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

RISKS RELATING TO OUR INDUSTRY AND BUSINESS

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

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

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

Long-term Development Plan for Hydrogen Industry (2021-2035) (《氫能產業發展中長期規劃 (2021-2035年)》), setting the goal of systematically promoting the development of hydrogen energy industry chain and expanding low-carbon hydrogen supply.

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

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

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

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

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

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

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

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

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

At present, the hydrogen fuel cell vehicle industry in China is still in the early stage of commercialization, where emerging technologies used in hydrogen fuel cell systems and vehicles may be immature. Errors, defects, or poor performance can arise due to design flaws, defects in raw materials or components or manufacturing difficulties, which can affect the quality and performance of our products. New generation of products or upgraded technologies that are newly developed or first launched may contain potential technical errors or safety issues. Any actual or perceived errors, defects, or poor performance in our products could result in the replacement, repairment or rejection of our products, shipment delays, loss of revenue, increases in customer service and support costs and damage to our reputation, all of which could have a material adverse effect on our business. In addition, product liability claims, injuries, defects, or other problems experienced by other companies in the hydrogen fuel cell vehicle industry, any negative news or incidents about the hydrogen fuel cell systems, hydrogen transport vehicles and hydrogen refueling stations could result in unfavorable effect on the whole industry and market reputation and may have an adverse effect on the market demands and our ability to attract new customers, thus harming our business growth and financial performance.

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

The hydrogen fuel cell industry evolves rapidly and technologies relating to embossed flexible graphite bipolar plates, hydrogen fuel cell stacks and hydrogen fuel cell systems are subject to rapid changes and developments. The corresponding technological developments enable hydrogen fuel cell stacks and the hydrogen fuel cell systems to progressively improve in terms of their operational performance and power output. Accordingly, the market is seeing more cost-effective and efficient hydrogen fuel cell stacks and hydrogen fuel cell systems from time to time. To maintain our market position, we are and will be required, on a timely and consistent basis, to design, develop and introduce new, improved or more cost-effective products. Accordingly, we have devoted resources to our research and development efforts. Our total research and development expenses amounted to RMB35.9 million, RMB72.2 million and RMB91.8 million for the years ended 31 December 2020, 2021 and 2022, respectively. However, we cannot assure you that our research and development efforts can be completed in the anticipated time frame or may lead to new products that are commercially successful. If we encounter delays in production development and technology integration, fail to meet changing market demands, fail to keep up with the latest technological developments, or fail to successfully introduce new and competitive products to the market, and if our competitors respond more promptly than we do, our business, financial condition and results of operations may be materially and adversely affected.

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

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

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

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

As of 31 December 2020, 2021 and 2022, our trade and bills receivables amounted to RMB288.4 million, RMB646.8 million and RMB1,163.2 million, respectively. Our trade receivables turnover days were 495 days, 430 days and 521 days for the corresponding years, respectively.

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

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

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

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

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

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

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

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

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

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

We generally provide a limited warranty of five years or 200,000-kilometers for our hydrogen fuel cell products. Our warranties for hydrogen fuel cell stacks and hydrogen fuel cell systems mainly cover testing, repairing or replacing faulty parts. We have been maintaining warranty provisions to cover warranty-related claims. Our warranty provisions were RMB11.4 million, RMB11.6 million and RMB17.7 million as of 31 December 2020, 2021 and 2022, respectively. If our warranty provisions are inadequate to cover future warranty claims on our products, our financial condition, results of operations, and cash flows could be materially and adversely affected.

We expect to record and adjust warranty provisions based on changes in estimated costs and actual warranty costs. However, given that (i) the hydrogen fuel cell vehicle industry in China is at its early stage, (ii) we have experienced significant growth in our revenue from the years ended 31 December 2020 to 2021 and 2022, and (iii) there is a general lack of historical data and experience for the return rate of the defective components, we have limited operating experience with warranty claims for our products or with estimating warranty provisions for the future. As such, we may be subject to significant and unexpected warranty expenses in the future. We cannot assure you that the then-existing warranty provisions will be sufficient to cover all claims.

