotment options, the Company issued a total of 18,298,450 H shares.

### (II) Changes in the total number of shares and the structure of shareholders and changes in the structure of the assets and liabilities of the Company

During the Reporting Period, the Company issued 4 new shares for every 10 existing Shares to all shareholders by way of capitalization of capital reserve, representing a total increase of 47,275,935 shares, and the total share capital of the Company before the capitalization issue was 118,189,837 shares, and the total share capital of the Company after the capitalization issue was 165,465,772 shares. At the beginning of the Reporting Period, the total assets amounted to RMB3,783,956,307.25 and the total liabilities amounted to RMB1,040,039,059.76. At the end of the Reporting Period, the total assets amounted to RMB4,945,720,776.24 and the total liabilities amounted to RMB1,538,577,927.24.

## CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

## III SHAREHOLDERS AND DE FACTO CONTROLLERS

## (I) Total number of shareholders

Total number of ordinary shareholders as at the end of the Reporting Period	14,691
Total number of ordinary shareholders as at the end of the month prior to the date of publication of the annual report	15,265

## Number of depositary receipt holders

N/A

## (II) Shareholdings of the top ten shareholders and the top ten shareholders of tradable shares (or shareholders of non-restricted shares) as at the end of the Reporting Period

Unit: share

## Shareholdings of the top ten shareholders(excluding shares lent through refinancing)

Name of shareholder	Increase and decrease during the Reporting Period	Number of shares held at the end of the Reporting Period	Percentage (%)	Number of restricted shares held	Status of shares	Shares pledged, marked or frozen Number	Nature of shareholder
Zhang Guoqiang	7,437,647	26,031,764	15.73%	25,998,283	Nil	0	Domestic natural person
HKSCC NOMINEES LIMITED (Note 1)	25,613,996	25,613,996	15.48%	0	Unknown	0	Unknown
Yutong Bus	1,567,652	5,486,781	3.32%	0	Nil	0	Domestic non-state owned legal person
Tunghsu Optoelectronic Technology Co., Ltd.	1,435,898	5,025,644	3.04%	0	Frozen	5,025,644	Domestic non-state owned legal person
Zhang He	1,120,000	3,920,000	2.37%	0	Nil	0	Domestic natural person
Shuimu Changfeng	680,284	2,380,994	1.44%	0	Nil	0	Others
Bai Wei	548,334	2,006,668	1.21%	0	Nil	0	Domestic natural person
Zhou Pengfei	560,000	1,960,000	1.18%	0	Pledge	700,000	Domestic natural person
Shuimu Sail Venture	-728,100	1,892,000	1.14%	0	Nil	0	Others
Song Haiying	532,809	1,864,831	1.13%	0	Nil	0	Domestic natural person

## SECTION VII CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

### Shareholdings of the top ten shareholders of non-restricted shares

Name of shareholder	Number of tradable nonrestricted shares	Type and number of shares	
		Type	Number
HKSCC NOMINEES LIMITED <i>(Note 1)</i>	25,613,996	Overseas-listed foreign shares	25,613,996
Yutong Bus	5,486,781	RMB-denominated ordinary shares	5,486,781
Tungshu Optoelectronic Technology Co., Ltd.	5,025,644	RMB-denominated ordinary shares	5,025,644
Zhang He	3,920,000	RMB-denominated ordinary shares	3,920,000
Shuimu Changfeng	2,380,994	RMB-denominated ordinary shares	2,380,994
Bai Wei	2,006,668	RMB-denominated ordinary shares	2,006,668
Zhou Pengfei	1,960,000	RMB-denominated ordinary shares	1,960,000
Shuimu Sail	1,892,000	RMB-denominated ordinary shares	1,892,000
Song Haiying	1,864,831	RMB-denominated ordinary shares	1,864,831
Shuimu Yuanjing	1,831,627	RMB-denominated ordinary shares	1,831,627
Explanation on buyback account among the top ten shareholders	N/A		
Explanation on the above shareholders' entrusting voting rights, entrusted voting rights and waiver of voting rights	N/A		
Explanation on connected relationship or acting in concert among the above shareholders	The general partner of the Company's shareholders Shuimu Yuanjing, Shuimu Sail and Shuimu Changfeng is Beijing Shuimu Chuangxin Investment Management Center (G.P.).		
Explanation on the preference shareholders with restored voting rights and the number of shares held	N/A		

### Lending of shares by the top ten shareholders in the refinancing business

Nil

## SECTION VII

# CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

### Change in top ten shareholders as compared to the previous period

Unit: share

**Change in the top ten shareholders from the end of the previous period**

Name of shareholder (Full name)	Increase and decrease during the Reporting Period	Number of shares lent out and not yet returned as at the end of the period		Number of shares held in the general account and credit account of the shareholders at the end of the period and the shares that have not been returned by the refinancing	
		Total	Percentage (%)	Total	Percentage (%)
		HKSCC NOMINEES LIMITED <i>(Note 1)</i>	Increase	Unknown	Unknown
Song Haiying	Increase	0	0.00%	0	0.00%
Shuimu Yuanjing	Increase	0	0.00%	0	0.00%
Industrial and Commercial Bank of China Co., Ltd. – Lion Growth Stock Securities Investment Fund	Decrease	0	0.00%	0	0.00%
Zhuque Fund – Shaanxi Coal Industry Co., Ltd. – Shaanxi Coal Zhuque New Material Industry Phase II Single Asset Management Plan	Decrease	0	0.00%	0	0.00%

### Shareholdings of the top ten shareholders of restricted shares and the restrictions

Unit: share

No.	Name of shareholders of restricted shares	Listing and trading of restricted shares			Restrictions
		Number of restricted shares held	Time available for listing and trading	Number of new shares available for listing and trading	
1	Zhang Guoqiang	25,998,283	2024/10/18 <i>(Note 2)</i>	0	Pre-IPO shares
Explanation on connected relationship or acting in concert among the above shareholders					N/A

## SECTION VII CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

*Note 1:* The shares held by HKSCC Nominees Limited were held on behalf of clients. As the relevant rules of The Stock Exchange of Hong Kong do not require clients to report whether there are any pledges, freezes, refinancing and credit accounts on the shares held by them, HKSCC Nominees Limited is not in a position to compile statistics or provide information on the number of shares in the pledged or frozen, or refinancing and credit accounts.

*Note 2:* On October 19, 2023, the Company disclosed the Announcement of Beijing SinoHytec Co., Ltd. on the Voluntary Commitment of Controlling Shareholders not to Reduce the Company's Shares (announcement NO.: 2023-036) on the website of the Shanghai Stock Exchange ([www.sse.com.cn](http://www.sse.com.cn)). Mr. Zhang Guoqiang, the controlling shareholder and actual controller of the Company, voluntarily undertook not to transfer or reduce his current shares of the Company in any way within 12 months from the date of signing of this commitment Letter (from October 18, 2023 to October 17, 2024).

### Top ten holders of domestic depository receipts of the Company as at the end of the Reporting Period

N/A

## CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

## IV. INFORMATION ON CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER

## (I) Information on controlling shareholder

## 1 Natural person

Name	Zhang Guoqiang
Nationality	PRC
Whether right of abode of other countries or regions is obtained	No
Main occupation and duties	Chairman of the Board, executive director, general manager

## 2 Diagram of the ownership and controlling relationship between the Company and the controlling shareholder



## SECTION VII CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

### (II) De facto controller

#### 1 Natural person

Name	Zhang Guoqiang
Nationality	PRC
Whether right of abode of other countries or regions is obtained	No
Main occupation and duties	Chairman of the Board, executive director, general manager
Domestic and overseas listed companies controlled in the past 10 years	Nil

#### 2 Diagram of the ownership and controlling relationship between the Company and the de facto controller



## CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

## V. SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES UNDER HONG KONG LAWS AND REGULATIONS

As of December 31, 2023, and to the best knowledge of the Directors of the Company, the following persons (other than the Directors, Supervisors or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of interests required to be kept under Section 336 of the SFO, or who were deemed to be directly and/or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company:

Name of shareholder	Capacity/Nature of interest	Class of shares	Number of shares held	Approximate percentage of interest in the relevant class of shares (%) (Note 1)	Approximate percentage of interest in the total shares (%) (Note 1)
Xu Huini	Interest of spouse <sup>(Note 2)</sup>	A share	26,031,764 (Long position)	18.61	15.73
Astonish Investment Private Limited	Beneficial owner	H Shares	5,413,310 (Long position)	21.13	3.27
Apstar Investment Private Limited	Interest of controlled corporation <sup>(Note 3)</sup>	H Shares	5,413,310 (Long position)	21.13	3.27
GIC (Ventures) Pte. Ltd.	Interest of controlled corporation <sup>(Note 3)</sup>	H Shares	5,413,310 (Long position)	21.13	3.27
GIC Special Investments Private Limited	Interest of controlled corporation <sup>(Note 3)</sup>	H Shares	5,413,310 (Long position)	21.13	3.27
GIC Private Limited	Interest of controlled corporation <sup>(Note 3)</sup>	H Shares	5,413,310 (Long position)	21.13	3.27
China Credit Trust Co., Ltd	Interest of controlled corporation <sup>(Note 4)</sup>	H share	3,631,250 (Long position)	14.17	2.19
Harvest Fund Management Co., Ltd.	Interest of controlled corporation <sup>(Note 4)</sup>	H share	3,631,250 (Long position)	14.17	2.19
Huatai Securities Co., Ltd.	Interest of controlled corporation <sup>(Note 5)</sup>	H Shares	1,301,650 (Long position)	5.08	0.79
		H Shares	1,289,750 (Short position)	5.03	0.78

## SECTION VII

# CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

### Notes:

1. The percentage is calculated by dividing the number of relevant class of shares of the Company in issue as at the date of this annual report by the total number of shares.
2. Xu Huini is the spouse of Zhang Guoqiang, a director of the Company. By virtue of the SFO, she is deemed to be interested in the 26,031,764 A Shares held by Zhang Guoqiang.
3. Astonish Investment Private Limited is held as to 100% of the issued share capital by Apstar Investment Private Limited, Apstar Investment Private Limited is held as to 100% of the issued share capital by GIC (Ventures) Pte. Ltd., GIC (Ventures) Pte. Ltd. is held as to 100% of the issued share capital by GIC Special Investments Private Limited and GIC Special Investments Private Limited is held as to 100% of the issued share capital by GIC Private Limited. Therefore, each of Apstar Investment Private Limited, GIC (Ventures) Pte. Ltd., GIC Special Investments Private Limited, GIC Special Investments Private Limited and GIC Private Limited is deemed to be interested in the shares held by Astonish Investment Private Limited under the SFO.
4. Harvest International Premium Value (Secondary Market) Fund SPC for and on behalf of Harvest Great Bay Investment SP is held as to 100% by Harvest Global Investments Limited. Harvest Global Investments Limited is held as to 91% by Harvest Fund Management Co., Ltd. Harvest Fund Management Co., Ltd. is held as to 40% by China Credit Trust Co., Ltd. Therefore, each of Harvest Fund Management Co., Ltd. and China Credit Trust Co., Ltd is deemed to be interested in the shares held by Harvest International Premium Value (Secondary Market) Fund SPC for and on behalf of Harvest Great Bay Investment SP under the SFO.
5. Huatai Financial Holdings (Hong Kong) Limited is held as to 100% by Huatai International Financial Holdings Company Limited and Huatai International Financial Holdings Company Limited is held as to 100% by Huatai Securities Co., Ltd. Therefore, Huatai Securities Co., Ltd. is deemed to be interested in the Shares held by Huatai Financial Holdings (Hong Kong) Limited under the SFO.

## SECTION VIII INFORMATION ON PREFERENCE SHARES

The Company had no preference shares during the Reporting Period.

## SECTION IX INFORMATION ON BONDS

The Company had no corporate bonds, company bonds and debt financing instruments of non-financial enterprises or convertible bonds during the Reporting Period.

# I. Auditor's report

## Auditor's Report

DHSZ [2024] No. 0011000769

To all the Shareholders of Beijing SinoHytec Co., Ltd.

### 1. OPINION

We have audited the financial statements of Beijing SinoHytec Co., Ltd. (hereafter referred to as "SinoHytec Company"), which comprise the consolidated and the parent company's balance sheets as at December 31, 2023, and the consolidated and the parent company's income statements, the consolidated and the parent company's cash flow statements, the consolidated and the parent company's for the year then ended, and the notes to the relevant financial statements.

In our opinion, the financial statements give a true and fair view of the state of the consolidated and the parent company's financial position of SinoHytec Company as at December 31, 2023, and of their consolidated and the parent company's financial performance and cash flows for the year then ended in accordance with the Accounting Standards for Business Enterprises.

### 2. BASIS FOR OPINION

We conducted our audit in accordance with China Standards on Auditing for Chinese Certified Public Accountants. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of SinoHytec Company in accordance with the Code of Ethics for Chinese Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### 3. KEY AUDIT MATTERS

Key audit matters are those matters that we consider, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our audit opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarized as follow:

1. Revenue recognition
2. Credit impairment on accounts receivable
3. Research and development expenses

## SECTION X FINANCIAL STATEMENTS

### 3. KEY AUDIT MATTERS (Continued)

#### (1) Revenue recognition

##### 1. Audit matter

For details of the accounting policies for revenue recognition and analysis of revenue, please refer to the accounting policies stated in Note V. 34 of “Section 10 Financial Statements” and Note VII. 61.

The operating revenue of SinoHytec Company was mainly derived from the sales of hydrogen fuel cell motor and related accessories. In 2023, the operating revenue of Yitonghua Company amounted to RMB800,701,885.77. As operating revenue is one of the key performance indicators of SinoHytec Company, there is inherent risks that the management of Yitonghua (hereinafter referred to as the management) may achieve specific goals or expectations through inappropriate revenue recognition. Therefore, we identified revenue recognition as a key audit matter.

##### 2. Response measures in the audit

Our audit procedures for revenue recognition mainly include:

- (1) We obtained an understanding of the key internal controls related to revenue recognition, evaluated the design of these controls, determined whether they are implemented, and tested the effectiveness of related internal control operations;
- (2) We evaluated the appropriateness of revenue recognition methods by inspecting sales contracts and interviewing the management to understand the key terms or conditions of contracts, analyzing and evaluating the timing of the transfer of significant risks and rewards relating to revenue recognition;
- (3) We implemented analysis procedures for operating revenue and gross profit margin by product and customer, identified whether there were significant or abnormal fluctuations, and analyzed the reasons for fluctuations;
- (4) We checked the supporting documents related to revenue recognition on a sample basis, including sales contracts, sales invoices, outbound orders and customer acceptance receipts;
- (5) We determined the balance of accounts receivable and sales revenue on a sample basis by letters and interview procedures with major customers based on letters of accounts receivable;
- (6) We run a cut-off test on the revenue recognised before and after the balance sheet date, and checked the supporting documents such as sales contracts, delivery orders and customer acceptance to evaluate whether the revenue was recognised during an appropriate period;
- (7) We checked if information related to operating revenue were appropriately presented in financial statements.

Based on the procedures performed above, we considered that the assumptions and methods adopted by management in the operating revenue were acceptable, the overall assessment of the operating revenue made by management was acceptable, and the relevant judgments and estimates of the operating revenue made by management were reasonable.

### 3. KEY AUDIT MATTERS (Continued)

#### (2) Credit impairment on accounts receivable

##### 1. Audit matter

For details of the accounting policies of accounts receivable and analysis of accounts receivable, please refer to the accounting policies stated in Note V. 13 of “Section 10 Financial Statements” and Note VII. 5.

As at December 31, 2023, the carrying amount of accounts receivable of SinoHytec Company was RMB2,075,750,677.89, the provision for bad debts was RMB453,785,205.36 and the carrying amount was RMB1,621,965,472.53.

We identified the impairment of accounts receivable as a key audit matter due to the significance of the balance and the significant management judgment involved in the impairment of accounts receivable.

##### 2. Response measures in the audit

Our audit procedures for credit impairment on accounts receivable mainly include:

- (1) We obtained an understanding of the key internal controls related to impairment on accounts receivable, evaluated the design of these controls, determined whether they are implemented, and tested the effectiveness of related internal control operations;
- (2) We verified the important accounts receivable, determine the authenticity and accuracy of the transactions and accounts receivable based on the inspection procedures of revenue recognition, and checked and judged whether the accounts receivable is collected within the credit period;
- (3) For accounts receivable that are measured on an individual basis for expected credit losses, we obtained and inspected management’s forecast of expected cash flows, assessed the reasonableness of key assumptions and the accuracy of data used in the forecast, and checked with external evidence obtained;
- (4) For accounts receivable that are measured on a collective basis for expected credit losses, we evaluated the rationality of the management’s grouping based on credit risk characteristics; evaluated the rationality of the management’s comparison table of the aging of accounts receivable and expected credit loss rate based on historical credit loss experience and forward-looking estimates; tested the accuracy and completeness of the data used by the management and the accuracy of the calculation of the provision for bad debts;
- (5) We examined the subsequent settlement of accounts receivable and evaluated the reasonableness of the provision for bad debts of accounts receivable made by the management;
- (6) We checked if information related to credit impairment on accounts receivable were appropriately presented in financial statements.

Based on the procedures performed above, we considered that the assumptions and methods adopted by management in the accounts receivable were acceptable, the overall assessment of the accounts receivable made by management was acceptable, and the relevant judgments and estimates of the accounts receivable made by management were reasonable.

## SECTION X FINANCIAL STATEMENTS

### 3. KEY AUDIT MATTERS (Continued)

#### (3) Research and development expenses

##### 1. Audit matter

For details of the accounting policies of R&D expenses and analysis of R & D expenses, please refer to the accounting policies stated in Note V. 26 of “Section 10 Financial Statements” and Note VII. Note 26, 65.

The research and development expenses of SinoHytec Company for 2023 are RMB140,907,189.33, and the balance of research and development at the end of 2023 is RMB35,604,953.79.

The expense or capitalization of research and development expenses is highly dependent on the judgment made by the management of SinoHytec Company. The achievements of research and development are uncertain, and the amount of research and development expenses is huge, therefore, we identified this matter as a key audit matter.

##### 2. Response measures in the audit

Our audit procedures for research and development expenses mainly include:

- (1) We understood and evaluated the key internal controls related to the research and development projects of SinoHytec Company, in particular, differentiated the relevant controls between the research phase and the development phase, and tested the effectiveness of its operation;
- (2) We reviewed whether the accounting policies of SinoHytec Company in relation to the research and development projects are correct and consistently implemented;
- (3) We inspected the project approval and acceptance documents of the R&D project of SinoHytec Company on a sample basis, and the relevant documents for the expenditure on the R&D project to verify the completeness of the expenditure collection of the R&D project;
- (4) We examined, on a sample basis, the relevant basis and accounting treatment for determining the stage of the R&D project and the capitalization or expense, and determined the accuracy of the expense and capitalized amount of the R&D project;
- (5) For R&D projects involving government subsidies, we checked the relevant project task sheets and government funding documents, and checked whether the accounting meets the requirements of relevant government departments on the use of funds and project R&D acceptance;
- (6) We performed relevant audit procedures on the assets formed by the R&D project, evaluated the subsequent economic benefits of the relevant assets and conduct impairment test.

Based on the procedures performed above, we considered that the assumptions and methods adopted by management in the research and development expenses were acceptable, the overall assessment of the research and development expenses made by management was acceptable, and the relevant judgments and estimates of the research and development expenses made by management were reasonable.

### 4. OTHER INFORMATION

The management of SinoHytec Company is responsible for the other information. The other information comprises all of the information included in the SinoHytec Company 2023 annual report other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report the fact. We have nothing to report in this regard.

### 5. RESPONSIBILITIES OF THE MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

The Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with the ASBEs, and designing, implementing and maintaining internal control which is necessary to enable that the financial statements are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing SinoHytec Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intends to liquidate SinoHytec Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible to overseeing SinoHytec Company's financial reporting process.

## SECTION X FINANCIAL STATEMENTS

### 6. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are generally considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design the appropriate audit procedures.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
4. Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on SinoHytec Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements in accordance with the auditing standards or, if such disclosures are inadequate, we shall modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause SinoHytec Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, and also whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence on the financial information of the entities or business activities of SinoHytec Company in order to express an audit opinion on the financial statements. We are responsible for direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**6. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**  
**(Continued)**

We also provide those charged with governance with a statement that we have complied with those relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Da Hua Certified Public Accountants  
(Special General Partnership)

Chinese Certified Public Accountant:  
(Partner)

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Hu Xiaohui

Beijing, China  
26 April, 2024

Chinese Certified Public Accountant:

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Gao Xiaopu

## SECTION X FINANCIAL STATEMENTS

### II. Financial statements

## Consolidated Statements of Balance Sheets

December 31, 2023

Prepared by: Beijing SinoHytec Co., Ltd.

Unit: RMB

Item	Notes	December 31, 2023	December 31, 2022
<b>Current assets:</b>			
Cash and cash equivalents	Note 1	609,224,455.57	649,887,994.07
Balance with clearing companies			
Placements with other financial institutions			
Financial assets held-for-trading	Note 2	690,330,355.31	25,165,123.28
Derivative financial assets			
Notes receivable	Note 4	50,790,598.92	31,170,000.00
Accounts receivable	Note 5	1,621,965,472.53	1,083,033,929.46
Receivables financing	Note 7	31,009,909.60	21,990,000.00
Prepayments	Note 8	27,845,110.18	19,554,147.32
Premium receivables			
Reinsurance accounts receivable			
Provision for reinsurance contract receivable			
Other receivables	Note 9	19,113,995.79	26,271,763.46
Including: Interest receivables			
Dividend receivable			
Purchases of resold financial assets			
Inventories	Note 10	231,175,443.00	302,903,534.87
Contract assets	Note 6	16,711,351.68	33,719,757.81
Held-for-sale assets			
Non-current assets due within one year		-	-
Other current assets	Note 13	42,869,393.99	67,337,509.57
<b>Total current assets</b>		<b>3,341,036,086.57</b>	2,261,033,759.84

SECTION X  
FINANCIAL STATEMENTS

# Consolidated Statements of Balance Sheets (Continued)

December 31, 2023

Prepared by: Beijing SinoHytec Co., Ltd.