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

For the years ended 31 December 2020, 2021 and 2022, purchases from our five largest suppliers in each year during the Track Record Period amounted to RMB175.5 million, RMB293.2 million and RMB305.9 million, respectively, accounted for 72.3%, 61.2% and

53.1% of our total amount of purchases for the years, respectively. We rely on various types of raw materials and key components for the manufacture of our products and only have a limited number of suppliers meeting our quality standards for some of the key components including MEAs. Any of our major suppliers' failure to develop and supply components in a timely manner or to supply components that meet our quality, quantity or cost requirements or technical specifications or our inability to obtain alternative sources of these components on a timely basis or on terms acceptable to us could harm our ability to manufacture our products.

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

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

If our products face insufficient or unstable demand, our utilization of production capacity will be affected. For the years ended 31 December 2020, 2021 and 2022, the utilization rates for (i) our embossed flexible graphite bipolar plates were 43.6%, 66.7% and 75.5%, respectively; (ii) our hydrogen fuel cell stacks were 27.2%, 78.8% and 71.7%, respectively; and (iii) our hydrogen fuel cell systems were 29.6%, 61.1% and 61.1%, respectively. Due to the seasonality of our business, our utilization rates are higher in the second half of the year. For more information on the utilization rates of our products by quarter, please refer to "Business – Seasonality" in this document.

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

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

We had inventories of RMB217.9 million, RMB388.5 million and RMB379.7 million as of 31 December 2020, 2021 and 2022, respectively. Our inventories mainly consist of raw materials, work in progress, finished goods and materials for consigned processing. We cannot assure you that our inventories will not be damaged or impaired, as our storage may encounter unforeseeable events. As such, failure to manage our inventories effectively may adversely affect our financial condition and results of operations. In addition, our inventories are subject to impairment if their net realizable value falls before we sell them. During the Track Record Period, we made provisions for the decline in value of inventories based on the excess of carrying value of inventories over its net realizable value. As of 31 December 2020, 2021 and 2022, our provision for impairment of inventories were RMB20.3 million, RMB43.7 million and RMB87.0 million, respectively, representing an increasing trend during the Track Record Period. With the development of the hydrogen fuel cell stacks and hydrogen fuel cell systems markets and according to our business scale expansion, aging of inventory balance, adjustment of subsidy policy and upgrading and iteration of our products, the amount and proportion of our provision of the inventories may further increase, which may have an adverse impact on our financial condition and results of operations.

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

During the Track Record Period, we incurred share-based payment expenses of RMB118.3 million, RMB546.0 million and RMB54.3 million for the years ended 31 December 2020, 2021 and 2022, respectively. The share-based payment expenses are primarily resulted from (i) equity transactions of equity interests in our Single Largest Shareholder; and (ii) our Share Incentive Scheme. For details, please refer to Note 29 of the Accountant's Report as Appendix I to this document. To further incentivize our employees to contribute to us, we may grant additional share-based payment compensations in the future. Issuance of additional Shares with respect to such share-based payment may dilute the shareholding percentage of our existing Shareholders. Expenses incurred with respect to such share-based payment may also increase our operating expenses and therefore have a material and adverse effect on our financial performance.

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

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

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

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

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

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

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

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

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

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

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

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

For the years ended 31 December 2020, 2021 and 2022, we recorded share of losses of joint ventures and associates of RMB0.7 million, RMB6.6 million and RMB20.0 million, respectively. The increase of our share of losses of joint ventures and associates during the Track Record Period was primarily due to the increased loss in results of operations of Guohong Refire. If the share of results of our joint ventures and associates continue to decrease, our results of operations and financial condition may be adversely affected.