Unit: RMB

Item	Notes	December 31, 2023	December 31, 2022
<b>Non-current assets:</b>			
Loans and advances to customers			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	Note 17	318,755,255.43	333,849,340.97
Other equity instrument investments	Note 18	195,510,000.00	173,500,000.00
Other non-current financial assets	Note 19	2,800,000.00	2,800,000.00
Investment properties			
Fixed assets	Note 21	503,237,119.23	478,969,668.22
Construction in progress	Note 22	21,651,097.39	14,446,330.11
Productive biological assets			
Oil and gas assets			
Right-of-use assets	Note 25	37,863,441.51	25,669,719.66
Intangible assets	Note 26	261,715,313.55	204,985,879.25
Development expenses	Note VIII	35,604,953.79	72,941,726.28
Goodwill			
Long-term deferred expenditures	Note 28	36,864,080.66	27,933,004.82
Deferred income tax assets	Note 29	155,402,537.23	135,525,491.45
Other non-current assets	Note 30	35,280,890.88	52,301,386.65
<b>Total non-current assets</b>		<b>1,604,684,689.67</b>	1,522,922,547.41
<b>Total assets</b>		<b>4,945,720,776.24</b>	3,783,956,307.25

## SECTION X FINANCIAL STATEMENTS

# Consolidated Statements of Balance Sheets (Continued)

December 31, 2023

Prepared by: Beijing SinoHytec Co., Ltd.

Unit: RMB

Item	Notes	December 31, 2023	December 31, 2022
<b>Current liabilities:</b>			
Short-term borrowings	Note 32	<b>586,612,183.58</b>	229,872,186.96
Borrowings from central bank			
Loans from other financial institutions			
Financial liabilities held-for-trading			
Derivative financial liabilities			
Note payables	Note 35	<b>39,683,502.69</b>	114,143,006.75
Accounts payable	Note 36	<b>572,538,653.10</b>	399,794,860.24
Advances from customers	Note 37	<b>27,522.85</b>	27,522.93
Contract liabilities	Note 38	<b>6,444,858.63</b>	5,532,261.91
Proceeds from disposal of repurchased financial assets			
Absorption of deposits and interbank deposits			
Acting sale of securities			
Acting underwriting of securities			
Accrued payroll	Note 39	<b>50,874,311.75</b>	49,339,486.30
Taxes payable	Note 40	<b>2,934,806.59</b>	7,929,205.25
Other payables	Note 41	<b>18,742,209.30</b>	1,612,717.10
Including: Interest payable			
Dividend payable		-	-
Handling fee and commission payable			
Reinsurance accounts payable			
Held-for-sale liabilities			
Non-current liabilities due within one year	Note 43	<b>37,746,416.32</b>	9,113,362.44
Other current liabilities	Note 44	<b>6,507,783.13</b>	11,614,079.94
<b>Total current liabilities</b>		<b>1,322,112,247.94</b>	828,978,689.82

# Consolidated Statements of Balance Sheets (Continued)

December 31, 2023

Prepared by: Beijing SinoHytec Co., Ltd.

Unit: RMB

Item	Notes	December 31, 2023	December 31, 2022
<b>Non-current liabilities:</b>			
Reserve fund for insurance contracts			
Long-term borrowings	Note 45	-	19,417,783.33
Bonds payable			
Including: Preferred shares			
Perpetual bonds			
Lease liabilities	Note 47	<b>21,299,220.60</b>	14,299,147.15
Long-term payables	Note 48	<b>5,911,814.94</b>	-
Long-term accrued payroll			
Accrued liabilities	Note 50	<b>44,776,420.37</b>	37,428,122.52
Deferred income	Note 51	<b>111,273,990.16</b>	109,666,422.97
Deferred income tax liabilities	Note 29	<b>33,204,233.23</b>	30,248,893.97
Other non-current liabilities		-	-
<b>Total non-current liabilities</b>		<b>216,465,679.30</b>	211,060,369.94
<b>Total liabilities</b>		<b>1,538,577,927.24</b>	1,040,039,059.76

SECTION X  
FINANCIAL STATEMENTS

# Consolidated Statements of Balance Sheets (Continued)

December 31, 2023

Prepared by: Beijing SinoHytec Co., Ltd.

Unit: RMB

Item	Notes	December 31, 2023	December 31, 2022
<b>Owners' equity (or shareholders' equity):</b>			
Paid-up capital (or share capital)	Note 53	<b>165,465,772.00</b>	99,891,387.00
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserve	Note 55	<b>3,236,926,118.73</b>	2,378,146,637.90
Less: Treasury shares			
Other comprehensive income	Note 57	<b>113,391,271.34</b>	94,682,771.34
Special reserve	Note 58	<b>7,707,807.00</b>	4,819,344.54
Surplus reserve	Note 59	<b>9,216,035.02</b>	9,216,035.02
Provision for general risk			
Undistributed profit	Note 60	<b>-487,856,704.18</b>	-244,653,029.56
Total equity attributable to shareholders of the parent company (or shareholders' equity)		<b>3,044,850,299.91</b>	2,342,103,146.24
Minority interests		<b>362,292,549.09</b>	401,814,101.25
<b>Total owners' equity (or shareholders' equity)</b>		<b>3,407,142,849.00</b>	2,743,917,247.49
<b>Total liabilities and owners' equity (or shareholders' equity)</b>		<b>4,945,720,776.24</b>	3,783,956,307.25

# Consolidated Income Statement

January to December, 2023

Unit: RMB

Item	Notes	Year 2023	Year 2022
<b>I. Total operating income</b>		<b>800,701,885.77</b>	738,116,580.20
Including: Operating income	Note 61	<b>800,701,885.77</b>	738,116,580.20
Interest income			
Premiums earned			
Handling fee and commission income			
<b>II. Total operation costs</b>		<b>968,656,768.22</b>	872,234,107.76
Including: Operation costs	Note 61	<b>540,215,455.79</b>	454,677,279.82
Interest expense			
Handling fee and commission expenses			
Surrenders value			
Net expenditure for insurance claims settlement			
Net drawing on provision for insurance contracts			
Expenditures for policy dividend			
Reinsurance expenditures			
Tax and surcharges	Note 62	<b>3,633,713.75</b>	4,187,960.36
Selling expenses	Note 63	<b>76,320,870.13</b>	104,881,392.84
Administrative expenses	Note 64	<b>223,636,002.21</b>	212,567,707.86
Research and development expenses	Note 65	<b>140,907,189.33</b>	101,264,578.71
Financial expenses	Note 66	<b>-16,056,462.99</b>	-5,344,811.83
Including: Interest expense		<b>15,682,658.15</b>	7,335,912.04
Interest income		<b>19,934,917.40</b>	13,299,488.91
Add: Other income	Note 67	<b>24,856,478.84</b>	35,719,082.79
Investment income ("-" for loss)	Note 68	<b>-34,186,331.54</b>	-13,176,079.55
Including: Investment income from associates and joint ventures		<b>-41,477,221.66</b>	-15,969,629.20
Gains from derecognition of financial assets at amortized cost			
Exchange gains ("-" for losses)			
Gains on net exposure hedges ("-" for losses)			
Gains on change in fair value ("-" for losses)	Note 70	<b>33,050,692.03</b>	165,123.28
Losses on credit impairment ("-" for losses)	Note 71	<b>-99,482,634.25</b>	-30,797,642.94
Impairment losses on assets ("-" for losses)	Note 72	<b>-62,921,351.69</b>	-90,370,779.71
Gains from asset disposal ("-" for losses)	Note 73	<b>44,136.58</b>	-107,378.93

## SECTION X FINANCIAL STATEMENTS

# Consolidated Income Statement (Continued)

January to December, 2023

Unit: RMB

Item	Notes	Year 2023	Year 2022
<b>III. Operating profits (“–” for losses)</b>		<b>-306,593,892.48</b>	-232,685,202.62
Add: Non-operating income	Note 74	<b>632,535.42</b>	828,692.90
Less: Non-operating expenses	Note 75	<b>13,603,125.91</b>	4,460,603.57
<b>IV. Total profits (“–” for total losses)</b>		<b>-319,564,482.97</b>	-236,317,113.29
Less: Income tax expenses	Note 76	<b>-19,487,444.93</b>	-41,189,068.75
<b>V. Net profits (“–” for net losses)</b>		<b>-300,077,038.04</b>	-195,128,044.54
(1) Classified by continuity of operations			
1. Net profit from continuing operations (“–” for net loss)		<b>-300,077,038.04</b>	-195,128,044.54
2. Net profit from discontinued operations (“–” for net loss)			
(2) Classified by ownership			
1. Net profit attributable to equity shareholders of the parent company (“–” for net loss)		<b>-243,203,674.62</b>	-166,733,395.20
2. Minority interests (“–” for net losses)		<b>-56,873,363.42</b>	-28,394,649.34
<b>VI. Net amount of other comprehensive income after tax</b>		<b>18,708,500.00</b>	2,210,000.00
(1) Net amount of other comprehensive income after tax attributable to shareholders of the parent company		<b>18,708,500.00</b>	2,210,000.00
1. Other comprehensive income that cannot be reclassified to profit or loss		<b>18,708,500.00</b>	2,210,000.00
(1) Re-measurement of changes under defined benefit plan			
(2) Other comprehensive income which cannot be reclassified to profit or loss under equity method			
(3) Change in fair value of other equity instrument investments		<b>18,708,500.00</b>	2,210,000.00
(4) Changes in fair value of the enterprise’s own credit risk			
2. Other comprehensive income that will be reclassified to profit or loss			
(1) Other comprehensive income that can be reclassified to profit or loss under equity method			
(2) Changes in fair value of other debt investments			
(3) Amount included in other comprehensive income on reclassification of financial assets			
(4) Credit impairment provision for other debt investments			
(5) Cash flow hedging reserve			
(6) Differences on translation of foreign currency statements			
(7) Others			
(2) Net amount of other comprehensive income after tax attributable to minority shareholders			

# Consolidated Income Statement (Continued)

January to December, 2023

Unit: RMB

Item	Notes	Year 2023	Year 2022
<b>VII. Total comprehensive income</b>		<b>-281,368,538.04</b>	-192,918,044.54
(1) Total comprehensive income attributable to owners of the parent company		<b>-224,495,174.62</b>	-164,523,395.20
(2) Total comprehensive income attributable to minority shareholders		<b>-56,873,363.42</b>	-28,394,649.34
<b>VIII. Earnings per share:</b>			
(1) Basic earnings per share (RMB/share)		<b>-1.48</b>	-1.19
(2) Diluted earnings per share (RMB/share)		<b>-1.48</b>	-1.19

For the business combination under common control in the current period, the net profit realized by the merged party before the combination was RMB0, and the net profit realized by the merged party in the previous period was RMB0.

## SECTION X FINANCIAL STATEMENTS

# Consolidated Statement of Cash Flows

January to December, 2023

Unit: RMB

Item	Notes	Year 2023	Year 2022
<b>I. Cash flows from operating activities:</b>			
Cash received from sales of goods and rendering of services		<b>222,057,334.74</b>	420,041,131.55
Net increase in customer deposits and interbank deposits			
Net increase in borrowings from central bank			
Net increase in placements from other financial institutions			
Cash received from premiums under original insurance contracts			
Net cash received from reinsurance business			
Net increase in deposits from policyholder and investment funds			
Cash received from interests, handling fees and commissions			
Net increase in capital borrowed			
Net increase in capital from repurchase business			
Net cash received from acting sale of securities			
Refund of taxes and levies		<b>6,064,233.16</b>	9,972,999.69
Cash received relating to other operating activities	Note 78	<b>64,683,678.39</b>	45,639,033.27
<b>Sub-total of cash inflows from operating activities</b>		<b>292,805,246.29</b>	475,653,164.51
Cash paid for the purchase of goods and the acceptance of services		<b>412,971,286.93</b>	438,014,959.39
Net increase in loans and advances to customers			
Net increase in deposits with central bank and interbank deposits			
Cash paid for compensation payments under original insurance contracts			
Net increase in placements with other financial institutions			
Cash paid for interests, handling fees and commissions			
Cash paid for policyholder dividend			
Cash paid to and for employees		<b>317,637,240.45</b>	262,623,683.38
Payments of all types of taxes		<b>14,132,513.90</b>	21,165,597.09
Cash payments relating to other operating activities	Note 78	<b>108,702,355.80</b>	85,960,658.61
<b>Sub-total of cash outflows from operating activities</b>		<b>853,443,397.08</b>	807,764,898.47
<b>Net cash flows from operating activities</b>		<b>-560,638,150.79</b>	-332,111,733.96

# Consolidated Statement of Cash Flows (Continued)

January to December, 2023

Unit: RMB

Item	Notes	Year 2023	Year 2022
<b>II. Cash flows from investing activities:</b>			
Cash received from disposal of investments	Note 78	65,000,000.00	1,024,000,000.00
Cash received from investment income		7,446,547.25	8,389,850.41
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		9,343.00	108,310.00
Net cash received from disposal of subsidiaries and other operating units			
Cash received relating to other investing activities			
<b>Sub-total of cash inflows from investing activities</b>		<b>72,455,890.25</b>	1,032,498,160.41
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		74,477,503.69	164,118,555.42
Cash paid for investments	Note 78	752,614,540.00	872,000,000.00
Net increase in pledged loans			
Net cash paid for acquisition of subsidiaries and other operating units			
Cash paid relating to other investing activities			
<b>Sub-total of cash outflows from investing activities</b>		<b>827,092,043.69</b>	1,036,118,555.42
<b>Net cash flows from investing activities</b>		<b>-754,636,153.44</b>	-3,620,395.01
<b>III. Cash flows from financing activities:</b>			
Cash received from capital contributions		931,364,635.94	29,384,448.00
Including: Cash received by subsidiaries from investment of minority shareholders		17,000,000.00	29,384,448.00
Cash received from borrowings		632,234,437.96	299,703,399.26
Cash received from other financing activities	Note 78	71,089,956.61	105,303,464.39
<b>Sub-total of cash inflows from financing activities</b>		<b>1,634,689,030.51</b>	434,391,311.65
Cash paid for repayment of debts		275,455,105.34	167,024,759.85
Cash payments for distribution of dividends, profits or interest expenses		11,685,060.57	6,361,551.17
Including: Dividends and profits paid to minority shareholders by subsidiaries			
Cash paid relating to other financing activities	Note 78	70,747,790.48	113,449,211.28
<b>Sub-total of cash outflows from financing activities</b>		<b>357,887,956.39</b>	286,835,522.30
<b>Net cash flows from financing activities</b>		<b>1,276,801,074.12</b>	147,555,789.35

SECTION X  
FINANCIAL STATEMENTS

# Consolidated Statement of Cash Flows (Continued)

January to December, 2023

Unit: RMB

Item	Notes	Year 2023	Year 2022
<b>IV. Effect of exchange rate changes on cash and cash equivalents</b>		<b>13,709,254.98</b>	
<b>V. Net increase in cash and cash equivalents</b>		<b>-24,763,975.13</b>	-188,176,339.62
Add: Balance of cash and cash equivalents at the beginning of the period		<b>616,790,436.73</b>	804,966,776.35
<b>VI. Balance of cash and cash equivalents at the end of the period</b>		<b>592,026,461.60</b>	616,790,436.73

# Consolidated Statements of Changes in Owner's Equity

January to December, 2023

Unit: RMB

Item	Equity attributable to owners of parent company										Total owners' equity					
	Paid-up capital (or share capital)	Preferred shares	Perpetual bonds	Other equity instruments	Capital reserve	Treasury shares	Less: comprehensive income	Other comprehensive income	Special reserve	Surplus reserve		Provision for general risk	Undistributed profit	Others	Subtotal	Minority interests
I. Balance at the end of last year	99,891,387.00				2,378,146,637.90		94,682,771.34	4,819,344.54	4,819,344.54	9,216,035.02		-244,653,023.56		2,342,103,146.24	401,814,101.25	2,743,917,247.49
Add: Changes in accounting policies																
Correction of errors in prior period																
Others																
II. Balance at the beginning of the year	99,891,387.00				2,378,146,637.90		94,682,771.34	4,819,344.54	4,819,344.54	9,216,035.02		-244,653,023.56		2,342,103,146.24	401,814,101.25	2,743,917,247.49
III. Increase/decrease for the period ("—" for decrease)	65,574,385.00				838,779,480.83		18,708,500.00	2,888,462.46	2,888,462.46					702,747,153.67	-39,521,521.16	663,225,631.51
(1) Total comprehensive income							18,708,500.00							-244,495,174.62	-56,350,539.44	-280,845,734.06
(2) Capital contribution and reduction by owners	18,238,450.00				916,055,413.83									924,553,865.83	16,829,007.28	941,182,873.11
1. Ordinary shares contributed by owners	18,238,450.00				916,055,413.83									924,553,865.83	16,829,007.28	941,182,873.11
2. Capital contribution by holders of other equity instruments														17,000,000.00		17,000,000.00
3. Share-based payment recorded in owner's equity																
4. Others																
(3) Profit distribution																
1. Appropriation of surplus reserve																
2. Appropriation to general risk reserve																
3. Distribution to owner/shareholder																
4. Others																
(4) Transfer within owner's equity	47,275,395.00				-47,275,395.00											
1. Capitalization of capital reserve (or share capital)	47,275,395.00				-47,275,395.00											
2. Transfer of surplus reserve to capital (or share capital)																
3. Surplus reserve made up for losses																
4. Transfer of changes in defined benefit plan to retained earnings																
5. Other comprehensive income carried forward to retained earnings																
6. Others																
(5) Special reserve																
1. Appropriation for the period																
2. Utilization for the period																
(6) Others																
IV. Balance at the end of the period	165,465,772.00				3,216,926,118.73		113,391,271.34	7,707,807.00	7,707,807.00	9,216,035.02		-487,856,704.18		3,044,859,299.91	362,825,460.09	3,407,142,849.00

## SECTION X FINANCIAL STATEMENTS

# SECTION X FINANCIAL STATEMENTS

## Consolidated Statements of Changes in Owner's Equity (Continued)

January to December, 2023

Unit: RMB

Item	Year 2022										Total owners' equity			
	Pay-up capital (or share capital)	Preferred shares	Other equity instruments	Capital reserve	Treasury shares	Less: comprehensive income	Other	Special reserve	Surplus reserve	Provision for general risk		Undistributed profit	Others	Subtotal
<b>I. Balance at the end of last year</b>	71,350,991.00			2,407,352,628.51		94,472,771.34	24,054.98	9,216,035.02			-77,679,952.68	2,502,636,528.17	390,041,395.00	2,892,877,923.17
Add: Changes in accounting policies											-239,681.68		4,022.50	-235,659.18
Correction of errors in prior period														
Others														
<b>II. Balance at the beginning of the year</b>	71,350,991.00			2,407,352,628.51		94,472,771.34	24,054.98	9,216,035.02			-77,979,634.36	2,502,396,846.49	390,045,417.50	2,892,642,263.99
<b>III. Increase/decrease for the period ("—" for decrease)</b>	28,540,386.00			-29,105,990.61		2,210,000.00	4,795,289.56			-166,733,395.20	-166,733,395.20	-160,293,700.25	11,568,683.75	-148,715,016.50
(1) Total comprehensive income						2,210,000.00				-166,733,395.20				-192,564,892.79
(2) Capital contribution and reduction by owners	28,540,386.00			-29,105,990.61										39,044,586.73
1. Ordinary shares contributed by owners	28,540,386.00			-28,540,386.00										
2. Capital contribution by holders of other equity instruments														
3. Share-based payment recorded in owner's equity														
4. Others				-565,594.61										
(3) Profit distribution														
1. Appropriation of surplus reserve														
2. Appropriation to general risk reserve														
3. Distribution to owners/shareholder														
4. Others														
(4) Transfer within owner's equity														
1. Capitalization of capital reserve (or share capital)														
2. Transfer of surplus reserve to capital (or share capital)														
3. Surplus reserve made up for losses														
4. Transfer of changes in defined benefit plan to retained earnings														
5. Other comprehensive income carried forward to retained earnings														
6. Others														
(5) Special reserve														
1. Appropriation for the period														
2. Utilization for the period														
(6) Others														
<b>IV. Balance at the end of the period</b>	99,891,387.00			2,378,146,637.90		94,682,771.34	4,819,344.54	9,216,035.02			-244,653,023.56	2,342,103,146.24	401,841,012.35	2,743,917,447.49

### III. BASIC INFORMATION OF THE COMPANY

#### 1. Company profile

##### (I) Place of incorporation, form of organization and address of head office of the Company

Beijing SinoHytec Co., Ltd. (hereinafter referred to as the Company or SinoHytec) is a joint stock limited company established in August 2015 by Beijing Sinohytec Limited (hereinafter referred to as the Sinohytec Limited) by the way of full conversion in accordance with the Company Law of the People's Republic of China and other relevant laws and administrative regulations. The Company was listed on the Shanghai Stock Exchange ("SSE") on August 10, 2020 and currently holds a business license with a unified social credit code of 911101080514468626.

After years of bonus share distribution, placing of new shares, conversion of share capital and issuance of new shares, as of December 31, 2023, the Company has issued a total of 165,465,772 shares, with a registered capital of RMB165,465,772.00. Its registered address is Room C701, 7th Floor, Block C, Building B-6, Dongsheng Science Park, Zhongguancun, No. 66, Xixiaokou Road, Haidian District, Beijing. Its address of head office is Room C701, 7th Floor, Block C, Building B-6, Dongsheng Science Park, Zhongguancun, No. 66, Xixiaokou Road, Haidian District, Beijing. The de facto controller of the Company is Zhang Guoqiang.

##### (II) The nature of the Company's business and major operating activities

The Company is in the electrical machinery and equipment manufacturing industry and its main products and services are fuel cell engine systems and related technology development services.