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

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

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

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

During the Track Record Period, we had derivative financial instruments primarily representing the obligation to buy back shares of our associated companies. Our derivative financial instruments remained relatively stable at RMB20.5 million and RMB18.5 million as of 31 December 2020 and 2021, respectively. Our derivative financial instruments increased by 110.9% from RMB18.5 million as of 31 December 2021 to RMB39.0 million as of 31 December 2022 mainly due to our increased obligation to buy back shares from Guohong Refire from our determination of such an obligation's fair value using discounted cash flow method based on the financial performance of Guohong Refire for the year ended 31 December 2022. The net changes in the fair value of such financial assets are recorded as our operating income or loss, and therefore directly affect our results of operations.

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

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

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

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

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

We are a leading provider of hydrogen fuel cell stacks and hydrogen fuel cell systems in the PRC according to Frost & Sullivan. We currently face, and will continue to face, significant competition from manufacturers of similar products. The market concentrations for hydrogen fuel cell stacks and hydrogen fuel cell systems are high as the top four players accounted for approximately 70.6% and 75.5%, respectively, of the total shipment volume of hydrogen fuel cell stacks and hydrogen fuel cell systems in the PRC in 2022, according to Frost & Sullivan. In addition, with the breakthrough of core technologies as well as the increasing market demand for hydrogen fuel cell stacks and systems, the number of hydrogen fuel cell system companies in China increased from approximately 70 in 2017 to approximately 150 in 2022, according to Frost & Sullivan.

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

- the performance, reliability and technology advancement of our products compared to those of our competitors, which are highly dependent on the research and development and technological capabilities of our products, and our insights into customer needs and preferences as compared to our competitors;

- our ability to identify and capture new market opportunities in advance of our competitors;

- our reputation and brand strength relative to our competitors;

- regulations or government policies in the industry where we operate;

- our ability to attract, retain, and motivate talented employees, in particular highly qualified research and development personnel; and

- our ability to manage and grow our operations in a cost effective manner.

Our competitors may have substantially more financial and other resources, research and development capabilities, longer operating histories, as well as broader product application and larger market shares. We may be unable to compete successfully against these competitors or new market entrants, which may adversely affect our business and financial performance. Any failure by us to successfully react to changes in alternative technologies and competitive market conditions could materially harm our competitive position and growth prospects.

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

As of 31 December 2022, we failed to register the lease agreements for 21 of our leased properties in the PRC. For more information, please refer to "Business – Properties – Leased and used buildings – Buildings" in this document. Although our PRC Legal Advisers have advised us that the lack of registration will not affect the validity of these lease agreements, we may be ordered to rectify such non-compliance within a prescribed period and failing of which may lead to a fine of RMB1,000 to RMB10,000 for each unregistered lease agreement, and the maximum potential fine we may be subject to in relation to our failure to complete these lease registrations is RMB210,000.

As of 31 December 2022, for 21 properties in use located in the PRC, the lessors or the providers of such properties did not provide us with the relevant title certificates or relevant authorization documents evidencing their rights to lease or permit us to use the properties. For more information, please refer to "Business – Properties – Leased and used buildings – Title defects" in this document. If the counterparties are not entitled to lease or provide such properties, there are risks that we will not be able to continue to use such properties. If this occurs, we may have to renegotiate with the owners or other parties who have the right to lease or to provide these properties, and the terms may be less favorable to us. We may also be forced to relocate. There can be no assurance that legal disputes or conflicts concerning such properties will not arise in the future.

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

Our ability to meet the demand of our customers and grow our business relies on the efficient, proper and uninterrupted operation of our production plan and a constant and sufficient supply of utilities. In the event of earthquake, fire, drought, flood or other natural disaster, political instability, riot or civil unrest, extended outage of critical utilities or transportation systems, terrorist attack or other events that limit or disrupt our ability to operate our production facilities, we may experience substantial losses, including loss of revenue from disrupted production. We may also need to incur substantial additional expenses, which may exceed our insurance coverage to repair or replace any damaged equipment or facilities. In addition, our ability to manufacture and supply products and our ability to meet our delivery obligations to our customers would be significantly disrupted and our relationships with our customers could be damaged, which could have a material and adverse effect on our business, financial condition and results of operations.