Business scope within the Company's business license: general projects: technical service, technology development, technology consultation, technology exchange, technology transfer, technology promotion; information technology consulting services; computer system services; intellectual property services (except patent agency services); data processing services; computer hardware, software and peripheral equipment manufacturing; automotive parts wholesale; automotive parts retail; conference and exhibition services; import and export of goods; import and export agent; technology import and export; inspection and appraisal of import and export commodities; industrial design services; automotive parts and accessories manufacturing. (Except for projects subject to approval according to law, entities shall independently carry out business activities with business licenses according to law) Permitted items: gas operations; gas vehicle filling operations. (For projects subject to approval according to law, business activities can only be carried out after approval by relevant departments, and specific business projects shall be subject to approval documents or license documents issued by relevant departments) (Entities shall not engage in business activities of projects that are prohibited or restricted by the national and municipal industrial policies) (Business premise: Demonstration Vehicles Maintenance Garage, Beijing Hydrogen Energy Demonstration Park, Yongfeng High-tech Industrial Base, Zhongguancun Science Park, Haidian District, Beijing)

##### (III) Scope of consolidated financial statements

The Company has 24 subsidiaries included in the scope of consolidation in the current period. For details, please refer to Note X. Interests in other entities under the "Section X Financial Statements". The number of entities included in the scope of consolidated financial statements for the current period increased by 10 and decreased by 1 compared with the previous period. Details of entities with changes in the consolidation scope are set out in Note IX. Changes in Consolidation Scope under the "Section X Financial Statements".

##### (IV) Approval of financial statements

The financial statements were approved for presentation by the Board of Directors of the Company on April 26, 2024.

## SECTION X FINANCIAL STATEMENTS

### IV. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

#### 1. Basis of preparation

The financial statements of the Company have been prepared on a going concern basis. Based on the transactions and events incurred, recognition and measurement shall be carried out in accordance with the Enterprise Accounting Standards – Basic Standards and Specific Enterprise Accounting Standards promulgated by the Ministry of Finance, the Guidelines for the Application of Enterprise Accounting Standards, the Interpretation of Enterprise Accounting Standards and other relevant provisions (hereinafter collectively referred as “**ASBEs**”). On this basis, we prepare financial statements in accordance with the provisions of Regulations on the Compilation Rules of Information Disclosure of Public Securities Companies No. 15 – General Provisions on Financial Reporting (Amended in 2023) promulgated by China Securities Regulatory Commission.

#### 2. Going concern

The sustainability of the 12 months of the report from the end of the period has been evaluated. No significant matters or situation has been found which could influence the ability to maintain its sustainability. Therefore, the financial statements are based on the assumption of going concern.

### V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

Specific accounting policies and accounting estimates:

The Company’s accounting policies and accounting estimates are implemented in accordance with the requirements under the ASBEs.

#### 1. Statement of compliance with Accounting Standards for Business Enterprises

The financial statements prepared by the Company are in compliance with the ASBEs, and truly and completely present the financial position, operating results, changes in shareholder’s equity and cash flows of the Company.

#### 2. Accounting period

The fiscal year of the Company starts from January 1 to December 31 of each calendar year.

#### 3. Operating cycle

An operating cycle refers to the period required for a business to make initial purchase to produce goods and receive cash and cash equivalents. The Group adopts 12 months as an operating cycle, which is the classification standard of the liquidity of its asset and liability.

#### 4. Functional currency

The functional currency of the Company is RMB.

## SECTION X FINANCIAL STATEMENTS

### V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### 5. Determination method and selection basis of materiality

Items	Materiality criterion
Material accounts receivable which were subject to individual provision for bad debts	Individual amount accounted for more than 10% of the balance of accounts receivable of the Group
Material construction in progress	The ending balance of individual construction in progress accounted for more than 10% of the total assets of the Group
Material non-wholly-owned subsidiary	The net assets of subsidiaries accounted for more than 10% of net assets of the Group or the operating income after excluding internal transactions accounted for more than 10% of operating income of the Group
Material joint ventures or associates	The book value of long-term equity investments accounted for more than 10% of the Group's total assets or the investment income from joint ventures or associates accounted for more than 10% of the Group's net profits
Material capitalized R&D projects	The ending balance of individual capitalized R&D projects accounted for more than 10% of the original value of intangible assets of the Group
Material payables of more than one year	Individual amount accounted for more than 10% of the balance of accounts payable of the Group

## SECTION X FINANCIAL STATEMENTS

### V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### 6. Changes in significant accounting policies and accounting estimates

##### (1). Changes in significant accounting policies

Unit: RMB

Details of and reasons for the changes in accounting policies	items that are significantly affected	Amount affected
<p>On December 13, 2022, the Ministry of Finance issued the Accounting Standards for Business Enterprises Interpretation No. 16 (Cai Kuai [2022] No. 31, hereinafter referred to as “<b>Interpretation No. 16</b>”), among which, “deferred income tax related to assets and liabilities arising from a single transaction is not applicable to the accounting treatment of the initial recognition exemption” will come into effect from January 1, 2023, enterprises are permitted to apply early in the year of publication. The Company implemented the accounting treatment related to this matter during the year.</p>	(1)	(1)
<p>On October 25, 2023, the Ministry of Finance issued the Accounting Standards for Business Enterprises Interpretation No. 17 (Cai Kuai [2023] No. 21, hereinafter referred to as the “<b>Interpretation No. 17</b>”), which stipulated the contents of “division of current and non-current liabilities”, “disclosure of financing arrangements of suppliers”, and “accounting treatment of sale and leaseback transactions”, which shall take effect from January 1, 2024.</p>	No material impact on the 2023 financial statements of the Company	

##### Other explanations:

- (1) In accordance with the provisions of Interpretation No. 16, the Company has adjusted the relevant items in balance sheet as follows:

Balance sheet items	December 31, 2022		
	Before changes	Cumulative effect amount	After changes
Deferred income tax assets	130,545,747.97	4,979,743.48	135,525,491.45
Deferred income tax liabilities	24,631,301.24	5,617,592.73	30,248,893.97
Undistributed profits	-244,134,213.34	-518,816.22	-244,653,029.56
Minority interests	401,933,134.28	-119,033.03	401,814,101.25

## SECTION X FINANCIAL STATEMENTS

### V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### 6. Changes in significant accounting policies and accounting estimates (Continued)

##### (1). Changes in significant accounting policies (Continued)

*Other explanations: (Continued)*

In accordance with the provisions of Interpretation No. 16, the Company has adjusted the relevant items in income statement as follows:

Income statement items	Before changes	2022 Cumulative effect amount	After changes
Income tax expenses	-41,591,258.82	402,190.07	-41,189,068.75
Minority interests	-28,271,593.81	-123,055.53	-28,394,649.34

### VI. TAXATION

#### 1. Main taxes and tax rates

##### Main taxes and tax rates

Tax type	Tax basis	Tax rate
Value-added tax	Output VAT is calculated on product sales and taxable services revenue according to taxation laws. The remaining balance of output VAT, after subtracting the deductible input VAT of the period, is VAT payable	6%, 13%
City maintenance and construction tax	Based on VAT effectively paid	7%, 1%
Corporate income tax	Based on taxable profits	15% or 25%
Education surcharge	Value-added tax paid	3%
Local education surcharge	Value-added tax paid	2%, 1%
Land use tax	Land use area	RMB3, RMB5/m <sup>2</sup>
Property tax	Residual value after deducting a certain percentage from the original value of the property	1.2%

## SECTION X FINANCIAL STATEMENTS

### VI. TAXATION (Continued)

#### 1. Main taxes and tax rates (Continued)

##### Disclosure of entities subject to different enterprise income tax rates

Name of taxpayer	Income tax rate (%)
The Company	15%
SinoHytec Power Technology Co., Ltd.	15%
Shanghai SinoFuelCell Co., Ltd.	15%
Shanghai Shenrong New Energy Technology Co., Ltd.	25%
Beijing Future Hydrogen Valley Technology Co., Ltd.	25%
Guochuang Hebei Hydrogen Energy Industry Innovation Center Co., Ltd.	25%
Chengdu SinoHytec Power Technology Co., Ltd.	15%
Chengdu Guoqinghuatong Technology Co., Ltd.	15%
Beijing Juxinghuatong Hydrogen Energy Technology Co., Ltd.	25%
Shandong Huaqing Dongli Technology Co., Ltd.	25%
Hubei Guochuang Hydrogen Power Technology Co., Ltd.	25%
Tangshan Qianchen New Energy Development Co., Ltd.	25%
Beijing Shenchuan Technology Co. Ltd.	25%
Tangshan SinoFuelCell Co., Ltd.	25%
Zhengzhou SinoHytec Power Technology Co., Ltd.	25%
Beijing SinoHytec Hydrogen Energy Technology Co.,Ltd.	25%
Hebei Guochuang Hydrogen Energy Technology Co.,Ltd.	25%
Zhangjiakou Guoqing Technology Co., Ltd.	25%
Zhangjiakou Qingtong Technology Co., Ltd.	25%
Shanghai Kuitong Technology Co., Ltd.	25%
Yifan Hydrogen Energy Technology Co., Ltd.	25%
Tangshan Yitong Hydrogen Energy Technology Co., Ltd.	25%
Guangdong SinoHytec Technology Co., Ltd.	25%
Guangzhou SinoHytec New Energy Technology Co., Ltd.	25%
SinoHytec International Limited	16.5%

## SECTION X FINANCIAL STATEMENTS

### VI. TAXATION (Continued)

#### 2. Tax preference

Taxpayer	Tax preference	Year	Basis
The Company	High-tech enterprise income tax levied at a tax rate of 15%	2022–2024	GR202211003984 High and New Technology Enterprise Certificate
The Company	VAT refund upon collection	From 2012	The Notice of Valued-added Tax Policies for Software Products (Cai Shui [2011] No. 100)
Shanghai SinoFuelCell Co., Ltd.	High-tech enterprise income tax levied at a tax rate of 15%	2020–2023	GR202031005718 High and New Technology Enterprise Certificate
SinoHytec Power Technology Co., Ltd.	High-tech enterprise income tax levied at a tax rate of 15%	2021–2023	GR202113003866
SinoHytec Power Technology Co., Ltd.	Refund of VAT on software products	From 2018	The Notice of Valued-added Tax Policies for Software Products (Cai Shui [2011] No. 100)
Chengdu SinoHytec Power Technology Co., Ltd.	Enterprise income tax in relation to the Western Development Strategy shall be levied at a tax rate of 15%	2020–2030	Announcement of the National Development and Reform Commission on the Continuation of the Enterprise Income Tax Policy for the Development of the Western Region (Cai Shui [2020] No. 23)
Chengdu Guoqinghuatong Technology Co., Ltd.	Enterprise income tax in relation to the Western Development Strategy shall be levied at a tax rate of 15%	2020–2030	Announcement of the National Development and Reform Commission on the Continuation of the Enterprise Income Tax Policy for the Development of the Western Region (Cai Shui [2020] No. 23)

## SECTION X FINANCIAL STATEMENTS

### VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### 1. Cash and cash equivalents

Unit: RMB

Item	Closing balance	Opening balance
Cash on hand	<b>309,076.84</b>	125,469.76
Bank deposits	<b>579,434,807.18</b>	598,380,828.34
Other monetary funds	<b>29,480,571.55</b>	51,381,695.97
Total	<b>609,224,455.57</b>	649,887,994.07
Including: Total amount deposited overseas	<b>288,971,329.47</b>	

Other explanation:

Breakdown of restricted monetary funds are as follows:

Item	Closing balance	Opening balance
Deposits for bank acceptance bills	<b>4,493,472.46</b>	29,303,973.61
Performance bond	<b>41,800.00</b>	41,800.00
Frozen funds due to litigation	<b>2,617,981.79</b>	3,726,008.39
Certificate of deposit	<b>10,000,000.00</b>	
Undue interest	<b>44,739.72</b>	25,775.34
Total	<b>17,197,993.97</b>	33,097,557.34

#### 2. Financial assets held-for-trading

Unit: RMB

Item	Closing balance	Opening balance	Reasons and basis for determination
Financial assets at fair value through profit or loss	<b>690,330,355.31</b>	25,165,123.28	/
Including:			
Others	<b>690,330,355.31</b>	25,165,123.28	/
Total	<b>690,330,355.31</b>	25,165,123.28	/

Other explanations:

Other financial assets at fair value through profit or loss are structured deposits, and their fair values are calculated based on expected yield rate.

## SECTION X FINANCIAL STATEMENTS

### VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 3. Derivative financial assets

Applicable  Not Applicable

#### 4. Bills receivable

##### (1). Bills receivable by category

Unit: RMB

Item	Closing balance	Opening balance
Bank acceptance bills	49,919,638.92	31,170,000.00
Commercial acceptance bills	870,960.00	
<b>Total</b>	<b>50,790,598.92</b>	31,170,000.00

##### (2). Bills receivable endorsed or discounted by the Company at the end of the period and not yet due at the balance sheet date

Unit: RMB

Item	Amount derecognized at the end of the period	Amount not derecognized at the end of the period
Bank acceptance bills		1,634,000.00
Commercial acceptance bills		97,250.00
<b>Total</b>		<b>1,731,250.00</b>

## SECTION X FINANCIAL STATEMENTS

### VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 4. Bills receivable (Continued)

##### (3). Disclosure by classification with the method of provision for bad debt

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Provision for bad debts			Book balance		Provision for bad debts		
	Amount	Percentage (%)	Amount	Percentage of		Amount	Percentage (%)	Amount	Percentage of	
				provision (%)	Carrying value				provision (%)	Carrying value
Provision for bad debts on individual basis:										
including:										
Bank acceptance bills										
Commercial acceptance bills										
Provision for bad debts on group basis:	50,826,888.92	100.00	36,290.00	0.07	50,790,598.92	31,170,000.00	100.00			31,170,000.00
including:										
Bank acceptance bills	49,919,638.92	98.22			49,919,638.92	31,170,000.00	100.00			31,170,000.00
Commercial acceptance bills	907,250.00	1.78	36,290.00	4.00	870,960.00					
Total	50,826,888.92	100.00	36,290.00	0.07	50,790,598.92	31,170,000.00	100.00			31,170,000.00

Provision for bad debts on group basis:

Items provided on group basis: Bank acceptance bills

Unit: RMB

Item	Closing balance		
	Bills receivables	Provision for bad debts	Percentage of provision (%)
Bank acceptance bills	49,919,638.92		
Total	49,919,638.92		

Items provided on group basis: Commercial acceptance bills

Unit: RMB

Item	Closing balance		
	Bills receivables	Provision for bad debts	Percentage of provision (%)
Commercial acceptance bills	907,250.00	36,290.00	4.00
Total	907,250.00	36,290.00	4.00

## SECTION X FINANCIAL STATEMENTS

### VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 4. Bills receivable (Continued)

##### (4) Provision for bad debts

Unit: RMB

Category	Opening balance	Changes during the period			Closing balance
		Provision	Recovered or reversed	Written-back or written-off Other changes	
Commercial acceptance bills		36,290.00			<b>36,290.00</b>
Total		36,290.00			<b>36,290.00</b>

#### 5. Accounts receivable

##### (1). Disclosure by aging (based on the date of recognition of revenue)

Unit: RMB

Age	Closing book balance	Opening book balance
Within 1 year	<b>836,071,137.99</b>	773,275,501.55
Sub-total within 1 year	<b>836,071,137.99</b>	773,275,501.55
1 to 2 years	<b>660,902,327.88</b>	287,452,776.27
2 to 3 years	<b>228,959,369.45</b>	54,301,700.72
Over 3 years		
3 to 4 years	<b>38,572,881.27</b>	231,973,671.16
4 to 5 years	<b>224,310,860.85</b>	80,249,498.30
Over 5 years	<b>86,934,100.45</b>	22,304,480.00
Total	<b>2,075,750,677.89</b>	1,449,557,628.00

## SECTION X FINANCIAL STATEMENTS

### VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 5. Accounts receivable (Continued)

##### (2). Disclosure by classification with the method of provision for bad debt

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Provision for bad debts			Book balance		Provision for bad debts		
	Amount	Percentage (%)	Amount	Percentage of provision (%)	Carrying value	Amount	Percentage (%)	Amount	Percentage of provision (%)	Carrying value
Provision for bad debts on individual basis	308,007,675.00	14.84	291,120,523.90	94.52	16,887,151.10	318,989,851.00	22.01	290,785,003.90	91.16	28,204,847.10
Including:										
Provision on individual basis	308,007,675.00	14.84	291,120,523.90	94.52	16,887,151.10	318,989,851.00	22.01	290,785,003.90	91.16	28,204,847.10
Provision for bad debts on group basis	1,767,743,002.89	85.16	162,664,681.46	9.20	1,605,078,321.43	1,130,567,777.00	77.99	75,738,694.64	6.70	1,054,829,082.36
Including:										
Grouped by aging	1,767,743,002.89	85.16	162,664,681.46	9.20	1,605,078,321.43	1,130,567,777.00	77.99	75,738,694.64	6.70	1,054,829,082.36
Total	2,075,750,677.89	100.00	453,785,205.36	21.86	2,529,535,483.53	1,449,557,628.00	100.00	366,523,698.54	25.29	2,163,011,889.46

Provision for bad debts on individual basis:

Unit: RMB

Name	Closing balance			
	Book balance	Provision for bad debts	Percentage of provision (%)	Reasons for provision
Shanghai Shenlong Bus Co., Ltd	271,066,295.00	254,179,143.90	93.77	Lower recoverable amount
Zhongzhi Vehicle (Chun'an) Co., Ltd.	36,941,380.00	36,941,380.00	100.00	Not expected to be recovered
Total	308,007,675.00	291,120,523.90	94.52	/

## SECTION X FINANCIAL STATEMENTS

### VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 5. Accounts receivable (Continued)

##### (2). Disclosure by classification with the method of provision for bad debt (Continued)

Items provided on group basis:

Items provided on group basis: grouped by aging

Unit: RMB

Item	Closing balance		
	Accounts receivable	Provision for bad debts	Percentage of provision (%)
Within 1 year	836,071,137.99	33,442,845.50	4.00
1-2 years	660,902,327.88	39,654,139.68	6.00
2-3 years	228,693,882.72	66,321,225.98	29.00
3-4 years	37,658,368.00	18,829,184.00	50.00
4-5 years	1,584,480.85	1,584,480.85	100.00
Over 5 years	2,832,805.45	2,832,805.45	100.00
<b>Total</b>	<b>1,767,743,002.89</b>	<b>162,664,681.46</b>	

##### (3). Provision for bad debts

Unit: RMB

Category	Opening balance	Provision	Changes during the period			Closing balance
			Recovered or reversed	Written-back or written-off	Other changes	
Accounts receivable with expected credit losses on an individual basis	290,785,003.90	335,520.00				<b>291,120,523.90</b>
Accounts receivable with expected credit losses on an group basis	75,738,694.64	98,539,812.46	11,613,825.64			<b>162,664,681.46</b>
<b>Total</b>	<b>366,523,698.54</b>	<b>98,875,332.46</b>	<b>11,613,825.64</b>			<b>453,785,205.36</b>

## SECTION X FINANCIAL STATEMENTS

### VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 5. Accounts receivable (Continued)

##### (4) Top five accounts receivable and contract assets by debtors at the end of the period

Unit: RMB

Name of entity	Closing balance of accounts receivable	Closing balance of contract assets	Closing balance of accounts receivable and contract assets	Percentage of total closing balance of accounts receivable and contract assets (%)	Closing balance of provision for bad debts
Customer J	505,653,250.80		505,653,250.80	23.95	23,211,330.03
Customer A	425,888,085.49	68,998.00	425,957,083.49	20.18	52,602,210.23
Customer I	383,144,637.58	28,000,000.01	411,144,637.59	19.48	20,517,011.81
Customer M	271,066,295.00		271,066,295.00	12.84	254,179,143.90
Customer F	155,640,000.00		155,640,000.00	7.37	31,620,900.00
Total	1,741,392,268.87	28,068,998.01	1,769,461,266.88	83.82	382,130,595.97

#### 6. Contract assets

##### (1). Contract assets

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Provision for bad debts	Carrying amount	Book balance	Provision for bad debts	Carrying amount
Warranty	17,407,658.00	696,306.32	16,711,351.68	44,128,201.99	10,408,444.18	33,719,757.81
Total	17,407,658.00	696,306.32	16,711,351.68	44,128,201.99	10,408,444.18	33,719,757.81

##### (2). Amounts and reasons for significant changes in carrying amount during the Reporting Period

Unit: RMB

Item	Amount of change	Reasons for changes
Warranty	14,009,040.01	The contract assets at the end of the period are all warranty due within one year, and the warranty is expected to be recovered after more than 1 year have been reclassified to other non-current assets.
Total	14,009,040.01	/

## SECTION X FINANCIAL STATEMENTS

### VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 6. Contract assets (Continued)

##### (3). Disclosure by classification with the method of provision for bad debt

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Provision for bad debts		Carrying value	Book balance		Provision for bad debts		Carrying value
	Amount	Percentage (%)	Amount	Percentage of provision (%)		Amount	Percentage (%)	Amount	Percentage of provision (%)	
Provision for bad debts on individual basis:						1,931,420.00	4.38	1,894,140.00	98.07	37,280.00
including:										
Provision on individual basis						1,931,420.00	4.38	1,894,140.00	98.07	37,280.00
Provision for bad debts on group basis:	17,407,658.00	100.00	696,306.32	4.00	16,711,351.68	42,196,781.99	95.62	8,514,304.18	20.18	33,682,477.81
including:										
Bank acceptance bills	17,407,658.00	100.00	696,306.32	4.00	16,711,351.68	42,196,781.99	95.62	8,514,304.18	20.18	33,682,477.81
Total	17,407,658.00	/	696,306.32	/	16,711,351.68	44,128,201.99	/	10,408,444.18	/	33,719,757.81

Provision for bad debts on a portfolio basis

Items provided: aging portfolio

Unit: RMB

Name	Closing balance		
	Contract assets	Provision for bad debts	Percentage of provision (%)
within one year	17,407,658.00	696,306.32	4.00
Total	17,407,658.00	696,306.32	4.00

##### (4). Provision for bad debts of contract assets during the period

Unit: RMB

Item	Provision for the period	Recovered or reversed during the period	Written-back or written-off during the period	Reason
Warranty	358,066.32	19,647.52		Provision made based on aging or expected credit risk
Total	358,066.32	19,647.52		/

## SECTION X FINANCIAL STATEMENTS

### VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 7. Receivables financing

##### (1) Receivables financing by category

Unit: RMB

Item	Closing balance	Opening balance
Bills receivable	31,009,909.60	21,990,000.00
Total	31,009,909.60	21,990,000.00

##### (2) Receivables financing pledged by the Company at the end of the period

Unit: RMB

Item	Amount pledged at the end of the period
Bank acceptance bills	11,879,909.60
Total	11,879,909.60

##### (3) Receivables financing endorsed or discounted by the Company at the end of the period and not yet due at the balance sheet date

Unit: RMB

Item	Amount derecognized at the end of the period	Amount not derecognized at the end of the period
Bank acceptance bills	7,913,549.92	
Total	7,913,549.92	

##### (4) Changes in receivables financing and changes in fair value during the period:

The Company's receivables financing increased by RMB71,120,034.68 and decreased by RMB62,100,125.08, of which the amount that has been endorsed or discounted for derecognition was RMB7,913,549.92.