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

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

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

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

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

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

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

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

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

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

Our other receivables and prepayments primarily consist of (i) value added tax recoverable, (ii) prepayment to suppliers, (iii) deposit, and (iv) other receivables from related parties. Our other receivables and prepayments amounted to RMB68.7 million, RMB79.9 million and RMB125.6 million as of 31 December 2020, 2021 and 2022, respectively. We measure impairment of other receivables as either 12-month expected credit loss or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses. The assessment of impairment losses involves a significant degree of management judgments as well as estimates in determining the key assumptions. Therefore, there is uncertainty on the prediction of the movement of impairment of other receivables and prepayments. Significant impairment losses on other receivables and prepayments may have a material adverse effect on our financial condition and results of operations.

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

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

In addition, regulatory requirements on cybersecurity and data privacy are constantly evolving and can be subject to varying interpretations or significant changes, resulting in uncertainties about the scope of our responsibilities in that regard. We cannot assure you that relevant governmental authorities will not interpret or implement the laws or regulations in ways that negatively affect us. We may also be subject to additional or new laws and regulations regarding the protection of personal information and important data or privacy-related matters in connection with our methods for data collection, analysis, storage and use. If we are unable to comply with the applicable laws and regulations or effectively address data privacy and protection concerns, such actual or alleged failure could damage our reputation, discourage customers from purchasing our products and subject us to significant legal liabilities.

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

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

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

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

We may not continue to enjoy preferential tax treatments.

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

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

For the years ended 31 December 2020, 2021 and 2022, we received government grants and subsidies of RMB3.8 million, RMB13.8 million and RMB10.7 million, respectively. The government grants and subsidies we received are mainly grants and subsidies provided by local governments supporting various industry-related research and development activities. Such government grants and subsidies may be discretionary and are subject to certain selection criteria and procedures stipulated by the local governments, which we may not be qualified for in the future. In addition, local governments may switch the focus of their support of research and development activities and fixed assets investments to other industries over time. These factors, such as government's focus on industries and criteria for government grants and subsidies, are beyond our control. We can neither assure you that any changes would be favorable to our business, nor that we will be able to receive any such government grants or subsidies in the future. If we do not receive government grants and subsidies in subsequent periods after the Track Record Period or if the amount of government grants and subsidies we are entitled to decreases, our financial condition for such periods may be adversely affected.

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

We operate in a capital-intensive industry that requires substantial capital and other long-term expenditures, including expenditures for the construction of production facilities. To the extent that we expand or add new production facilities, we expect to fund the related financial commitments and other capital and operating expenses from a combination of cash on hand, cash generated from operations, banking facilities and [**REDACTED**] from the [**REDACTED**]. We expect to have sufficient cash and/or committed financing to meet our obligations as they fall due. However, no assurance can be given that we will be able to generate sufficient cash from our operations or obtain the necessary financing or that such financing will be at interest rates and on other terms that are commercially reasonable to us or consistent with our expectations. To the extent we cannot finance our expansion or acquisitions at reasonable rates or at all in the future, our business may be harmed. In addition, part of our expansions requires us to procure raw materials, as a result, during certain quarters we may incur higher working capital needs that may affect our working capital sufficiency. We cannot assure that we will not experience any higher working capital needs in the future, and our business, financial condition, results of operations and working capital may be affected.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

RISKS RELATING TO DOING BUSINESS IN THE PRC

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

The majority of our operations are located in the PRC, particularly our productions. As a result, our results of operations, financial condition and prospects are substantially affected by economic, political, social and legal developments in the PRC. Although China's economy has been growing significantly over the last few decades, the growth rate has slowed down as China suffered from the impact of the COVID-19 pandemic on its economy in 2020, 2021 and 2022, which may continue in the future. Due to the current economic, political, social and regulatory developments, it may be difficult for us to predict all the risks and uncertainties we may face, and a slow-down of China's economy may reduce our customers' demand for our products and services, which could have a material adverse effect on our business and operating results. In addition, any significant changes in Chinese government's policies or China's laws could have a material impact on China's overall economic growth.

Shortage of utilities supplies in China could affect our business.

Our production and operations depend on a continuous and adequate supply of utilities, such as electricity and water, the use of which will further increase substantially as we expand our production capacity. Any disruption in the supply of electricity and water or other utilities at our production plants may disrupt our production. This may adversely affect our ability to fulfil our sales orders and consequently may have an adverse effect on our business, results of operations and financial condition. As a result of the shortage of coal supply combined with high electricity demand from manufacturers, since September 2021, the Chinese government has restricted electricity consumption of companies in industries with high energy consumption in China at regular intervals, including imposing power restrictions on factories in more than 20 provinces to deal with an imbalance in energy supply and demand. If we experience any water and electricity shortage at our production facility and if such shortages or suspensions of utilities happen for a significant period of time, our business, operation results and financial results may be materially and adversely affected.

Uncertainties with respect to the PRC's legal system could limit the legal protections available to you and us. Holders of H Shares may not be able to enforce their rights successfully as shareholders in the PRC according to the PRC Company Law or Hong Kong regulatory provisions.

Most of our operating subsidiaries are incorporated under and governed by the laws of the PRC. The PRC's legal system is based on written statutes. Prior court decisions may be cited for reference. The PRC government has promulgated a comprehensive system of laws and regulations governing economic matters in general, such as foreign investment, corporate organization and governance, commerce, taxation and trade. As a significant part of our business is conducted in the PRC, our operations are principally governed by the PRC laws and regulations. However, since the PRC's legal system continues to evolve rapidly, the interpretations and enforcement of laws, regulations and rules may involve uncertainties, which may limit legal protections available to us. In addition, we cannot predict the effect of future developments in the PRC's legal system, including the promulgation of new laws, changes to existing laws or the interpretation or enforcement thereof. These uncertainties could limit the legal protections available to us and other foreign investors, including you. In addition, any litigation may be protracted and result in substantial costs and diversion of our resources and management attention.

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

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

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

In respect of the legal consequences and potential maximum penalties for our failure to make full contributions to social insurance and housing provident fund, according to the relevant PRC laws and regulations, the relevant PRC authorities may (i) demand us to pay the outstanding social insurance contributions within a prescribed period and we may be liable to a late payment fee equal to 0.05% of the outstanding amount for each day of delay. If we fail to make such payments, we may be liable to a penalty of one to three times the amount of the outstanding contributions; and (ii) order us to pay the outstanding housing provident fund contributions within a prescribed time period, failing which the relevant PRC authorities may apply to the People's Court for compulsory enforcement.

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

Payment of dividends or gains from the sale or other disposition of H Shares is subject to taxation under PRC law.

Non-PRC resident individual holders of H Shares whose names appear on the register of members of H Shares (the "**Non-PRC Resident Individual Holders**") are subject to the PRC individual income tax on dividends received from us. Pursuant to the Circular on Questions Concerning the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 045 (Guo Shui Han [2011] No. 348) (《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》) (國稅函[2011]348號), the tax rate applicable to dividends paid to Non-PRC Resident Individual Holders of H Shares varies from 5.0% to 20.0%, depending on whether there is any applicable tax treaty between the PRC and the jurisdiction in which the Non-PRC Resident Individual Holder of H Shares resides, as well as the tax arrangement between the PRC and Hong Kong. Non-PRC Resident Individual Holders who reside in jurisdictions that have not entered into tax treaties with the PRC are subject to a 20.0% withholding tax on dividends received from us. In addition, under the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) and its implementation rules, Non-PRC Resident Individual Holders of H Shares are subject to individual income tax at a rate of 20.0% on gains realized upon the sale or other disposition of H Shares. However, pursuant to the Circular Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) issued on 30 March 1998, gains of individuals derived from the transfer of listed shares of enterprises may be exempt from individual income tax. Based on our knowledge, the PRC tax authorities have not in practice sought to collect individual income tax on such gains. If such tax is collected in the future, the value of such individual holders' investments in H Shares may be materially and adversely affected.