The Company believes that the fair value of receivables financing at fair value through other comprehensive income approximates to the carrying amount due to the short remaining term.

## SECTION X FINANCIAL STATEMENTS

### VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 8. Prepayments

##### (1). Prepayments presented by aging

Unit: RMB

Age	Closing balance		Opening balance	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	23,951,790.12	86.02	18,066,384.34	92.39
1 to 2 years	3,089,472.06	11.10	704,115.98	3.60
2 to 3 years	23,201.00	0.08	289,800.00	1.48
Over 3 years	780,647.00	2.80	493,847.00	2.53
Total	27,845,110.18	100.00	19,554,147.32	100.00

##### (2). Top five prepayments by receivers of advances at the end of the period

Name of entity	Closing balance	Percentage of total closing balance of prepayments (%)
Beijing Xingxing Equity Investment Partnership (Limited partnership)	5,220,000.00	18.75
Illuming Power Inc.	4,610,665.13	16.56
Beijing Borui Huatong Technology Co., Ltd.	4,149,150.61	14.90
Hebei Kingston Technology Co., Ltd.	2,131,488.93	7.65
Beijing Shunda Jiutian Technology Co., Ltd.	1,632,000.00	5.86
Total	17,743,304.67	63.72

#### 9. Other receivables

##### (1) Breakdown of items

Unit: RMB

Item	Closing balance	Opening balance
Interest receivables		
Dividend receivable		
Other receivables	19,113,995.79	26,271,763.46
Total	19,113,995.79	26,271,763.46

## SECTION X FINANCIAL STATEMENTS

### VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 9. Other receivables (Continued)

##### (2) Other receivables

###### (1). Disclosure by aging

Unit: RMB

Age	Closing book balance	Opening book balance
Within 1 year	<b>7,947,668.30</b>	5,942,621.47
Sub-total within 1 year	<b>7,947,668.30</b>	5,942,621.47
1 to 2 years	<b>4,648,648.62</b>	3,742,302.74
2 to 3 years	<b>3,576,059.91</b>	3,815,342.19
Over 3 years		
3 to 4 years	<b>3,300,771.59</b>	25,228,827.54
4 to 5 years	<b>24,311,015.28</b>	27,600.00
Over 5 years	<b>417,800.00</b>	418,200.00
Total	<b>44,201,963.70</b>	39,174,893.94

###### (2). Classified by nature

Unit: RMB

Nature	Closing book balance	Opening book balance
Reserve funds	<b>23,447.63</b>	20,000.00
Current accounts with related parties outside the scope of consolidation	<b>30,254,021.13</b>	29,708,400.39
Deposits and guarantees	<b>13,045,037.49</b>	8,424,852.70
Others	<b>879,457.45</b>	1,021,640.85
Total	<b>44,201,963.70</b>	39,174,893.94

**VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**9. Other receivables (Continued)**

**(2) Other receivables (Continued)**

*(3). Provision for bad debts*

Unit: RMB

	Stage 1 Expected credit losses over the next 12 months	Stage 2 Lifetime expected credit losses (not credit-impaired)	Stage 3 Lifetime expected credit losses (credit-impaired)	Total
Provision for bad debts				
Balance at January 1, 2023	12,903,130.48			12,903,130.48
Balance at January 1, 2023 in the current period				
- Transfer to Stage 2				
- Transfer to Stage 3	-12,903,130.48		12,903,130.48	
- Transfer back to Stage 2				
- Transfer back to Stage 1				
Provision for the period			12,184,837.43	12,184,837.43
Reversal for the period				
Written-back for the period				
Write-off for the period				
Other changes				
Balance at December 31, 2023			25,087,967.91	25,087,967.91

The basis for the division at each phase and the percentage of provisions for bad debts

Other receivables are classified as “no significant increase in credit risk since initial recognition” and are classified as Stage 1; other receivables are classified as “a significant increase in credit risk since initial recognition” and are classified as Stage 2; when the defaulting party experiences significant financial difficulties or is likely to go bankrupt or undergo other financial restructuring; other situations that violate the contracts and indicate that there is objective evidence of impairment of financial assets, indicating that other receivables are “credit impaired” and are classified as Stage 3.

*(4). Provision for bad debts*

Unit: RMB

Category	Opening balance	Provision	Changes during the period			Closing balance
			Recovered or reversed	Written-back or written-off	Other changes	
Grouped by aging	12,903,130.48	12,184,837.43				25,087,967.91
Total	12,903,130.48	12,184,837.43				25,087,967.91

## SECTION X FINANCIAL STATEMENTS

### VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 9. Other receivables (Continued)

##### (2) Other receivables (Continued)

(5). Top five other receivables by debtors at the end of the period

Unit: RMB

Name of entity	Closing balance	Percentage of total closing balance of other receivables (%)	Nature of amount	Age	Provision for bad debts Closing balance
Zhangjiakou Haiper New Energy Technology Co., Ltd.	30,254,021.13	68.44	Current accounts	0-5 years	<b>24,787,967.91</b>
Beijing Dongsheng Bozhan Technology Development Co., Ltd.	2,691,873.93	6.09	Deposits and guarantees	0-4 years	
Special wage account for farmers in phase II farmer's wage special account of Zhangjiakou Huagong Construction Co., Ltd.	970,000.00	2.19	Deposits	2-3 years	
Special wage account for farmers in fuel cell construction project of Zhangjiakou Fifth Construction Co., Ltd.	940,000.00	2.13	Deposits	4-5-years	
Sany Automobile Manufacturing Co., Ltd.	800,000.00	1.81	Deposits	1-2 years	
<b>Total</b>	<b>35,655,895.06</b>	<b>80.66</b>	<b>/</b>	<b>/</b>	<b>24,787,967.91</b>

## SECTION X FINANCIAL STATEMENTS

### VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 10. Inventories

##### (1). Classification of inventories

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Provision for inventory impairment/impairment provision for contract performance cost	Carrying amount	Book balance	Provision for inventory impairment/impairment provision for contract performance cost	Carrying amount
Raw materials	122,193,008.48	34,462,245.21	87,730,763.27	155,101,165.40	20,450,454.43	134,650,710.97
Product in progress	36,190,545.00	5,410,770.39	30,779,774.61	57,539,826.61	2,073,116.99	55,466,709.62
Finished goods	134,444,145.37	36,604,028.18	97,840,117.19	139,108,775.12	64,221,112.83	74,887,662.29
Good delivered	16,024,384.14	1,199,596.21	14,824,787.93	38,847,019.73	948,567.74	37,898,451.99
Total	308,852,082.99	77,676,639.99	231,175,443.00	390,596,786.86	87,693,251.99	302,903,534.87

##### (2). Provision for inventory impairment and impairment provision for contract performance cost

Unit: RMB

Item	Opening balance	Increase for the period		Decrease for the period		Closing balance
		Provision	Others	Reversal or write-off	Others	
Raw materials	20,450,454.43	18,102,933.06		4,091,142.28		34,462,245.21
Product in progress	2,073,116.99	8,528,706.05		5,191,052.65		5,410,770.39
Finished goods	64,221,112.83	25,624,435.83		53,241,520.48		36,604,028.18
Good delivered	948,567.74	888,980.99		637,952.52		1,199,596.21
Total	87,693,251.99	53,145,055.93		63,161,667.93		77,676,639.99

#### 11. Held-for-sale assets

Applicable  Not Applicable

## SECTION X FINANCIAL STATEMENTS

### VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 12. Non-current assets due within one year

Applicable  Not Applicable

##### (1). Debt investments due within one year

Applicable  Not Applicable

##### (2). Other debt investments due within one year

Applicable  Not Applicable

Other description of non-current assets due within one year

#### 13. Other current assets

Unit: RMB

Item	Closing balance	Opening balance
Value-added tax deduction	<b>40,776,407.29</b>	63,398,957.11
Amortization expenses and others	<b>2,092,986.70</b>	3,938,552.46
Total	<b>42,869,393.99</b>	67,337,509.57

Other explanations:

Nil

#### 14. Debt investments

N/A

#### 15. Other debt investments

N/A

#### 16. Long-term receivables

N/A

## SECTION X FINANCIAL STATEMENTS

### VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 17. Long-term equity investments

##### (1) Long-term equity investments

Unit: RMB

Investee	Changes during the period									Closing balance	Closing balance of impairment provision	
	Opening balance	Opening balance of impairment provision	Additional investment	Decrease in investment	Investment profit or loss recognized under equity method	Adjustment to other comprehensive income	Other changes in equity	Cash dividend or profit declared	Provision for impairment			Others
I. Joint ventures												
Toyota Sinohytec Fuel Cell Co., Ltd	113,639,709.41			-22,902,809.68							90,736,899.73	
Sub-total	113,639,709.41			-22,902,809.68							90,736,899.73	
II. Associates												
Air Sinohytec Hydrogen Technology Co., Ltd	21,624,713.67			-1,471,684.48							20,153,029.19	
United Fuel Cell System R&D (Beijing) Co., Ltd.	10,086,344.04			2,230,957.66							12,317,301.70	
Shanghai Maximfuelcell Technology Co., Ltd	17,626,465.99			-5,664,135.50		597,073.15					12,559,403.64	
Beijing Swift New Energy Technology Co., Ltd.	11,314,822.51			-3,592,751.90							7,722,070.61	
Beijing Shuimu Pilot Venture Capital Center (Limited Partnership)	75,773,951.75		20,000,000.00	9,453,472.22							105,227,423.97	
Zhangjiakou Jiaotou Hydrogen New Energy Technology Co., Ltd.	10,020,594.64			-634,559.99							9,386,034.65	
Zhangjiakou Haiper New Energy Technology Co., Ltd.	48,768,101.88	24,005,376.27		-6,683,230.00				-19,713,937.03			22,370,934.85	43,719,313.30
Beijing Caven New Energy Vehicles Co., Ltd.	24,994,637.08		25,000,000.00	-11,712,479.99							38,282,157.09	
Shanxi Huasheng Weipu Technology Co., Ltd.			500,000.00	-500,000.00								
Sub-total	220,209,631.56	24,005,376.27	45,500,000.00	-18,574,411.98		597,073.15		-19,713,937.03			228,018,355.70	43,719,313.30
Total	333,849,340.97	24,005,376.27	45,500,000.00	-41,477,221.66		597,073.15		-19,713,937.03			318,755,255.43	43,719,313.30

## SECTION X FINANCIAL STATEMENTS

### VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 17. Long-term equity investments (Continued)

##### (1) Long-term equity investments (Continued)

*Note 1:* The Company holds 15% of the equity of United Fuel Cell System R&D (Beijing) Co., Ltd. and 15% of the voting rights of United Fuel Cell System R&D (Beijing) Co., Ltd.. Although the proportion is less than 20%, the Company has a representative in the Board of Directors of United Fuel Cell System R&D (Beijing) Co., Ltd., and the representative participates in the decision-making of financial and business policies. Therefore, the Company can exert a significant influence on United Fuel Cell System R&D (Beijing) Co., Ltd..

*Note 2:* The Company holds 14.02% of the equity of Shanghai Maxim Fuel Cell Technology Co., Ltd. and 14.02% of the voting rights of Shanghai Maxim Fuel Cell Technology Co., Ltd.. Although the proportion is less than 20%, Mr. Song Feng, a director of the company, serves as a director of the company, thus the Company can exert a significant influence on Shanghai Maxim Fuel Cell Technology Co., Ltd..

*Note 3:* The Company holds 18% of the equity of Zhangjiakou Jiaotou Hydrogen Energy New Energy Technology Co., Ltd. through its wholly-owned subsidiary SinoHytec Power Co., Ltd., and 18% of the voting rights of Zhangjiakou Jiaotou Hydrogen Energy New Energy Technology Co., Ltd.. Although the proportion is less than 20%, the Company has a representative in the Board of Directors of Zhangjiakou Jiaotou Hydrogen Energy New Energy Technology Co., Ltd., and the representative participates in the decision-making of financial and business policies. Therefore, the Company can exert a significant influence on Zhangjiakou Jiaotou Hydrogen Energy New Energy Technology Co., Ltd..

*Note 4:* As of December 31, 2023, the Company holds 9.23% equity of Beijing Shuimu Piloting Venture Capital Center (Limited Partnership). Beijing Shuimu Piloting Venture Capital Center (Limited Partnership) (hereinafter referred to as “**Shuimu Piloting Fund**”) was established in February 2021. The fund was jointly initiated by our Beijing Shuimu Piloting Consulting Center (Limited Partnership)(GP) and enterprises and government funds in various fields. The main investment directions are new energy, new generation information technology, medical health, etc. The Company appoints Mr. Zhang Guoqiang, Chairman and General Manager, as a member of the Investment Decision Committee of Shuimu Piloting Fund to participate in the decision-making of fund projects. In summary, the Company is able to exert a significant influence on Shuimu Piloting Fund.

*Note 5:* In October 2022, the Company and Beiqi Foton Motor Co., Ltd. and other companies jointly funded the establishment of Beijing Caven New Energy Automobile Co., Ltd.. The Company holds 10% of the equity of Beijing Caven New Energy Automobile Co., Ltd. and 10% of voting rights of Beijing Caven New Energy Automobile Co., Ltd.. Although the proportion is less than 20%, the Company has a representative in the Board of Directors of Beijing Caven New Energy Automobile Co., Ltd., and the representative participates in the decision-making of financial and operating policies, the Company can exert a significant influence on Beijing Caven New Energy Automobile Co., Ltd..

## SECTION X FINANCIAL STATEMENTS

### VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 18. Other equity instrument investments

##### (1). Other equity instrument investments

Unit: RMB

Item	Opening Balance	Additional investment	Decrease in investment	Changes during the period			Closing balance	Dividend income recognized in the period	Gains accumulated in other comprehensive income	Losses accumulated in other comprehensive income	Reasons for designation at fair value through other comprehensive income
				Gains included in other comprehensive income for the period	Losses included in other comprehensive income during the period	Others					
Hozon New Energy Automobile Co., Ltd.	173,500,000.00			22,010,000.00			195,510,000.00		113,391,271.34		Long-term holding for strategic purposes
Total	173,500,000.00			22,010,000.00			195,510,000.00		113,391,271.34		/

Other explanation:

Applicable  Not Applicable

As of December 31, 2023, the subscribed registered capital of Hozon New Energy Automobile Co., Ltd. was changed to RMB2,763.150474 million. The Company contributed RMB26.9167 million and holds 0.9741% equity interest in Hozon New Energy Automobile Co., Ltd..

#### 19. Other non-current financial assets

Unit: RMB

Item	Closing balance	Opening balance
Equity instrument investments	2,800,000.00	2,800,000.00
Total	2,800,000.00	2,800,000.00

#### 20. Investment properties

N/A

## SECTION X FINANCIAL STATEMENTS

### VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 21. Fixed assets

##### (1) Breakdown of items

Unit: RMB

Item	Closing balance	Opening balance
Fixed assets	<b>503,237,119.23</b>	478,969,668.22
Disposal of fixed assets		
Total	<b>503,237,119.23</b>	478,969,668.22

Other explanation:

*Note:* The fixed assets in the above table refer to fixed assets after deducting fixed assets liquidation.

## SECTION X FINANCIAL STATEMENTS

### VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 21. Fixed assets (Continued)

##### (2) Fixed assets

###### (1). Fixed assets

Unit: RMB

Item	Buildings and structures	Machinery equipment	Transportation tools	Electronic equipment	Mold	Other equipment	Total
<b>I. Original book value:</b>							
1. Opening balance	259,868,693.89	298,737,836.55	3,408,482.34	15,848,550.77	27,016,484.81	10,395,935.05	615,275,983.41
2. Increase for the period	19,872,000.00	58,292,483.94	304,970.10	1,454,093.04	4,539,976.42	6,765,652.51	91,229,176.01
(1) Purchase	19,872,000.00	55,855,759.50	304,970.10	1,175,213.63	4,539,976.42	2,171,738.41	83,919,658.06
(2) Transfer from construction in progress		2,436,724.44					2,436,724.44
(3) Others				278,879.41		4,593,914.10	4,872,793.51
3. Decrease for the period	290,731.27	21,253,628.06	831,006.52	586,936.90	5,413,610.02	317,033.90	28,692,946.67
(1) Disposal or retirement	203,107.51	17,299,464.83		586,936.90	5,413,610.02	317,033.90	23,820,153.16
(2) Others	87,623.76	3,954,163.23	831,006.52				4,872,793.51
4. Closing balance	279,449,962.62	335,776,692.43	2,882,445.92	16,715,706.91	26,142,851.21	16,844,553.66	677,812,212.75
<b>II. Accumulated depreciation</b>							
1. Opening balance	29,247,131.11	77,710,393.15	1,641,327.99	7,893,799.17	2,815,401.63	5,144,051.62	124,452,104.67
2. Increase for the period	8,398,479.06	38,103,090.56	535,455.59	2,283,651.17	1,862,515.58	2,658,429.72	53,841,621.68
(1) Provision	8,398,479.06	38,103,090.56	535,455.59	2,142,406.12	1,862,515.58	1,614,551.40	52,656,498.31
(2) Others				141,245.05		1,043,878.32	1,185,123.37
3. Decrease for the period	47,089.55	9,661,847.73	220,618.64	557,081.85	1,778,278.18	176,415.21	12,441,331.16
(1) Disposal or retirement	45,239.71	8,699,192.84		557,081.85	1,778,278.18	176,415.21	11,256,207.79
(2) Others	1,849.84	962,654.89	220,618.64				1,185,123.37
4. Closing balance	37,598,520.62	106,151,635.98	1,956,164.94	9,620,368.49	2,899,639.03	7,626,066.13	165,852,395.19
<b>III. Provision for impairment</b>							
1. Opening balance					11,854,210.52		11,854,210.52
2. Increase for the period					510,364.69		510,364.69
(1) Provision					510,364.69		510,364.69
3. Decrease for the period					3,641,876.88		3,641,876.88
(1) Disposal or retirement					3,641,876.88		3,641,876.88
4. Closing balance					8,722,698.33		8,722,698.33
<b>IV. Carrying amount</b>							
1. Closing book value	241,851,442.00	229,625,056.45	926,280.98	7,095,338.42	14,520,513.85	9,218,487.53	503,237,119.23
2. Opening book value	230,621,562.78	221,027,443.40	1,767,154.35	7,954,751.60	12,346,872.66	5,251,883.43	478,969,668.22

## SECTION X FINANCIAL STATEMENTS

### VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 21. Fixed assets (Continued)

##### (2) Fixed assets (Continued)

(2). Fixed assets leased out under operating leases

Unit: RMB

Item	Closing book value
Buildings and structures	3,863,532.86
Machinery equipment	742,983.71
Total	4,606,516.57

(3). Fixed assets for which title certificates have not been obtained

Unit: RMB

Item	Carrying amount	Reason for not obtaining the title certificate
Buildings and structures	19,872,000.00	Shanghai SinoFuelCell Co., Ltd. newly purchased factory building, and the warrant is being processed
Total	19,872,000.00	

#### 22. Construction in progress

##### (1) Breakdown of items

Unit: RMB

Item	Closing balance	Opening balance
Construction in progress	21,651,097.39	14,446,330.11
Construction materials		
Total	21,651,097.39	14,446,330.11

Other explanation:

Note: Construction in progress in the above table refers to construction in progress after deducting project materials.

## SECTION X FINANCIAL STATEMENTS

### VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 22. Construction in progress (Continued)

##### (2) Construction in progress

(1). Construction in progress

Unit: RMB

Item	Book balance	Closing balance		Book balance	Opening balance	
		Impairment provision	Carrying amount		Impairment provision	Carrying amount
Production line construction	<b>13,423,355.29</b>		<b>13,423,355.29</b>	7,558,907.93		7,558,907.93
Upgrade and transformation of equipment and facilities	<b>5,972,371.85</b>		<b>5,972,371.85</b>	4,727,211.02		4,727,211.02
Development project for fuel cell stack testing platform	<b>1,586,453.23</b>		<b>1,586,453.23</b>	1,894,633.88		1,894,633.88
Others	<b>668,917.02</b>		<b>668,917.02</b>	265,577.28		265,577.28
<b>Total</b>	<b>21,651,097.39</b>		<b>21,651,097.39</b>	14,446,330.11		14,446,330.11

##### (3). Construction materials

N/A

#### 23. Productive biological assets

N/A

#### 24. Oil and gas assets

N/A

## SECTION X FINANCIAL STATEMENTS

### VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 25. Right-of-use assets

##### (1) Right-of-use assets

Unit: RMB

Item	Buildings and structures	Vehicles	Total
<b>I. Original book value</b>			
1. Opening balance	41,124,690.22	2,401,366.08	43,526,056.30
2. Increase for the period	26,427,603.93		26,427,603.93
(1) Lease	26,104,192.81		26,104,192.81
(2) Other increase	323,411.12		323,411.12
3. Decrease for the period	16,872,327.32	2,401,366.08	19,273,693.40
(1) Lease expiry	16,872,327.32	2,401,366.08	19,273,693.40
4. Closing balance	50,679,966.83		50,679,966.83
<b>II. Accumulated depreciation</b>			
1. Opening balance	15,655,084.51	2,201,252.13	17,856,336.64
2. Increase for the period	12,811,942.07	200,113.95	13,012,056.02
(1) Provision	12,811,942.07	200,113.95	13,012,056.02
3. Decrease for the period	15,650,501.26	2,401,366.08	18,051,867.34
(1) Lease expiry	15,650,501.26	2,401,366.08	18,051,867.34
4. Closing balance	12,816,525.32		12,816,525.32
<b>III. Provision for impairment</b>			
1. Opening balance			
2. Increase for the period			
(1) Provision			
3. Decrease for the period			
(1) Disposal			
4. Closing balance			
<b>IV. Carrying amount</b>			
1. Closing book value	37,863,441.51		37,863,441.51
2. Opening book value	25,469,605.71	200,113.95	25,669,719.66

## SECTION X FINANCIAL STATEMENTS

### VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 26. Intangible assets

##### (1). Intangible assets

Unit: RMB

Item	Land use rights	Patents/ Non-patented technology	Software	Copyright	Total
<b>I. Original book value</b>					
1. Opening balance	28,428,528.50	162,960,821.13	53,833,104.04	807,030.64	246,029,484.31
2. Increase for the period		67,111,836.61	15,570,280.42		82,682,117.03
(1) Purchase			15,570,280.42		15,570,280.42
(2) Internal research and development		67,111,836.61			67,111,836.61
3. Decrease for the period					
(1) Disposal					
4. Closing balance	28,428,528.50	230,072,657.74	69,403,384.46	807,030.64	328,711,601.34
<b>II. Accumulated amortization</b>					
1. Opening balance	2,216,708.39	24,601,439.62	13,653,810.48	571,646.57	41,043,605.06
2. Increase for the period	568,791.72	19,096,966.59	6,206,221.42	80,703.00	25,952,682.73
(1) Provision	568,791.72	19,096,966.59	6,206,221.42	80,703.00	25,952,682.73
3. Decrease for the period					
(1) Disposal					
4. Closing balance	2,785,500.11	43,698,406.21	19,860,031.90	652,349.57	66,996,287.79
<b>III. Provision for impairment</b>					
1. Opening balance					
2. Increase for the period					
(1) Provision					
3. Decrease for the period					
(1) Disposal					
4. Closing balance					
<b>IV. Carrying amount</b>					
1. Closing book value	25,643,028.39	186,374,251.53	49,543,352.56	154,681.07	261,715,313.55
2. Opening book value	26,211,820.11	138,359,381.51	40,179,293.56	235,384.07	204,985,879.25

At the end of the period, the percentage of intangible assets generated through the internal research and development of the Company to the balance of intangible assets was 70.15%.

## SECTION X FINANCIAL STATEMENTS

### VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 27. Goodwill

N/A

#### 28. Long-term deferred expenditures

Unit: RMB

Item	Opening balance	Increase for the period	Amortization for the period	Other decrease	Closing balance
Renovation and alteration costs	4,811,711.91	12,899,189.83	3,745,326.53		<b>13,965,575.21</b>
Renovation expenditure for fuel cell center	20,643,181.53	6,139,611.28	5,472,519.89		<b>21,310,272.92</b>
Technical service fee	1,375,223.92	864,131.96	1,652,738.83		<b>586,617.05</b>
Tooling fixture	1,102,887.46	363,412.20	464,684.18		<b>1,001,615.48</b>
Total	27,933,004.82	20,266,345.27	11,335,269.43		<b>36,864,080.66</b>

#### 29. Deferred tax assets/deferred tax liabilities

##### (1). Deferred income tax assets not offset

Unit: RMB

Item	Closing balance		Opening balance	
	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
Provision for impairment of assets	<b>613,636,076.14</b>	<b>96,240,460.44</b>	513,388,111.98	79,074,764.40
Unrealized profit from internal transactions	<b>33,244,318.47</b>	<b>4,986,647.77</b>	39,806,863.27	5,971,029.49
Deductible losses	<b>265,050,227.96</b>	<b>39,757,534.19</b>	231,069,502.76	34,660,425.41
Accrued liabilities	<b>21,927,857.25</b>	<b>3,510,334.20</b>	37,379,141.82	5,752,862.43
Deferred income tax difference	<b>36,097,320.23</b>	<b>5,414,598.04</b>	33,911,108.25	5,086,666.24
Tax differences arising from lease liabilities	<b>28,981,513.62</b>	<b>5,492,962.59</b>	23,178,156.11	4,979,743.48
Total	<b>998,937,313.67</b>	<b>155,402,537.23</b>	878,732,884.19	135,525,491.45

## SECTION X FINANCIAL STATEMENTS

### VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 29. Deferred tax assets/deferred tax liabilities (Continued)

##### (2). Deferred income tax liabilities not offset

Unit: RMB

Item	Closing balance		Opening balance	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Appreciation of the combined asset valuation of enterprises not under the same control	15,602,396.74	2,556,619.11	16,463,486.70	2,697,570.12
Changes in fair value of other debt investments			41,123.29	6,168.49
Changes in fair value of other equity instrument investments	145,510,000.00	21,826,500.00	123,500,000.00	18,525,000.00
Accelerated depreciation of fixed assets	17,524,903.13	2,628,735.47	21,923,253.93	3,288,488.09
Changes in fair value of other non-current financial assets	760,496.90	114,074.54	760,496.90	114,074.54
Tax differences arising from right-of-use assets	31,319,980.88	6,078,304.11	25,669,719.68	5,617,592.73
<b>Total</b>	<b>210,717,777.65</b>	<b>33,204,233.23</b>	188,358,080.50	30,248,893.97

##### (3). Breakdown of unrecognized deferred tax assets

Unit: RMB

Item	Closing balance	Opening balance
Deductible temporary differences		
Deductible losses	297,312,196.13	72,056,335.77
<b>Total</b>	<b>297,312,196.13</b>	72,056,335.77

## SECTION X FINANCIAL STATEMENTS

### VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 29. Deferred tax assets/deferred tax liabilities (Continued)

- (4). Deductible losses that are not recognized as deferred tax assets will be expired in the following years

Unit: RMB

Year	Closing amount	Opening amount	Remark
2023		2,707,099.26	
2024	<b>2,924,200.38</b>	2,924,200.38	
2025	<b>7,242,657.42</b>	7,242,657.42	
2026	<b>41,008,483.03</b>	41,008,483.03	
2027	<b>18,173,895.68</b>	18,173,895.68	
2028	<b>227,962,959.62</b>		
Total	<b>297,312,196.13</b>	72,056,335.77	/

#### 30. Other non-current assets

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Carrying amount	Book balance	Impairment provision	Carrying amount
Prepayments for purchase of equipment	<b>19,872,419.71</b>		<b>19,872,419.71</b>	47,679,446.95		47,679,446.95
Prepayments for purchase of other long-term assets	<b>1,399,431.16</b>		<b>1,399,431.16</b>	4,621,939.70		4,621,939.70
Contract assets	<b>17,949,620.01</b>	<b>3,940,580.00</b>	<b>14,009,040.01</b>			
Total	<b>39,221,470.88</b>	<b>3,940,580.00</b>	<b>35,280,890.88</b>	52,301,386.65		52,301,386.65

## SECTION X FINANCIAL STATEMENTS

### VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 31. Assets with restricted ownership or right-of-use

Unit: RMB

Item	Closing				Opening			
	Book balance	Book value	Type	Reason for restriction	Book balance	Book value	Type	Reason for restriction
Monetary funds-Security deposit	4,493,472.46	4,493,472.46	Other	Security deposit	29,303,973.61	29,303,973.61	Other	Security deposit
Monetary funds-Frozen funds for litigation	2,617,981.79	2,617,981.79	Frozen	Frozen funds for litigation	3,726,008.39	3,726,008.39	Frozen	Frozen funds for litigation
Monetary funds-Performance bond	41,800.00	41,800.00	Other	Performance bond	41,800.00	41,800.00	Other	Performance bond
Monetary funds-Certificate of deposit or interest not yet due	10,044,739.72	10,044,739.72	Other	Certificate of deposit or interest not yet due	25,775.34	25,775.34	Other	Interest not yet due
Fixed assets	6,566,911.46	3,863,532.86	Mortgage	Mortgage of buildings	31,200,000.00	19,107,251.14	Mortgage	Mortgage of buildings
Receivables financing	11,879,909.60	11,879,909.60	Pledge	Bill pool pledge	9,716,923.51	9,716,923.51	Pledge	Bill pool pledge
Total	35,644,815.03	32,941,436.43	/	/	74,014,480.85	61,921,731.99	/	/

#### 32. Short-term borrowings

##### (1). Classification of short-term borrowings

Unit: RMB

Item	Closing balance	Opening balance
Secured borrowings	69,167,250.00	10,000,000.00
Guaranteed loans	109,101,908.61	38,124,725.02
Credit loans	407,911,358.08	181,516,733.22
Unearned interest payable	431,666.89	230,728.72
Total	586,612,183.58	229,872,186.96

Explanation on classification of short-term borrowings:  
Nil

## SECTION X FINANCIAL STATEMENTS

### VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 32. Short-term borrowings (Continued)

- (2). Short-term borrowings overdue but not repaid  
Nil

#### 33. Financial liabilities held-for-trading

N/A

#### 34. Derivative financial liabilities

Applicable  Not Applicable

#### 35. Note payables

- (1). Presentation of note payables

Unit: RMB

Type	Closing balance	Opening balance
Commercial acceptance bills		
Bank acceptance bills	<b>39,683,502.69</b>	114,143,006.75
Total	<b>39,683,502.69</b>	114,143,006.75

The total amount of note payables due and unpaid at the end of the period is RMB0, which is due to nil.

#### 36. Accounts payable

- (1). Breakdown of accounts payable

Unit: RMB

Item	Closing balance	Opening balance
Payables for purchase of materials	<b>508,093,706.17</b>	348,246,280.08
Payables for purchase of equipment and construction	<b>38,715,820.95</b>	24,616,508.78
Other payables such as freight charges	<b>25,729,125.98</b>	26,932,071.38
Total	<b>572,538,653.10</b>	399,794,860.24

## SECTION X FINANCIAL STATEMENTS

### VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 36. Accounts payable (Continued)

##### (2). Significant accounts payable aged over one year

Unit: RMB

Item	Closing balance	Reason for outstanding or carried forward
Shanghai Tangfeng Energy Technology Co., Ltd.	59,520,942.31	Outstanding
Total	59,520,942.31	/

#### 37. Advances from customers

##### (1). Breakdown of advances from customers

Unit: RMB

Item	Closing balance	Opening balance
Rental expenses	27,522.85	27,522.93
Total	27,522.85	27,522.93

##### (2). Significant advances from customers aged over one year

Nil

#### 38. Contract liabilities

##### (1). Contract liabilities

Unit: RMB

Item	Closing balance	Opening balance
Loans	6,444,858.63	5,532,261.91
Total	6,444,858.63	5,532,261.91

##### (2). Amount and reasons for significant changes in carrying amount during the Reporting Period

Nil

## SECTION X FINANCIAL STATEMENTS

### VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 39. Accrued payroll

##### (1). Breakdown of accrued payroll

Unit: RMB

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance
I. Short-term remuneration	47,309,468.31	294,641,474.27	294,452,200.43	<b>47,498,742.15</b>
II. Post-employment benefits-defined contribution plans	2,030,017.99	29,106,036.04	28,634,941.49	<b>2,501,112.54</b>
III. Termination benefits		874,457.06		<b>874,457.06</b>
Total	49,339,486.30	324,621,967.37	323,087,141.92	<b>50,874,311.75</b>

##### (2). Breakdown of short-term remuneration

Unit: RMB

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance
I. Wages, bonuses, allowances and subsidies	44,866,922.11	246,418,077.58	247,758,717.48	<b>43,526,282.21</b>
II. Employee benefits		12,348,801.50	12,348,801.50	
III. Social insurance	1,252,109.30	18,664,539.05	18,345,647.36	<b>1,571,000.99</b>
Including: Medical insurance	1,215,170.39	17,995,016.30	17,688,792.41	<b>1,521,394.28</b>
Work-related injury insurance	36,938.91	660,358.04	647,690.24	<b>49,606.71</b>
Maternity insurance premiums		9,164.71	9,164.71	
IV. Housing provident fund	322,442.00	12,753,773.45	12,688,997.45	<b>387,218.00</b>
V. Union and education fund	867,994.90	4,456,282.69	3,310,036.64	<b>2,014,240.95</b>
Total	47,309,468.31	294,641,474.27	294,452,200.43	<b>47,498,742.15</b>

## SECTION X FINANCIAL STATEMENTS

### VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 39. Accrued payroll (Continued)

##### (3). Breakdown of defined contribution plans

Unit: RMB

Item	Opening balance	Increase for the period	Decrease for the period	<b>Closing balance</b>
1. Basic pension insurance	1,968,501.46	28,215,521.01	27,758,761.21	<b>2,425,261.26</b>
2. Unemployment insurance	61,516.53	890,515.03	876,180.28	<b>75,851.28</b>
Total	2,030,017.99	29,106,036.04	28,634,941.49	<b>2,501,112.54</b>

#### 40. Taxes payable

Unit: RMB

Item	<b>Closing balance</b>	Opening balance
Value-added tax	<b>1,042,266.90</b>	5,424,291.41
Corporate income tax	<b>54,414.71</b>	134,682.15
Individual income tax	<b>1,034,905.29</b>	909,423.28
City maintenance and construction tax	<b>30,040.52</b>	372,940.57
Property tax	<b>110,421.76</b>	110,421.76
Land use tax	<b>17,330.63</b>	212,618.28
Education surcharge	<b>12,895.26</b>	159,831.67
Stamp duty	<b>623,934.68</b>	498,430.85
Local education surcharges	<b>8,596.84</b>	106,554.45
Others	-	10.83
Total	<b>2,934,806.59</b>	7,929,205.25

## SECTION X FINANCIAL STATEMENTS

### VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 41. Other payables

##### (1) Breakdown of items

Unit: RMB

Item	Closing balance	Opening balance
Presentation of interest payables		
Dividend payable		
Other payables	<b>18,742,209.30</b>	1,612,717.10
<b>Total</b>	<b>18,742,209.30</b>	1,612,717.10

Other explanations:

Other payables in the above table refer to other payables after deducting interest payable and dividends payable.

##### (2) Other payables

##### Other payables by nature

Unit: RMB

Item	Closing balance	Opening balance
Deposits and guarantees	<b>291,955.45</b>	463,272.55
Employee social security fund	<b>247,898.03</b>	8,911.14
Payables to employees	<b>2,424,545.74</b>	819,768.15
Current accounts with other entities	<b>15,746,415.10</b>	260,295.46
Others	<b>31,394.98</b>	60,469.80
<b>Total</b>	<b>18,742,209.30</b>	1,612,717.10

##### Significant other payables aged over one year

Nil

#### 42. Held-for-sale liabilities

Applicable  Not Applicable

## SECTION X FINANCIAL STATEMENTS

### VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 43. Non-current liabilities due within one year

Unit: RMB

Item	Closing balance	Opening balance
Long-term borrowings due within one year	19,417,783.32	200,183.32
Long-term payables due within 1 year	4,110,462.11	
Lease liabilities due within one year	14,218,170.89	8,913,179.12
<b>Total</b>	<b>37,746,416.32</b>	<b>9,113,362.44</b>

#### 44. Other current liabilities

##### Other current liabilities

Unit: RMB

Item	Closing balance	Opening balance
Notes receivable endorsed or discounted but not derecognised	6,012,668.11	11,356,093.50
Pending output tax	495,115.02	257,986.44
<b>Total</b>	<b>6,507,783.13</b>	<b>11,614,079.94</b>

#### 45. Long-term borrowings

##### (1). Classification of long-term borrowings

Unit: RMB

Item	Closing balance	Opening balance
Credit loans	19,400,000.00	19,600,000.00
Unearned interest payable	17,783.32	17,966.65
Less: Long-term borrowings due within one year	19,417,783.32	200,183.32
<b>Total</b>	<b>0.00</b>	<b>19,417,783.33</b>

#### 46. Bonds payable

N/A

## SECTION X FINANCIAL STATEMENTS

### VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 47. Lease liabilities

Unit: RMB

Item	Closing balance	Opening balance
Subtotal of total lease payments	<b>37,546,853.09</b>	24,955,034.26
Unrecognized finance charges	<b>2,029,461.60</b>	1,742,707.99
Subtotal present value of lease payments	<b>35,517,391.49</b>	23,212,326.27
Less: Lease liabilities due within one year	<b>14,218,170.89</b>	8,913,179.12
Total	<b>21,299,220.60</b>	14,299,147.15

#### 48. Long-term payables

##### Breakdown of items

Unit: RMB

Item	Closing balance	Opening balance
Long-term payables	<b>5,911,814.9400</b>	
Total	<b>5,911,814.9400</b>	

##### Long-term payables

(1) *Presentation of long-term payables by nature*

Unit: RMB

Item	Closing balance	Opening balance
Loan lease payable	<b>10,022,277.05</b>	
Less: long-term payables due within one year	<b>4,110,462.11</b>	
Total	<b>5,911,814.94</b>	

#### 49. Long-term accrued payroll

Applicable  Not Applicable

## SECTION X FINANCIAL STATEMENTS

### VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 50. Accrued liabilities

Unit: RMB

Item	Opening balance	<b>Closing balance</b>	Reasons for formation
Product quality assurance	37,428,122.52	<b>44,776,420.37</b>	Provision for warranty
Total	37,428,122.52	<b>44,776,420.37</b>	

#### 51. Deferred income

##### Deferred income

Unit: RMB

Item	Opening balance	Increase for the period	Decrease for the period	<b>Closing balance</b>	Reasons for formation
Government grants related to assets	108,009,414.43	15,087,600.00	13,294,513.01	<b>109,802,501.42</b>	Project funds and special subsidies
Government grants related to income	1,657,008.54	1,611,540.00	1,797,059.80	<b>1,471,488.74</b>	Project funds and special subsidies
Total	109,666,422.97	16,699,140.00	15,091,572.81	<b>111,273,990.16</b>	/

Other explanations:

For details of government grants of the Company, please refer to Note XI.2 of Liability items involving government grants in "Section 10 Financial Statements".

#### 52. Other non-current liabilities

Applicable  Not Applicable

## SECTION X FINANCIAL STATEMENTS

### VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 53. Share capital

Unit: RMB

	Opening balance	Issuance of new shares	Increase or decrease (+, -)			Sub-total	Closing balance
			Bonus issue	Capitalization of provident fund	Others		
Total number of shares	99,891,387.00	18,298,450.00	47,275,935.00		65,574,385.00	<b>165,465,772.00</b>	

Other explanations:

- The initial public offering of the Company of 17,628,000 overseas listed foreign shares (H shares) was listed on the Main Board of The Stock Exchange of Hong Kong Limited on January 12, 2023; With the approval of the Hong Kong Stock Exchange, the Joint Global Coordinators partially exercised the over-allotment option on February 3, 2023, involving an aggregate of 670,450 H Shares, which were listed and commenced trading on the Main Board of the Hong Kong Stock Exchange on February 8, 2023, resulting in an aggregate increase in share capital of 18,298,450 Shares.
- On June 16, 2023, the 2022 Annual General Meeting of the Company, the 2023 First Class Meeting of A Shares and the 2023 First Class Meeting of H Shares considered and approved the Proposal on the 2022 Profit Distribution and Conversion of Capital Reserve to the Share Capital Plan of the Company. The Company will not distribute cash dividends or bonus shares in 2022. The Company converted 4 shares for every 10 shares of capital reserve to all shareholders on the basis of the total share capital registered on the registration date of the implementation of the rights distribution. On July 5, 2023, the Company completed the distribution of rights, based on the total share capital of the Company of 118,189,837 shares, and converted 0.40 shares per share from the capital reserve to all shareholders, totaling 47,275,935.00 shares.

#### 54. Other equity instruments

N/A

**VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**55. Capital reserve**

Unit: RMB

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance
Capital appreciation (share appreciation)	2,251,551,700.68	905,287,349.96	47,275,935.00	<b>3,109,563,115.64</b>
Other capital reserve	126,594,937.22	768,065.87		<b>127,363,003.09</b>
<b>Total</b>	<b>2,378,146,637.90</b>	<b>906,055,415.83</b>	<b>47,275,935.00</b>	<b>3,236,926,118.73</b>

Other explanations, including the changes in the current period and the reasons for the changes:

1. With the approval of the Hong Kong Stock Exchange, 18,298,450 overseas listed foreign shares (H shares) issued by the Company were listed and traded on the Main Board of the Hong Kong Stock Exchange, and the difference between the actual net proceeds raised and the newly added registered capital of RMB905,287,349.96 was credited to capital reserve-share premium.
2. As reviewed at the 2022 Annual General Meeting of the Company, the Company converted capital reserve of RMB47,275,935.00 into share capital on July 5, 2023.
3. The increase in other capital reserves was mainly due to:
  - (1) Shanghai Maximfuelcell Technology Co., Ltd., an associate of the Company, increased its capital reserve due to capital increase of shareholders during year, and the Company recognized the premium portion of RMB597,073.15 according to the shareholding ratio.
  - (2) Guochuang Hebei Hydrogen Energy Industry Innovation Center Co., Ltd., a secondary subsidiary of the Company, became a tertiary subsidiary of the Company and absorbed minority shareholders. After the capital increase, minority shareholders shall be entitled to the net assets of Guochuang Hebei Hydrogen Energy Industry Innovation Center Co., Ltd., resulting in other changes in the Company's capital reserve of RMB170,992.72.

**56. Treasury shares**

Applicable     Not Applicable

## SECTION X FINANCIAL STATEMENTS

### VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 57. Other comprehensive income

Unit: RMB

Item	Opening balance	Amount before income tax for the period	Amount for the period				Closing balance
			Less: Amount transferred to profit or loss from other comprehensive income	Less: Amount transferred to retained earnings from other comprehensive income	Less: Income tax expenses	Amount attributable to the parent company after tax	
I. Other comprehensive income that cannot be reclassified to profit or loss	94,682,771.34	22,010,000.00			3,301,500.00	18,708,500.00	113,391,271.34
Including: Changes in fair value of other equity instrument investments	94,682,771.34	22,010,000.00			3,301,500.00	18,708,500.00	113,391,271.34
II. Other comprehensive income that will be reclassified to profit or loss							
Total other comprehensive income	94,682,771.34	22,010,000.00			3,301,500.00	18,708,500.00	113,391,271.34

#### 58. Special reserve

Unit: RMB

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance
Safety production fee	4,819,344.54	4,738,538.00	1,850,075.54	7,707,807.00
Total	4,819,344.54	4,738,538.00	1,850,075.54	7,707,807.00

## SECTION X FINANCIAL STATEMENTS

### VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 59. Surplus reserve

Unit: RMB

Item	Opening balance	Increase for the period	Decrease for the period	<b>Closing balance</b>
Statutory surplus reserve	9,216,035.02			<b>9,216,035.02</b>
Total	9,216,035.02			<b>9,216,035.02</b>

#### 60. Undistributed profit

Unit: RMB

Item	<b>Current period</b>	Previous period
Retained profits at the end of the previous period before adjustment	<b>-244,653,029.56</b>	-77,679,952.68
Total adjustment to retained profit at the beginning of the period (increase +, decrease-)		-239,681.68
Retained profits at the beginning of the period after adjustment	<b>-244,653,029.56</b>	-77,919,634.36
Add: Net profit attributable to owners of the parent company for the period	<b>-243,203,674.62</b>	-166,733,395.20
Less: Appropriation to statutory surplus reserve		
Appropriation to discretionary surplus reserve		
Appropriation to general risk reserve		
Dividends payable on ordinary shares		
Dividends on ordinary shares converted into share capital		
Retained earnings at the end of the period	<b>-487,856,704.18</b>	-244,653,029.56

Breakdown of adjustment to retained profit at the beginning of the period:

1. The effect of the retrospective adjustments according to ASBE and their new related requirements on the retained profits as at the beginning of the period amounted to RMB-239,681.68.
2. The effect of the changes in accounting policies on the undistributed profits as at the beginning of the period amounted to RMB0.
3. The effect of corrections of significant accounting errors on the undistributed profits as at the beginning of the period amounted to RMB0.
4. The effect of the change of the scope of combination under common control on the undistributed profits as at the beginning of the period amounted to RMB0.
5. The effect of other adjustments on the undistributed profits as at the beginning of the period amounted to RMB0.

## SECTION X FINANCIAL STATEMENTS

### VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 61. Operating income and operating costs

##### (1). Operating income and operating costs

Unit: RMB

Item	Amount for the current period		Amount for the last period	
	Revenue	Cost	Revenue	Cost
Main business	799,191,040.48	540,071,210.95	737,618,700.84	454,551,186.82
Other Businesses	1,510,845.29	144,244.84	497,879.36	126,093.00
Total	800,701,885.77	540,215,455.79	738,116,580.20	454,677,279.82

##### (2). Table of deduction of operating income

Unit: RMB0'000

Item	Current year	Specific deduction	Prior year	Specific deduction
Operating income	80,070.19		73,811.66	
Total amount of deductions	1,995.75		1,577.53	
Proportion of total amount of deductions in operating income (%)	2.49		2.14	/
<b>I. Business income irrelevant to main business</b>				
1. Other business revenues beyond normal operation. Income obtained by renting fixed assets, intangible assets, packaging, sales of materials, exchange of non-monetary assets with materials, and operation of trusted management businesses, as well as income that is included in the main business income but is beyond the normal operation of the parent company.	392.40	Property and equipment leasing, sale of scrap, etc.	49.79	Property and equipment leasing, sale of scrap, etc.
2. Income from non-qualified pseudo-banking service, such as Interest income from lending funds; Income from pseudo-banking service added in the current and the previous fiscal year, such as the revenue generated from guarantees, commercial factoring, petty loans, finance leases, pawning, and other businesses, except for financial leasing business carried out for the sale of main products.				

## SECTION X FINANCIAL STATEMENTS

### VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 61. Operating income and operating costs (Continued)

##### (2). Table of deduction of operating income (Continued)

Unit: RMBO'000

Item	Current year	Specific deduction	Prior year	Specific deduction
3. Income generated from new trading business in the current and previous fiscal years.				
4. Income generated from related party transactions irrelevant to the existing normal business of the parent company.	1,603.35	Technical service fee	1,527.74	Technical service fee
5. Revenue of subsidiaries from the beginning of the period to the date of combination arising from business combination under the same control.				
6. Revenue generated by trade services that are difficult to form a stable business model.				
<b>Subtotal of income irrelevant to main business</b>	<b>1,995.75</b>		1,577.53	
<b>II. Income without commercial substance</b>				
1. Income derived from transactions or events that do not significantly change the risk, time distribution or amount of the enterprise's future cash flow.				
2. Income from transactions without real business. Such as spurious revenues realized by self-transaction and spurious revenues generated by using Internet technology or other methods to construct transactions.				
3. Income from businesses with significantly unfair transaction prices.				
4. Income generated from subsidiaries or operations arising from business combinations acquired through unfair consideration or non-transaction method in the current fiscal year.				
5. Income involved in non-standard audit opinions in the audit opinions.				
6. Revenue generated from other transactions or events that are not commercially reasonable.				
<b>Subtotal of revenue without commercial substance</b>				
<b>III. Other income irrelevant to the main business or without commercial substance</b>				
Operating income after deduction	<b>78,074.44</b>		72,234.13	

## SECTION X FINANCIAL STATEMENTS

### VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 61. Operating income and operating costs (Continued)

##### (3). Breakdown of operating income and operating costs

Unit: RMB

Classification	Fuel cell system and related services		Total	
	Operating income	Operating costs	Operating income	Operating costs
Type of goods				
Fuel cell system	<b>716,307,928.96</b>	<b>684,541,800.17</b>	716,307,928.96	684,541,800.17
Parts	<b>30,543,539.63</b>	<b>18,853,222.93</b>	30,543,539.63	18,853,222.93
Technology development and services	<b>21,603,752.95</b>	<b>18,549,257.39</b>	21,603,752.95	18,549,257.39
Others	<b>32,246,664.23</b>	<b>16,172,299.71</b>	32,246,664.23	16,172,299.71
By operating region				
At a point in time	<b>800,322,883.77</b>	<b>737,618,700.84</b>	800,322,883.77	737,618,700.84
Over time	<b>379,002.00</b>	<b>497,879.36</b>	379,002.00	497,879.36
By time of transfer of goods				
Domestic	<b>798,982,536.17</b>	<b>738,116,580.20</b>	798,982,536.17	738,116,580.20
Overseas	<b>1,719,349.60</b>		1,719,349.60	
<b>Total</b>	<b>800,701,885.77</b>	<b>738,116,580.20</b>	800,701,885.77	738,116,580.20

##### (4). Explanation about allocation to the remaining performance obligations

The amount of revenue corresponding to the performance obligations that have been signed but not yet performed or not yet fulfilled at the end of the reporting period is RMB27,104,896.90, of which RMB23,456,271.78 is expected to be recognized in 2024, and RMB3,648,625.12 is expected to be recognized in the years after 2024.

## SECTION X FINANCIAL STATEMENTS

### VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 62. Tax and surcharges

Unit: RMB

Item	Amount for the current period	Amount for the last period
City maintenance and construction tax	38,269.42	833,423.57
Education surcharge	16,422.01	370,197.46
Local education surcharge	10,948.00	246,798.33
Property tax	2,212,962.30	1,077,823.80
Land use tax	259,026.88	387,671.98
Vehicle and vessel use tax	12,768.33	8,490.00
Stamp duty	1,083,316.17	1,258,174.11
Others	0.64	5,381.11
<b>Total</b>	<b>3,633,713.75</b>	<b>4,187,960.36</b>

#### 63. Selling expenses

Unit: RMB

Item	Amount for the current period	Amount for the last period
Accrued payroll	27,561,459.41	27,835,631.74
Business promotion and service fees	12,974,292.51	44,968,633.27
Product quality guarantee	11,975,489.70	10,541,968.15
Travel expenses	2,167,240.16	2,793,651.73
Depreciation and amortization expenses, etc.	4,233,570.03	3,927,380.58
Others	17,408,818.32	14,814,127.37
<b>Total</b>	<b>76,320,870.13</b>	<b>104,881,392.84</b>

## SECTION X FINANCIAL STATEMENTS

### VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 64. Administrative expenses

Unit: RMB

Item	Amount for the current period	Amount for the last period
Accrued payroll	<b>118,712,124.75</b>	108,984,496.13
Depreciation and amortization, lease expenses, etc.	<b>50,969,582.24</b>	44,394,722.67
Materials and low-value consumables	<b>1,405,451.07</b>	3,273,415.79
Intermediary fees	<b>4,264,182.93</b>	6,626,929.96
Travel expenses	<b>6,926,337.34</b>	3,219,049.24
Office expenses	<b>7,739,949.80</b>	7,560,486.57
Entertainment expenses	<b>4,587,087.45</b>	4,728,434.51
Listing expenses	<b>9,905,797.72</b>	19,835,996.05
Others	<b>19,125,488.91</b>	13,944,176.94
Total	<b>223,636,002.21</b>	212,567,707.86

#### 65. Research and development expenses

Unit: RMB

Item	Amount for the current period	Amount for the last period
Accrued payroll	<b>69,761,416.10</b>	40,457,556.07
Material costs	<b>31,946,816.68</b>	13,389,415.31
Commission fees for external development	<b>7,806,426.44</b>	14,141,988.32
Depreciation and amortization expenses	<b>21,849,045.16</b>	19,013,968.27
Testing and processing fee	<b>5,548,057.84</b>	8,434,397.10
Others	<b>3,995,427.11</b>	5,827,253.64
Total	<b>140,907,189.33</b>	101,264,578.71

## SECTION X FINANCIAL STATEMENTS

### VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 66. Financial expenses

Unit: RMB

Item	Amount for the current period	Amount for the last period
Interest expense	<b>15,682,658.15</b>	7,335,912.04
Less: Interest income	<b>19,934,917.40</b>	13,299,488.91
Exchange gains and losses	<b>-13,086,002.36</b>	-137,027.59
Bank charges	<b>1,281,798.62</b>	755,792.63
<b>Total</b>	<b>-16,056,462.99</b>	-5,344,811.83

#### 67. Other income

Unit: RMB

Item	Amount for the current period	Amount for the last period
Amortization of deferred income	<b>15,091,472.81</b>	20,953,961.81
VAT refund upon collection	<b>4,019,870.15</b>	7,721,328.27
Local government grants	<b>5,563,002.56</b>	3,299,126.79
Listing subsidies from Haidian District People's Government Office		3,000,000.00
Tax relief and individual tax refund, etc.	<b>182,133.32</b>	744,665.92
<b>Total</b>	<b>24,856,478.84</b>	35,719,082.79

Other explanation:

For details of government grants of the Company, please refer to Note XI.3. Government grants included in profit or loss for the current period.

## SECTION X FINANCIAL STATEMENTS

### VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 68. Investment income

Unit: RMB

Item	Amount for the current period	Amount for the last period
Income from long-term equity investment under equity method	<b>-41,477,221.66</b>	-15,969,629.20
Investment income from disposal of financial assets held-for-trading	<b>371,205.48</b>	7,696,229.65
Investment income from trading financial assets during the holding period	<b>6,867,303.63</b>	
Gain on debt restructuring	<b>52,381.01</b>	-4,902,680.00
Total	<b>-34,186,331.54</b>	-13,176,079.55

#### 69. Hedging gains on net exposure

Applicable  Not Applicable

## SECTION X FINANCIAL STATEMENTS

### VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 70. Gains from changes in fair value

Unit: RMB

Source of gains on changes in fair value	<b>Amount for the current period</b>	Amount for the last period
Financial assets held-for-trading	<b>33,050,692.03</b>	165,123.28
<b>Total</b>	<b>33,050,692.03</b>	165,123.28

#### 71. Credit impairment losses

Unit: RMB

Item	<b>Amount for the current period</b>	Amount for the last period
Losses on bad debts of bills receivable	<b>-36,290.00</b>	
Losses on bad debts of accounts receivable	<b>-87,261,506.82</b>	-29,253,156.82
Losses on bad debts of other receivables	<b>-12,184,837.43</b>	-1,544,486.12
<b>Total</b>	<b>-99,482,634.25</b>	-30,797,642.94

#### 72. Impairment losses of assets

Unit: RMB

Item	<b>Amount for the current period</b>	Amount for the last period
Impairment losses of inventories and impairment losses on contract performance costs	<b>-48,468,607.83</b>	-51,387,031.42
Impairment losses of long-term equity investments	<b>-19,713,937.03</b>	-24,005,376.27
Impairment losses of fixed assets	<b>-510,364.69</b>	-11,854,210.52
Others	<b>5,771,557.86</b>	-3,124,161.50
<b>Total</b>	<b>-62,921,351.69</b>	-90,370,779.71

Impairment losses on other assets are impairment losses on contract assets.

## SECTION X FINANCIAL STATEMENTS

### VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 73. Gains from disposal of assets

Unit: RMB

Item	Amount for the current period	Amount for the last period
Gains or losses on disposal of fixed assets	<b>44,136.58</b>	-107,378.93
Total	<b>44,136.58</b>	-107,378.93

#### 74. Non-operating income

##### Non-operating income

Unit: RMB

Item	Amount for the current period	Amount for the last period	Amount included in non-recurring profit or loss for the current period
Waste disposal	<b>375,953.41</b>		375,953.41
Government grants not related to daily activities		13,700.90	
Amounts written off as uncollectible		542,950.07	
Others	<b>256,582.01</b>	272,041.93	256,582.01
Total	<b>632,535.42</b>	828,692.90	632,535.42

#### 75. Non-operating expenses

Unit: RMB

Item	Amount for the current period	Amount for the last period	Amount included in non-recurring profit or loss for the current period
External donations	<b>189,901.10</b>	409,674.32	189,901.10
Loss on destruction and retirement of non-current assets	<b>684,161.90</b>	489,570.04	684,161.90
Claims and penalty expenses	<b>12,294,058.13</b>	3,340,842.54	12,294,058.13
Others	<b>435,004.78</b>	220,516.67	435,004.78
Total	<b>13,603,125.91</b>	4,460,603.57	13,603,125.91

## SECTION X FINANCIAL STATEMENTS

### VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 76. Income tax expenses

##### (1). Income tax expense statement

Unit: RMB

Item	Amount for the current period	Amount for the last period
Current income tax expense	735,761.59	519,214.97
Deferred income tax expense	-20,223,206.52	-41,708,283.72
Total	-19,487,444.93	-41,189,068.75

##### (2). Reconciliation between accounting profit and income tax expenses

Unit: RMB

Item	Amount for the current period
Total profit	-319,564,482.97
Income tax expenses calculated at statutory/applicable tax rate	-47,934,672.45
Effect of different tax rates applicable to subsidiaries	-7,511,995.21
Effect of adjustment to income tax of previous periods	1,823.50
Effect of non-deductible costs, expenses and losses	11,567,109.96
Effect of utilization of deductible losses in deferred income tax assets not recognized in previous period	-132,659.98
Effect of deductible losses in deferred income tax assets not recognized in current year or effect of deductible loss	38,327,244.09
Additional deduction of research and development expenses	-13,804,294.84
Income tax expenses	-19,487,444.93

#### 77. Other comprehensive income

For details, please see the Note 57: Other comprehensive income

## SECTION X FINANCIAL STATEMENTS

### VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 78. Items of statement of cash flow

##### (1). Cash related to operating activities

*Other cash received related to operating activities*

Unit: RMB

Item	Amount for the current period	Amount for the last period
Government grants received	<b>22,444,275.88</b>	21,202,822.00
Collection of project fees and return of advances	<b>18,306,015.06</b>	3,902,100.00
Deposit and guarantee refund	<b>1,041,504.92</b>	2,806,659.80
Interest income	<b>18,423,894.68</b>	11,620,372.52
Current accounts		5,200,000.00
Recovery of frozen funds	<b>3,358,049.51</b>	
Others	<b>1,109,938.34</b>	907,078.95
Total	<b>64,683,678.39</b>	45,639,033.27

*Other cash paid related to operating activities*

Unit: RMB

Item	Amount for the current period	Amount for the last period
Operating expenses	<b>72,663,473.19</b>	49,982,356.63
Prepaid expenses such as rental properties	<b>15,988,052.30</b>	21,877,220.61
Technology development fee, testing expense, etc.	<b>10,750,550.58</b>	11,082,532.68
Frozen litigation	<b>2,299,592.90</b>	
Payment of deposits and other transactions	<b>5,604,900.00</b>	713,500.00
Others	<b>1,395,786.83</b>	2,305,048.69
Total	<b>108,702,355.80</b>	85,960,658.61

## SECTION X FINANCIAL STATEMENTS

### VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 78. Items of statement of cash flow (Continued)

##### (2) Cash related to investment activities

*Cash received related to material investment activities*

Unit: RMB

Item	Amount for the current period	Amount for the last period
Redemption of wealth management products at maturity	65,000,000.00	1,024,000,000.00
Total	65,000,000.00	1,024,000,000.00

*Cash paid related to material investment activities*

Unit: RMB

Item	Amount for the current period	Amount for the current period
Capital contribution from associates	45,500,000.00	45,000,000.00
Purchase of wealth management products	707,114,540.00	827,000,000.00
Total	752,614,540.00	872,000,000.00

*Cash received relating to other investing activities*

Nil

*Cash paid relating to other investing activities*

Nil

##### (3) Cash received related to financing activities

*Other cash received related to financing activities*

Unit: RMB

Item	Amount for the current period	Amount for the current period
Collection of notes deposits	71,089,956.61	105,303,464.39
Total	71,089,956.61	105,303,464.39

## SECTION X FINANCIAL STATEMENTS

### VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 78. Items of statement of cash flow (Continued)

##### (3) Cash received related to financing activities (Continued)

*Other cash paid related to financing activities*

Unit: RMB

Item	Amount for the current period	Amount for the last period
Lease related expenses	<b>14,640,138.80</b>	11,029,030.84
Consulting service fee	<b>7,588,449.76</b>	20,619,069.81
Deposit for acceptance of bills	<b>48,519,201.92</b>	81,801,110.63
Total	<b>70,747,790.48</b>	113,449,211.28

*Movement in liabilities arising from financing activities*

Unit: RMB

Item	Opening balance	Increase for the period		Decrease for the period		Closing balance
		Cash movement	Non-cash movement	Cash movement	Non-cash movement	
Short-term borrowings	229,872,186.96	622,234,437.96	17,377,745.62	282,872,186.96		<b>586,612,183.58</b>
Long-term borrowing	19,617,966.65			200,000.00	183.33	<b>19,417,783.32</b>
Long-term payables		10,000,000.00	3,668,934.37	2,933,253.52	713,403.80	<b>10,022,277.05</b>
Lease liabilities	23,212,326.27		27,507,657.32	13,935,154.69	1,267,437.41	<b>35,517,391.49</b>
Total	272,702,479.88	632,234,437.96	48,554,337.31	299,940,595.17	1,981,024.54	<b>651,569,635.44</b>

## SECTION X FINANCIAL STATEMENTS

### VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 79. Supplementary information to the statement of cash flows

##### (1). Supplementary information to the statement of cash flows

Unit: RMB

Supplementary information	Amount for current period	Amount for previous period
<b>1. Adjustment of net profit to cash flows of operating activities:</b>		
Net profit	-300,077,038.04	-195,128,044.54
Add: Provision for impairment of assets	62,921,351.69	90,370,779.71
Credit impairment losses	99,482,634.25	30,797,642.94
Depreciation of fixed assets, consumption of oil and gas assets and depreciation of productive biological assets	52,656,498.31	41,417,265.77
Amortization of right-of-use assets	13,012,056.02	10,156,950.34
Amortization of intangible assets	25,952,682.73	23,874,307.25
Amortization of long-term deferred expenditures	11,335,269.43	6,136,445.36
Loss on disposal of fixed assets, intangible assets and other long-term assets ("-" for gains)	-44,136.58	107,378.93
Losses on retirement of fixed assets ("-" for gains)	684,161.90	489,570.04
Losses from changes in fair value ("-" for gains)	-33,050,692.03	-165,123.28
Financial expenses ("-" for gains)	15,682,658.15	7,335,912.04
Investment losses ("-" for gains)	34,186,331.54	13,176,079.55
Decrease in deferred income tax assets ("-" for increase)	-19,877,045.78	-41,429,764.59
Increase in deferred income tax liabilities ("-" for decrease)	2,595,690.51	3,242,259.56
Decrease in inventories ("-" for increase)	18,583,035.94	-91,826,613.08
Decrease in operating receivables ("-" for increase)	-659,380,667.05	-330,667,697.60
Increase in operating payables ("-" for increase)	114,699,058.22	100,000,917.64
Others		
Net cash flows from operating activities	-560,638,150.79	-332,111,733.96
<b>2. Major investment and financing activities not involved cash receipts and payments:</b>		
Conversion of debt to capital		
Convertible corporate bonds due within one year		
Fixed assets held under finance leases		
<b>3. Net change in cash and cash equivalents:</b>		
Closing balance of cash	592,026,461.60	616,790,436.73
Less: Opening balance of cash	616,790,436.73	804,966,776.35
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	-24,763,975.13	-188,176,339.62

## SECTION X FINANCIAL STATEMENTS

### VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 79. Supplementary information to the statement of cash flows (Continued)

(2). Net cash paid for acquisition of subsidiaries in the current period

Nil

(3). Net cash received from disposal of subsidiaries during the period

Nil

(4). Composition of cash and cash equivalents

Unit: RMB

Item	Closing balance	Opening balance
I. Cash	<b>592,026,461.60</b>	616,790,436.73
Including: Cash on hand	<b>309,076.84</b>	125,469.76
Bank deposits available for payment	<b>576,816,825.39</b>	594,654,819.95
Other monetary funds available for payment	<b>14,900,559.37</b>	22,010,147.02
II. Cash equivalents		
III. Cash and cash equivalents at the end of the period	<b>592,026,461.60</b>	616,790,436.73

(5). Monetary funds other than cash and cash equivalents

Unit: RMB

Item	Amount for current period	Amount for previous period	Reason
Other monetary funds	<b>4,493,472.46</b>	29,303,973.61	Deposits for bank acceptance bills
Other monetary funds	<b>41,800.00</b>	41,800.00	Performance bond
Bank deposits	<b>2,617,981.79</b>	3,726,008.39	Frozen litigation
Other monetary funds	<b>10,044,739.72</b>		Certificates of deposit and interest
Total	<b>17,197,993.97</b>	33,071,782.00	/

#### 80. Notes to items of statements of changes in owners' equity

Explanation on item names and adjusted amounts of "other" items adjusted for the closing balance of the previous year:

Applicable  Not Applicable

## SECTION X FINANCIAL STATEMENTS

### VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 81. Foreign currency monetary items

##### (1). Foreign currency monetary items

Unit: RMB

Item	Balance of foreign currency at the end of the period	Exchange rate	Balance in RMB equivalent at the end of the period
Cash and cash equivalents	40,799,600.46	7.0827	288,971,330.18
Including: US Dollar	40,799,600.46	7.0827	288,971,330.18
Financial assets held-for-trading	97,467,117.81	7.0827	690,330,355.31
Including: US Dollar	97,467,117.81	7.0827	690,330,355.31
Accounts payable	15,728.33	7.0827	111,399.05
Including: US Dollar	15,728.33	7.0827	111,399.05

##### (2) Description of overseas operating entities, including major overseas operating entities, which should disclose their overseas principal places of business, functional currency and basis of selection. Reasons shall be disclosed if there is any change in the functional currency

Applicable  Not Applicable

#### 82. Lease

##### (1). As lessee

1. The Company's right-of-use assets, lease liabilities and total lease-related cash outflows are detailed in Notes 25, 47 and 78. With the Company as a lessee, the amount is recognized in profit or loss as follows:

Item	Amount for the period
Interest on lease liabilities	<b>1,294,896.21</b>
Short-term lease expenses	<b>6,653,104.42</b>
Sale-leaseback transactions	<b>357,585.06</b>

*Variable lease payments not included in the measurement of lease liabilities*

Nil

*Lease expenses on short-term leases or low-value assets under simplified treatment*

Nil

*Sale-leaseback transactions and judgment basis*

Total cash outflows related to leases RMB23,494,293.22 (Unit: RMB)

## SECTION X FINANCIAL STATEMENTS

### VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 82. Lease (Continued)

##### (2) As a lessor

*Operating lease as lessor*

Unit: RMB

<b>Item</b>	<b>Lease income</b>	<b>Including: Income related to variable lease payments not included in lease receipts</b>
Property leasing	165,137.69	0.00
Equipment leasing	213,864.31	0.00
Total	379,002.00	

*Financing lease as lessor*

Nil

##### (3) Profit or loss on sales of financing lease recognized as a producer or distributor

Nil

#### 83. Others

Applicable  Not Applicable

## SECTION X FINANCIAL STATEMENTS

### VIII. RESEARCH AND DEVELOPMENT EXPENSES

#### (1). By nature of expenses

Unit: RMB

Item	<b>Amount for the current period</b>	Amount for the previous period
Accrued payroll	<b>84,576,715.18</b>	69,364,862.01
Material costs	<b>40,553,949.45</b>	36,938,926.45
Commission fees for external development	<b>9,060,538.25</b>	15,932,246.86
Depreciation and amortization expenses, etc.	<b>25,011,236.55</b>	23,256,726.76
Testing and processing fee	<b>5,989,468.30</b>	8,587,599.05
Others	<b>5,473,440.29</b>	5,719,884.40
<b>Total</b>	<b>170,665,348.02</b>	159,800,245.53
Including: expensed research and development costs	<b>140,907,189.33</b>	101,264,578.71
Capitalized research and development costs	<b>29,758,158.69</b>	58,535,666.82

## SECTION X FINANCIAL STATEMENTS

### VIII. RESEARCH AND DEVELOPMENT EXPENSES (Continued)

#### (2). Development expenses on R&D projects eligible for capitalization

Unit: RMB

Item	Opening balance	Increase for the period		Decrease for the period		Closing balance
		Internal development expenditure	Others	Recognized as intangible assets	Transferred to the current profit or loss	
120kW high-performance miniaturized fuel cell power generation system	6,800,935.38			6,800,935.38		
Single battery life verification and research on attenuation specification of key components	282,554.34	2,473,882.93				<b>2,756,437.27</b>
Research and Development of High-Performance Hydrogen Fuel Passenger Vehicles in Winter Olympics Service Scenarios	10,602,924.24			10,602,924.24		<b>0.00</b>
Research on the application of high-performance perfluorocarbons membrane in fuel cells	9,128,063.36	4,282,778.62				<b>13,410,841.98</b>
Hydrogen supply system and fuel cell matching test	7,024,888.02			7,024,888.02		
R&D of national fuel cell system	23,521,518.22	33,204,183.03		28,628,505.78	24,315,280.91	<b>3,781,914.56</b>
Research and development of multi-energy efficient coupling control for hybrid power generation system and key components		1,319,668.04				<b>1,319,668.04</b>
High-power and high-efficiency fuel cell systems development for long-distance and heavy-duty applications		22,760.17				<b>22,760.17</b>
Forward-looking technology research	7,487,417.23	19,479,000.39		6,158,102.25	13,393,136.85	<b>7,415,178.52</b>
Development of fuel cell stack testing equipment	2,442,740.44	169,796.99				<b>4,140,706.43</b>
Fuel cell parts development	5,650,685.05	765,115.95			13,301,801.00	
Integration and demonstration of fuel cell-hydrogen internal combustion engine hybrid power generation system		34,785.57				<b>34,785.57</b>
Fuel cell system development and vehicle application suitable for low pressure input of vehicle liquid hydrogen storage and supply system		12,667,714.88		7,896,480.94	2,048,572.69	<b>2,722,661.25</b>
<b>Total</b>	<b>72,941,726.28</b>	<b>82,833,855.57</b>		<b>67,111,836.61</b>	<b>53,058,791.45</b>	<b>35,604,953.79</b>

#### (3). Material purchased projects under development

Nil

## IX. CHANGES IN CONSOLIDATION SCOPE

### 1. Business combination not under common control

Applicable  Not Applicable

### 2. Business combination under common control

Applicable  Not Applicable

### 3. Counter purchase

Applicable  Not Applicable

### 4. Disposal of subsidiaries

Whether there are any transactions or events during the period that leads to loss of control of a subsidiary

N/A

Whether there is a disposal of investment in a subsidiary in stages through multiple transactions that leads to loss of control during the period

N/A

### 5. Changes in scope of consolidation for other reasons

Explanation of changes in the consolidation scope due to other reasons (e.g. establishment of new subsidiaries and liquidation of subsidiaries, etc.) and relevant information:

#### (1). Subsidiaries newly included in the scope of consolidation during the period

Name of company	Reason for changes
Beijing SinoHytec Hydrogen Energy Technology Co., Ltd.	Newly established
Hebei Guochuang Hydrogen Energy Technology Co., Ltd.	Newly established
Zhangjiakou Guoqing Technology Co., Ltd.	Newly established
Zhangjiakou Qingtong Technology Co., Ltd.	Newly established
Shanghai Kuitong Technology Co., Ltd.	Newly established
Yifan Hydrogen Technology Co., Ltd.	Newly established
Tangshan Yitong Hydrogen Technology Co., Ltd.	Newly established
Guangdong SinoHytec Technology Co., Ltd.	Newly established
Guangzhou SinoHytec New Energy Technology Co., Ltd.	Newly established
SinoHytec International Limited	Newly established

#### (2). Subsidiaries deregistered during the period

Hubei Guochuang Hydrogen Power Technology Co., Ltd., a second-tier subsidiary of the Company, completed the cancellation procedures in October 2023, and was no longer included in the scope of consolidation after the cancellation.

## SECTION X FINANCIAL STATEMENTS

### X. INTERESTS IN OTHER ENTITIES

#### 1. Interests in subsidiaries

##### (1). Constitution of enterprise group

Unit: RMB0'000

Name of subsidiary	Principal place of business	Category of legal person	Registered capital	Place of registration	Nature of business	Shareholding (%)		Method of acquisition
						Direct	Indirect	
SinoHytec Power Technology Co., Ltd.	Zhangjiakou	Limited company	35,966.801	Zhangjiakou	Production of fuel cell power system	100		Establishment through investment
Shanghai SinoFuelCell Co., Ltd.	Shanghai	Limited company	8,495.2654	Shanghai	Design and development of fuel cell reactors	25.601		Equity Transfer
Shanghai Shenrong New Energy Technology Co., Ltd.	Shanghai	Limited company	600	Shanghai	Production of fuel cell reactors		25.601	Equity Transfer
Beijing Shenchuan Technology Co., Ltd.	Beijing	Limited company	1,000	Beijing	Technology development and sales of auto parts		25.601	Establishment through investment
Tangshan SinoFuelCell Technology Co., Ltd.	Tangshan	Limited company	3,000	Tangshan	New energy technology promotion		25.601	Establishment through investment
Beijing SinoHytec Hydrogen Energy Technology Co., Ltd.	Beijing	Limited company	6,700	Beijing	Scientific research and technical services	74.6269		Establishment through investment
Guochuang Hebei Hydrogen Energy Industry Innovation Center Co., Ltd.	Zhangjiakou	Limited company	3,000	Zhangjiakou	Technology development		74.6269	Establishment through investment
Hebei Guochuang Hydrogen Energy Technology Co., Ltd.	Zhangjiakou	Limited company	1,000	Zhangjiakou	Technology development		74.6269	Establishment through investment
Zhangjiakou Guoqing Technology Co., Ltd.	Zhangjiakou	Limited company	3,000	Zhangjiakou	Technology development		74.6269	Establishment through investment
Zhangjiakou Qingtong Technology Co., Ltd.	Zhangjiakou	Limited company	1,000	Zhangjiakou	Manufacturing industry		74.6269	Establishment through investment
Beijing Future Hydrogen Valley Technology Co., Ltd.	Beijing	Limited company	10,100	Beijing	Technology development	100		Establishment through investment
Shanghai Kuitong Technology Co., Ltd.	Shanghai	Limited company	1,000	Shanghai	Scientific research and technical services	100		Establishment through investment
Chengdu SinoHytec Power Technology Co., Ltd.	Chengdu	Limited company	5,000	Chengdu Economic and Technological Development Zone	Technology development	100		Establishment through investment
Chengdu Guoqinghuatong Technology Co., Ltd.	Chengdu	Limited company	4,000	Chengdu Economic and Technological Development Zone	New energy technology promotion	70		Establishment through investment
Beijing Juxinghuatong Hydrogen Energy Technology Co., Ltd.	Beijing	Limited company	3,000	Beijing	New energy technology promotion	100		Establishment through investment
Shandong Huaqing Dongli Technology Co., Ltd.	Zibo	Limited company	3,000	Zibo	New energy technology promotion	100		Establishment through investment
Yifan Hydrogen Technology Co., Ltd.	Beijing	Limited company	10,000	Beijing	Scientific research and technical services	51		Establishment through investment
Tangshan Yitong Hydrogen Technology Co., Ltd.	Tangshan	Limited company	500	Tangshan	New energy technology development		51	Establishment through investment
Tangshan Qianchen New Energy Development Co., Ltd.	Tangshan	Limited company	5,000	Tangshan	New energy technology promotion	80		Establishment through investment
Zhengzhou SinoHytec Power Technology Co., Ltd.	Zhengzhou	Limited company	5,000	Zhengzhou	New energy technology promotion	100		Establishment through investment
Guangdong SinoHytec Technology Co., Ltd.	Guangzhou	Limited company	5,000	Guangzhou	Scientific research and technical services	100		Establishment through investment
Guangzhou SinoHytec New Energy Technology Co., Ltd.	Guangzhou	Limited company	5,000	Guangzhou	Scientific research and technical services		70	Establishment through investment
Hubei Guochuang Hydrogen Power Technology Co., Ltd.	Wuhan	Limited company	10,000	Wuhan	New energy technology promotion	50		Note 1
SinoHytec International Limited	Hong Kong	Limited company	US\$30 million	Hong Kong	New energy technology promotion	100		Establishment through investment

**Note 1:** Hubei Guochuang Hydrogen Power Technology Co., Ltd. was deregistered in October 2023.

**Note 2:** As of December 31, 2023, Yifan Hydrogen Technology Co., Ltd., Tangshan Yitong Hydrogen Technology Co., Ltd., Shanghai Kuitong Technology Co., Ltd., Zhangjiakou Guoqing Technology Co., Ltd., Zhangjiakou Qingtong Technology Co., Ltd., Guangdong SinoHytec Technology Co., Ltd. and SinoHytec International Limited have not yet commenced business operations.

**X. INTERESTS IN OTHER ENTITIES (Continued)**

**1. Interests in subsidiaries (Continued)**

**(1). Constitution of enterprise group (Continued)**

Explanation of the shareholding proportion is not equal to the voting right ratio in the subsidiary:

The Company entered into the Voting Rights Proxy Agreement with Shanghai Shenjie New Energy Technology Center (Limited Partnership), a shareholder of Shanghai SinoFuelCell Technology Co., Ltd. (holding 10.8091%). Pursuant to the agreement, Shanghai Shenjie New Energy Technology Center agreed to unconditionally and irrevocably entrust the Company to exercise the voting rights corresponding to the entire equity interests in SinoFuelCell, including the rights to earnings, dividends and disposal, with a term of not less than 5 years.

The basis for holding half or less than half of the voting rights but still controlling the investee, and holding more than half of the voting rights but not controlling the investee:

The Company directly holds 25.601% equity interest in Shanghai SinoFuelCell Co., Ltd. (hereinafter referred to as "Shanghai SinoFuelCell"). In 2019, the Company entered into the Voting Rights Proxy Agreement with Shanghai Shenjie New Energy Technology Center (Limited Partnership), a shareholder of Shanghai SinoFuelCell Co., Ltd. (holding 10.8091%) in 2019. Pursuant to the agreement, Shenjie New Energy agreed to unconditionally and irrevocably entrust the Company to exercise its rights to all of its equity interests in Shanghai SinoFuelCell, including voting rights other than income, dividends and disposals. The entrustment period shall be from the effective date of the agreement to the date when both parties unanimously agree to terminate the agreement, and the entrustment period shall not be less than 5 years. In addition, at the governance level, Shanghai SinoFuelCell has a total of 7 members in the board of directors, 4 of which are appointed by the Company and the chairman is a director appointed by the Company. Therefore, the Company can effectively control the decision-making of the board of directors of Shanghai SinoFuelCell.

**(2). Significant non-wholly owned subsidiaries**

Unit: RMB

Name of subsidiary	Shareholding of minority shareholders	Profit or loss attributable to minority shareholders in the current period	Dividends declared to minority shareholders in the current period	Closing balance of minority interests
Shanghai SinoFuelCell Co., Ltd.	74.399	-56,097,461.43	0.00	346,239,443.80
Tangshan Qianchen New Energy Development Co., Ltd.	20	0.00	0.00	0.00

*Note 1:* The minority shareholders of Tangshan Qianchen New Energy Development Co., Ltd. have not actually contributed capital.

Explanation of the shareholding proportion of minority shareholders is not equal to the voting right ratio in the subsidiary:

For details, please see Note 1. (1), Constitution of enterprise group.

## SECTION X FINANCIAL STATEMENTS

### X. INTERESTS IN OTHER ENTITIES (Continued)

#### 1. Interests in subsidiaries (Continued)

##### (3). Main financial information of significant non-wholly-owned subsidiaries

Unit: RMB

Name of subsidiary	Closing balance		Total				Opening balance		Total			
	Current assets	Non-current assets	assets	Current liabilities	Non-current liabilities	liabilities	assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shanghai SinoFuelCell Co., Ltd.	697,412,859.10	293,330,177.33	990,743,036.43	464,010,160.48	56,054,411.15	520,064,571.63	663,393,540.02	275,085,080.73	938,478,620.75	330,884,823.25	63,386,509.20	394,271,332.45
Tangshan Qianchen New Energy Development Co., Ltd.	359,717,747.11	22,298,763.69	382,016,510.80	388,189,439.58	2,550,961.93	390,740,401.51	175,686,340.52	8,830,422.59	184,516,763.11	184,487,941.61	2,365,623.43	186,853,565.04

Name of subsidiary	Amount for the current period				Amount for the previous period			
	Operating income	Net profits	Total comprehensive income	Cash flows from operating activities	Operating income	Net profits	Total comprehensive income	Cash flows from operating activities
Shanghai SinoFuelCell Co., Ltd.	367,394,300.63	-74,071,532.99	-74,071,532.99	-64,768,921.83	360,340,095.48	-43,133,649.42	-43,133,649.42	-272,958,875.25
Tangshan Qianchen New Energy Development Co., Ltd.	172,274,547.23	-14,141,310.13	-14,141,310.13	-1,776,078.63	164,605,954.34	-5,336,801.93	-5,336,801.93	830,612.79

##### (4). Significant restrictions on the use of assets and settlement of debts of the Group

Nil

##### (5). Financial support or other support provided to structured entities included in the scope of consolidated financial statements

Nil

### 2. Transactions in which the share of owner's equity in the subsidiary changes and still controls the subsidiary

#### (1). Changes in the share of owners' equity in subsidiaries

On October 30, 2023, the Company convened the 12th meeting of the third session of the Board, at which the Proposal on Capital Increase and Connected Transactions of a Wholly-owned Subsidiary was considered and approved, pursuant to which, Beijing Yihuatong Hydrogen Energy Technology Co., Ltd. (hereinafter referred to as "Yihuatong Hydrogen Energy"), a wholly-owned subsidiary of the Company, intended to introduce the employee shareholding platform Beijing Tonglan Technology Center (Limited partnership) for capital increase, with the capital increase of RMB17 million. Such capital increase has been completed in November 2023. After such capital increase, Yihuatong Hydrogen Energy was held as to 25.37% and 74.63% by Tonglan Technology and the Company, respectively, and Yihuatong Hydrogen Energy was still a holding subsidiary within the scope of the Company's consolidated statements.

## SECTION X FINANCIAL STATEMENTS

### X. INTERESTS IN OTHER ENTITIES (Continued)

#### 3. Interests in joint ventures or associates

##### (1). Significant joint ventures or associates

Nil

##### (2). Summary financial information of insignificant joint ventures and associates

Unit: RMB

	Closing balance/ amount for the current period	Opening balance/ amount for previous period
Joint ventures:		
Total book value of investments	<b>90,736,899.73</b>	113,639,709.41
Total amount of the following items calculated on the basis of shareholding percentage		
– Net profits	<b>-22,902,809.68</b>	-14,542,632.25
– Other comprehensive income		
– Total comprehensive income	<b>-22,902,809.68</b>	-14,542,632.25
Associates:		
Total book value of investments	<b>228,018,355.70</b>	220,209,631.56
Total amount of the following items calculated on the basis of shareholding percentage		
– Net profits	<b>-18,574,411.98</b>	-1,426,996.95
– Other comprehensive income		
– Total comprehensive income	<b>-18,574,411.98</b>	-1,426,996.95

##### (3). Excess loss incurred by joint ventures or associates

Nil

##### (4). Unconfirmed commitments related to investments in joint ventures

Nil

##### (5). Contingent liabilities related to investments in joint ventures or associates

Nil

#### 4. Significant joint operations

N/A

#### 5. Interests in structured entities not included in the scope of consolidated financial statements

Description of structured entities not included in the scope of consolidated financial statements:

Applicable     Not Applicable

## SECTION X FINANCIAL STATEMENTS

### XI. GOVERNMENT GRANTS

#### 1. Government grants recognised by the amounts receivable at the end of the reporting period

Applicable  Not Applicable

Reasons for not receiving the expected amount of government grants at the expected time

Applicable  Not Applicable

#### 2. Liability items involving government grants

Unit: RMB

Item	Opening balance	New grants in the current period	Amount included in non-operating income in the current period	Amount transferred to other income in the current period	Other changes in the current period	Closing balance	Related to assets/income
Deferred income	108,009,414.43	15,087,600.00	0.00	13,294,413.01	-100.00	<b>109,802,501.42</b>	Related to assets
Deferred income	1,657,008.54	1,611,540.00	0.00	1,797,059.80	0.00	<b>1,471,488.74</b>	Related to income
Total	109,666,422.97	16,699,140.00	0.00	15,091,472.81	-100.00	<b>111,273,990.16</b>	/

#### 3. Government grants recognised in profit or loss for the current period

Unit: RMB

Type	Amount for the current period	Amount for the previous period
Related to assets	<b>13,294,413.01</b>	15,085,768.15
Related to income	<b>11,562,065.83</b>	20,647,015.54
Total	<b>24,856,478.84</b>	35,732,783.69

## XII. RISKS RELATED TO FINANCIAL INSTRUMENTS

### 1. Risks of various financial instruments

The Company's major financial instruments include cash at bank and on hand, equity investments, loans, receivables, and payables, etc. The Company is exposed to risks of various financial instruments in the daily activities, mainly including credit risk, liquidity risk, and market risk. The risks associated with these financial instruments and the risk management policies adopted by the Company to mitigate these risks are set out below:

The Board is responsible for planning and establishing the Company's risk management structure, formulating the Company's risk management policies and relevant guidelines, and supervising the implementation of risk management measures. The Company has formulated risk management policies to identify and analyze the risks faced by the Company. These risk management policies clearly stipulate specific risks, covering market risks, credit risks and liquidity risk management. The Company regularly evaluates changes in the market environment and the Company's operating activities to determine whether to update the risk management policies and systems. The risk management of the Company is implemented by the Risk Management Committee in accordance with the policies approved by the Board of Directors. The Risk Management Committee works closely with other business units of the Company to identify, evaluate and mitigate risks. The internal audit department of the Company reviews the risk management controls and procedures on a regular basis and reports the results to the Audit Committee of the Company. The Company diversifies the risks of financial instruments through appropriate diversification of investment and business portfolio, and reduces the risk of concentration on a single industry, a specific region or a specific counterparty by formulating corresponding risk management policies.

#### (1) Various types of risks arising from financial instruments

##### (I) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The management has established appropriate credit policies and continuously monitors the credit risk exposure.

The Company has adopted a policy of only dealing with creditworthy counterparties. In addition, the Company assesses the credit quality of a customer and sets the corresponding credit period based on its financial position, the availability of guarantee from a third party, its credit history and other factors such as current market conditions. The Company continuously monitors the balance and collection of bills receivable and accounts receivable. For customers with poor credit history, the Company will use written payment reminders, shorten credit periods or cancel credit periods to ensure that the Company is not exposed to significant credit losses. In addition, the Company reviews the recovery of financial assets on each balance sheet date to ensure that adequate provision for expected credit losses is made for relevant financial assets.

Other financial assets of the Company include cash at bank and on hand, other receivables, etc. The credit risk of these financial assets arises from the default of the counterparty. The maximum credit risk exposure is the carrying amount of each financial asset in the balance sheet. The Company does not provide any other guarantees which would expose the Company to credit risk.

Monetary funds held by the Company are mainly deposited in financial institutions such as state-owned banks and other large and medium-sized commercial banks. The management believes that these commercial banks have a high reputation and asset status, and there is no significant credit risk, and will not cause any significant losses due to the default of the counterparty. The Company's policy is to control the amount of deposits to be placed with various reputable financial institutions according to their market reputation, operating scale and financial background with a view to limiting the amount of credit exposure to any single financial institution.

## SECTION X FINANCIAL STATEMENTS

### XII. RISKS RELATED TO FINANCIAL INSTRUMENTS (Continued)

#### 1. Risks of various financial instruments (Continued)

##### (1) Various types of risks arising from financial instruments (Continued)

###### (i) Credit risk (Continued)

As part of the Company's credit risk asset management, the Company uses aging, payment content, and customer nature, etc. to assess the impairment loss of accounts receivable and other receivables. The Company's accounts receivable and other receivables involve a large number of customers, and the aging information can reflect the solvency and bad debt risk of these customers for accounts receivable and other receivables. The Company calculates the historical actual bad debt rates for different aging periods based on historical data, and adjusts the expected loss rates by taking into account forward-looking information such as current and future economic forecasts.

As at December 31, 2023, the carrying amount and expected credit loss of relevant assets are as follows:

Item	Book balance	Provision for impairment
Bills receivable	50,826,888.92	36,290.00
Accounts receivable	2,075,750,677.89	453,785,205.36
Receivables financing	31,009,909.60	
Other receivables	44,201,963.70	25,087,967.91
Contract assets	35,357,278.01	4,636,886.32
Total	2,237,146,718.12	483,546,349.59

As of December 31, 2023, the accounts receivable of the Company's top five customers accounted for 83.89% of the Company's total accounts receivable.

For wealth management products invested by the Company, the credit rating of the counterparties shall be higher than or same as that of the Company. Given their high credit ratings, management of the Company does not expect any counterparty to fail to meet its obligations.

###### (2) Liquidity risk

Liquidity risk is the risk that the Company may encounter deficiency of funds in meeting obligations associated with cash or other financial assets settlement. Each member of the Company is responsible for its cash flow forecast. Based on the cash flow forecast results of each member company, the Company continuously monitors the short-term and long-term capital needs of the Company at the company level to ensure that sufficient cash reserves are maintained. At the same time, the Company continuously monitors whether it meets the requirements of the loan agreement and obtains commitments from major financial institutions to provide sufficient reserve funds to meet the short-term and long-term capital needs. In addition, the Company entered into facility agreements with its principal business banks to support the Company in fulfilling its obligations in relation to commercial bills. As of December 31, 2023, the Company had banking facilities of RMB1,208.2729 million granted by several domestic banks, of which RMB811.6129 million had been utilized.

## XII. RISKS RELATED TO FINANCIAL INSTRUMENTS (Continued)

### 1. Risks of various financial instruments (Continued)

#### (1) Various types of risks arising from financial instruments (Continued)

##### (2) Liquidity risk (Continued)

As at December 31, 2023, the undiscounted contractual cash flows of the Company's financial liabilities and off-balance sheet guarantees by remaining contractual maturity (based on date of payment obligation) are as follows:

Item	Closing balance			Total
	Within 1 year	1-3 years	Over 3 years	
Short-term borrowings	586,612,183.58			586,612,183.58
Bills payable	39,683,502.69			39,683,502.69
Trade payables	371,426,097.41	197,097,095.69	4,015,460.00	572,538,653.10
Other payables	18,155,581.46	261,039.76	325,588.08	18,742,209.30
Other current liabilities	6,507,783.13			6,507,783.13
Long-term payables	4,110,462.11	4,336,093.86	1,575,721.08	10,022,277.05
Long-term borrowings	19,417,783.32			19,417,783.32
Total	1,045,913,393.70	201,694,229.31	5,916,769.16	1,253,524,392.17

##### (3) Market risk

###### A. Exchange rate risk

The Company's main operations are located in the PRC and its main businesses are settled in RMB. However, the Company is exposed to foreign exchange risk arising from the recognized assets and liabilities and future transactions denominated in foreign currencies, primarily with respect to US dollars. The finance department of the Company is responsible for monitoring the scale of foreign currency transactions and foreign currency assets and liabilities of the Company to minimize the exchange rate risk. In this regard, the Company will pay close attention to the foreign exchange rate on the public website of the SAFE in real time to avoid the exchange rate risk.

Except for foreign currency settlement denominated in US dollars, the proportion of assets and liabilities denominated in foreign currencies held by the Company to the overall assets and liabilities is not significant. The management of the Company is of the opinion that, with all other variables held constant, the impact of reasonable exchange rate changes on current profit or loss and shareholders' equity before tax is minimal.

###### B. Interest rate risk

The Company's interest rate risk mainly arises from bank borrowings. Financial liabilities at floating rates expose the Company to cash flow interest rate risk, and financial liabilities at fixed rates expose the Company to fair value interest rate risk. The Company determines the relative proportion of fixed rate and floating rate contracts based on the prevailing market conditions.

The finance department of the Company continuously monitors the interest rate level of the Company. Increases in interest rates will increase the cost of new interest-bearing borrowings and the interest expenses with respect to the Company's outstanding floating rate interest-bearing borrowings, and adversely affect the Company's financial performance. The management will make timely adjustments according to the latest market conditions.

## SECTION X FINANCIAL STATEMENTS

### XII. RISKS RELATED TO FINANCIAL INSTRUMENTS (Continued)

#### 1. Risks of various financial instruments (Continued)

##### (1) Various types of risks arising from financial instruments (Continued)

###### (3) Market risk (Continued)

###### C. Price risk

Price risk refers to the risk of fluctuation resulting from changes in market prices other than exchange rate risk and interest rate risk, mainly due to changes in commodity prices, stock market index, equity instrument prices and other risk variables.

###### (4) Financial assets

###### A. Category of transfer method

Transfer method	Nature of financial assets transferred	Amount of financial assets transferred	Status	Judgment basis of derecognition
Bills endorsed	Bills receivable	1,564,000.00	Not derecognized	Retained almost all risks and rewards, including the associated risk of default
Bills discounted	Bills receivable	167,250.00	Not derecognized	Retained almost all risks and rewards, including the associated risk of default
Bills endorsed	Receivables financing	4,723,822.11	Derecognized	Transferred almost all risks and rewards
Bills discounted	Receivables financing	3,189,727.81	Derecognized	Transferred almost all risks and rewards
Total		9,644,799.92		

###### B. Financial assets derecognized due to transfer

Item	Transfer method of financial assets	Amount of financial assets derecognized	Gains or losses associated with the derecognition
Receivables financing	Bills endorsed	4,723,822.11	
Receivables financing	Bills discounted	3,189,727.81	17,829.82
Total		7,913,549.92	17,829.82

#### 2. Hedging

N/A

#### 3. Transfer of financial assets

N/A

## SECTION X FINANCIAL STATEMENTS

### XIII. DISCLOSURE OF FAIR VALUE

#### 1. Fair value of assets and liabilities measured at fair value at the end of the period

Unit: RMB

Item	Level 1 fair value measurement	Fair value at the end of the period		Total
		Level 2 fair value measurement	Level 3 fair value measurement	
<b>I. Continuous fair value measurement</b>				
(I) Financial assets held-for-trading			690,330,355.31	690,330,355.31
1. Financial assets at fair value through profit or loss in the current period			690,330,355.31	690,330,355.31
2. Financial assets designated at fair value through profit or loss				
(II) Other debt investments				
(III) Other equity instrument investments			195,510,000.00	195,510,000.00
(IV) Investment property				
(V) Biological assets				
(VI) Receivables financing			31,009,909.60	31,009,909.60
(VII) Other non-current financial assets			2,800,000.00	2,800,000.00
<b>Total assets measured at fair value on a recurring basis</b>			919,650,264.91	919,650,264.91
(VI) Financial liabilities held-for-trading				
<b>Total liabilities measured at fair value on a recurring basis</b>				
<b>II. Non-continuous fair value measurement</b>				
(I) Held-for-sale assets				
<b>Total assets measured at fair value on a non-recurring basis</b>				
<b>Total liabilities measured at fair value on a non-recurring basis</b>				

## SECTION X FINANCIAL STATEMENTS

### XIII. DISCLOSURE OF FAIR VALUE (Continued)

#### 2. Basis for determining market price of level-1 fair value measurement items on a recurring or non-recurring basis

Applicable  Not Applicable

#### 3. Level 2 fair value measurement items on a recurring or non-recurring basis, valuation techniques used and qualitative and quantitative information of important parameters

Applicable  Not Applicable

#### 4. Level 2 fair value measurement items on a recurring or non-recurring basis, valuation techniques used and qualitative and quantitative information of important parameters

For financial assets held for trading, fair value is determined based on the estimated recoverable amount according to the agreement.

For notes receivable held, the fair value is determined using the nominal amount.

The fair values of unlisted equity instruments and equity investments are mainly determined by the valuation conducted by a third party agency.

#### 5. Level 3 fair value measurement items on a recurring basis, reconciliation information between opening and closing carrying amount and sensitivity analysis of unobservable parameters

Applicable  Not Applicable

#### 6. Continuous fair value measurement item: if any conversion occurs between levels during the period, reason for the conversion and policy to determine the time point of the conversion

Applicable  Not Applicable

#### 7. Changes of valuation techniques during the period and reasons for changes

Applicable  Not Applicable

#### 8. Fair value of financial assets and financial liabilities that are not measured at fair value

Financial assets and liabilities not measured at fair value mainly include receivables, short-term borrowings, payables, non-current liabilities due within one year and long-term borrowings.

The carrying amounts of the above financial assets and liabilities not measured at fair value are a reasonable approximation of their fair values.

## SECTION X FINANCIAL STATEMENTS

### XIV. COMMITMENTS AND CONTINGENCIES

#### 1. Significant commitments

##### Significant external commitments, nature and amount at the balance sheet date

##### *Lease contracts signed and being performed or to be performed and financial impact*

As at December 31, 2023, the Company, as the lessee, is required to aggregate future minimum lease payments under non-cancellable operating leases in respect of property and equipment leasing, etc. for the following periods:

Unit: RMB

Period	December 31, 2023
One year after the balance sheet date	20,349,464.71

Save for the above commitments, as at December 31, 2023, the Company had no other significant commitments that should be disclosed but not disclosed.

#### 2. Contingencies

##### (1). Significant contingencies existing at the balance sheet date

Nil

### XV. EVENTS AFTER THE BALANCE SHEET DATE

#### 1. Significant non-adjustment items

Applicable  Not Applicable

#### 2. Profit distribution

Unit: RMB

Proposed profit or dividend	0.00
Profit or dividend declared after consideration and approval	0.00

The Company proposed not to distribute cash dividends or issue bonus shares in 2023. The Company proposed to issue four bonus shares for every ten shares to all shareholders by way of conversion of capital reserve based on the total share capital registered on the record date for the implementation of equity distribution. The profit distribution and conversion of capital reserve into share capital plan for the year is subject to the consideration of the Board and the 2023 annual general meeting of the Company.

Except for the above events after the balance sheet date, up to the date of approval of the financial statements, the Company has no other significant events after the balance sheet date that should be disclosed but not disclosed.

#### 3. Sales return

Applicable  Not Applicable

#### 4. Explanation of other events after the balance sheet date

Applicable  Not Applicable

## SECTION X FINANCIAL STATEMENTS

### XVI. OTHER SIGNIFICANT EVENTS

#### 1. Early correction of accounting error

(1). Retrospective restatement

Applicable  Not Applicable

(2). Prospective application

Applicable  Not Applicable

#### 2. Material Debt Restructuring

Applicable  Not Applicable

#### 3. Asset Replacement

(1). Exchange of non-monetary assets

Applicable  Not Applicable

(2). Other assets replacement

Applicable  Not Applicable

#### 4. Annuity plan

Applicable  Not Applicable

#### 5. Discontinued operation

Applicable  Not Applicable

#### 6. Segment information

(1). Determination basis and accounting policies of reporting segments

Applicable  Not Applicable

(2). Financial information of reportable segments

Applicable  Not Applicable

(3). **The Company shall explain the reason if there is no reportable segment or it cannot disclose the total assets and total liabilities of each reportable segment**

The Company's operating results are mainly derived from the sales of hydrogen fuel cell systems and related technology development services. The Company has not established a specific organizational structure and reporting system for various businesses. Therefore, the Company considers that there is no reportable segment.

## SECTION X FINANCIAL STATEMENTS

### XVI. OTHER SIGNIFICANT EVENTS (Continued)

#### 7. Other material transactions and matters affecting investors' decisions

Applicable  Not Applicable

#### 8. Others

##### (1) Remuneration of Directors and Supervisors

The remuneration of Directors and Supervisors for the year is disclosed pursuant to the applicable Listing Rules and Hong Kong Companies Ordinance as follows:

Unit: RMB0'000

2023	Salaries, allowances and benefits	Bonus	Benefit expenses such as those related to retirement, healthcare and housing	Total
<b>Executive Director</b>				
Zhang Guoqiang	77.60	45.00	13.30	135.90
Dai Dongzhe	56.60	30.00	13.30	99.90
Song Haiying	56.60	44.00	13.30	113.90
<b>Non-executive director</b>	-	-	-	-
Teng Renjie	-	-	-	-
Wu Yong (Note 1)	-	-	-	-
Song Feng				
<b>Independent non-executive directors</b>	-	-	-	-
Liu Xiaoshi	12.00	-	-	12.00
Fang Jianyi (Note 2)	6.00	-	-	6.00
Li Zhijie (Note 3)	6.00	-	-	6.00
Chan So Kuen	12.00	-	-	12.00
Ji Xuehong	12.00	-	-	12.00
<b>Supervisors</b>	-	-	-	-
Zhang He	61.17	10.29	-	71.46
Teng Zhaojun	33.17	8.17	13.30	54.64
Wang Shanshan	-	-	-	-
<b>Total</b>	<b>333.14</b>	<b>137.46</b>	<b>53.20</b>	<b>523.80</b>

## SECTION X FINANCIAL STATEMENTS

### XVI. OTHER SIGNIFICANT EVENTS (Continued)

#### 8. Others (Continued)

##### (1) Remuneration of Directors and Supervisors (Continued)

2022	Salaries, allowances and benefits	Bonus	Benefit expenses such as those related to retirement, healthcare and housing	Total
<b>Executive Director</b>				
Zhang Guoqiang	84.60	38.00	12.15	134.75
Zhang He (Note 4)	16.30	—	—	16.30
Dai Dongzhe (Note 5)	33.02	30.00	7.40	70.41
Song Haiying	56.60	44.00	12.15	112.75
<b>Non-executive director</b>				
Wu Yong	—	—	—	—
Teng Renjie	—	—	—	—
<b>Independent non-executive directors</b>				
Fang Jianyi	12.00	—	—	12.00
Zhang Jinhua (Note 6)	—	—	—	—
Liu Xiaoshi	8.00	—	—	8.00
Ji Xuehong	12.00	—	—	12.00
<b>Supervisors</b>				
Zhang He	24.06	10.29	—	34.36
Zhou Pengfei (Note 7)	15.11	—	4.76	19.87
Dai Dongzhe	23.58	—	4.76	28.34
Qiu Qing	—	—	—	—
Teng Zhaojun (Note 8)	19.35	8.17	7.40	34.92
Wang Shanshan	—	—	—	—
<b>Total</b>	<b>304.62</b>	<b>130.46</b>	<b>48.61</b>	<b>483.70</b>

Note 1: Wu Yong resigned as a non-executive director of the Company with effect from May 31, 2023 due to his personal work arrangement.

Note 2: Fang Jianyi resigned as an independent non-executive director of the Company with effect from June 16, 2023 due to personal reasons, and his remuneration only covered his tenure of office.

Note 3: Li Zhijie has been appointed as an independent non-executive director of the Company since June 16, 2023, and his remuneration covers only his tenure of office.

Note 4: Zhang He resigned as an executive director of the Company and was appointed as a supervisor of the Company with effect from May 24, 2022, and his remuneration as an executive director covers from January to May and his remuneration as a supervisor covers from June to December.

Note 5: Dai Dongzhe resigned as a supervisor of the Company and was appointed as an executive director of the Company with effect from May 24, 2022, and his remuneration as a supervisor covers from January to May and his remuneration as an executive director covers from June to December.

## XVI. OTHER SIGNIFICANT EVENTS (Continued)

### 8. Others (Continued)

#### (1) Remuneration of Directors and Supervisors (Continued)

*Note 6:* Zhang Jinhua resigned as an independent non-executive director of the Company with effect from January 10, 2022 due to his personal work arrangement.

*Note 7:* Zhou Pengfei resigned as a supervisor of the Company with effect from May 24, 2022 due to his personal work arrangement, and his remuneration only covered his term of office.

*Note 8:* Teng Zhaojun was appointed as a supervisor of the Company with effect from May 24, 2022, and his remuneration only covered his tenure of office.

During the year, no directors waived or agreed to waive any emoluments. No emoluments were paid by the Company to the Directors or Supervisors as an inducement to join or upon joining the Company or as compensation for loss of office.

#### (2) Five highest paid employees during the year

Five highest paid employees for the year include two directors (2022: two directors), whose remunerations have been reflected in "1. Directors' and Supervisors' emoluments". Details of remunerations of the remaining three employees are as follows:

Unit: RMB0'000

	2023	2022
Salaries, allowances and benefits	255.62	232.17
Bonus	72.00	78.00
Benefit expenses such as those related to retirement, healthcare and housing	39.90	36.46
<b>Total</b>	<b>367.52</b>	<b>346.63</b>

The number of the highest paid employees (including Directors) whose remuneration fell within the following bands is as follows:

	2023	2022
RMB0 -RMB1,000,000		
RMB1,000,001- RMB1,250,000	3	3
RMB1,250,001- RMB1,500,000	2	2
<b>Total</b>	<b>5</b>	<b>5</b>

During the year, no emoluments were paid by the Company to the five highest paid employees of the Company as an inducement to join or upon joining the Company or as compensation for loss of office.

## SECTION X FINANCIAL STATEMENTS

### XVII. SUPPLEMENTARY INFORMATION

#### 1. Breakdown of non-recurring profit or loss for the period

Unit: RMB

Item	Amount	Description
Gain or loss on disposal of non-current assets, including write-off portion of the provision for asset impairment	-649,227.70	Note 73, Note 74, Note 75
Government grants included in profit or loss for the current period, except for government grants that are closely related to the normal business operations of the Company, and that comply with the provisions of national policies, enjoy in accordance with the standards determined, and have a continuous impact on the profit and loss of the Company	7,542,195.68	Note 51, Note 67
Gain or loss arising from changes in fair value of financial assets and financial liabilities held by non-financial enterprises and gain or loss arising from disposal of financial assets and financial liabilities, except for effective hedging business related to the Company's normal business operations	40,289,201.14	Note 68, Note 70
Other non-operating income and expenses other than the above items	-2,228,574.91	Note 74, Note 75
Less: Effect of income tax	339,395.56	
Effect of minority interests (after tax)	-20,536.38	
<b>Total</b>	<b>44,634,735.03</b>	

If the Company identifies the items not listed in the Explanatory Announcement on Information Disclosure for Companies Offering Their Securities to the Public No.1– Non-recurring Gains or Losses as non-recurring gain or loss items with significant amount, and if the Company defines the non-recurring gain or loss items as illustrated in the Explanatory Announcement on Information Disclosure for Companies Offering Their Securities to the Public No. 1 – Non-recurring Gains or Losses as the recurring gain or loss items, it should explain the reasons.

## SECTION X FINANCIAL STATEMENTS

### XVII. SUPPLEMENTARY INFORMATION (Continued)

#### 1. Breakdown of non-recurring profit or loss for the period (Continued)

##### Other explanations

In accordance with the Explanatory Announcement on Information Disclosure for Companies Offering Their Securities to the Public No.1– Non-recurring Gains or Losses (revised in 2023), government grants related to assets, which are closely related to the Company’s normal business operations and have a continuous impact on gain or loss, are classified as the recurring gain or loss items by the Company. The impact of implementation of the above provisions on the Company’s non-recurring gain or loss in 2022 and 2021 is as follows:

Item	2022	2021
Government grants included in profit or loss for the current period except for government grants that are closely related to the normal business operations of the Company, and that comply with the provisions of national policies and continuously enjoy in accordance with the national unified standard quota or quantity	28,011,455.42	19,097,891.82
Government grants included in profit or loss for the current period, except for government grants that are closely related to the normal business operations of the Company, and that comply with the provisions of national policies, enjoy in accordance with the standards determined, and have a continuous impact on gain or loss of the Company	12,925,687.27	14,718,399.09
Difference	15,085,768.15	4,379,492.73

#### 2. Net return on assets and earnings per share

	Weighted average return on net assets (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
<b>Profit for the Reporting Period</b>			
Net profit attributable to ordinary shareholders of the Company	-7.93	-1.48	-1.48
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit or loss	-9.39	-1.76	-1.76

#### 3. Differences in accounting data under domestic and overseas accounting standards

Applicable     Not Applicable

Chairman of the Board: Zhang Guoqiang  
Date of approval and delivery by the Board: April 26, 2024

## SECTION XI DOCUMENTS AVAILABLE FOR INSPECTION

Documents available for inspection

Financial statements signed and sealed by the person-in-charge of the Company, the person-in-charge of accounting affairs and the person-in-charge of the accountant firm;  
Original copy of the audit report with the seal of the accounting firm and the signatures and seals of the certified public accountants;  
Original copies of all documents and announcements of the Company publicly disclosed during the Reporting Period.



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