Under the EIT Law and its implementation rules, a non-PRC resident enterprise is generally subject to enterprise income tax at a rate of 10.0% with respect to its PRC-sourced income, including dividends received from a PRC company and gains derived from the disposition of equity interests in a PRC company. This rate may be reduced under any special arrangement or applicable treaty between the PRC and the jurisdiction in which the non-PRC resident enterprise resides. Pursuant to the Circular on Questions Concerning Withholding of Enterprise Income Tax for Dividends Distributed by Resident Enterprises in the PRC to Non-resident Enterprises Holding H-shares of the Enterprises (Guo Shui Han [2008] No. 897) (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008]897號)) promulgated on 6 November 2008, we intend to withhold tax at 10.0% from dividends payable to non-PRC resident enterprise holders of H Shares (including [**REDACTED**]). Non-PRC resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty or arrangement will be required to apply to the PRC tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refund will be subject to the PRC tax authorities' approval. There are uncertainties as to the interpretation and implementation of the EIT Law and its implementation rules by the PRC tax authorities, including whether and how enterprise income tax on gains derived upon the sale or other disposition of H Shares will be collected from non-PRC resident enterprise holders of H Shares. If such tax is collected in the future, the value of such non-PRC resident enterprise holders' investments in H Shares may be materially and adversely affected.

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

According to PRC law and regulations, we may not pay dividends unless we have distributable profits in a given year as determined under PRC GAAP. Distributable profits are our after-tax profits as determined under PRC GAAP, less any recovery of accumulated losses and statutory and other reserves that we are required to make. As a result, we may not have sufficient or any distributable profit to enable us to make dividend distributions to our Shareholders, including in periods for which our financial statements indicate we are profitable. Any distributable profit not distributed in a given year is retained and available for distribution in subsequent years. During the Track Record Period, we recorded net losses of RMB221.4 million, RMB703.0 million and RMB280.2 million for the years ended 31 December 2020, 2021 and 2022, respectively. As a result, during the Track Record Period, no dividend was declared or paid by our Company. Upon completion of the [**REDACTED**], the redeemable capital contributions would be reclassified from liabilities to equity and subsequently no interest expenses arising from redeemable capital contributions would occur. However, we may not have sufficient profits in the near future to cover the accumulated losses aforementioned to enable us to pay dividends after the [**REDACTED**].

Moreover, our operating subsidiaries in the PRC may not have distributable profit as determined under PRC GAAP. Accordingly, we may not receive sufficient distributions from our subsidiaries for us to pay dividends. Failure by our operating subsidiaries to pay us dividends could adversely impact our ability to make dividend distributions to our Shareholders and our cash flow, including periods in which we are profitable.

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

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

On 14 July 2006, the Supreme People's Court of Mainland and the Government of the Hong Kong Special Administrative Region signed an Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》). Under this arrangement, where any designated People's Court of the PRC or Hong Kong court has made an enforceable final judgment requiring payment of money in a civil and commercial case pursuant to a choice of court agreement, any party concerned may apply to the relevant People's Court of PRC or Hong Kong court for recognition and enforcement of the judgment. On 18 January 2019, the Supreme People's Court of the PRC and the government of the Hong Kong Special Administrative Region entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the "**2019 Arrangement**"). On 26 October 2022, the legislative council of Hong Kong enacted the Mainland Judgments in Civil and Commercial Matters (Reciprocal Enforcement) Ordinance (the "**MJCCMO**") to give effect to the 2019 Arrangement. Although the 2019 Arrangement has been signed and that the MJCCMO has been passed, the 2019 Arrangement has not come into effect as of the Latest Practicable Date, therefore the outcome and effectiveness of any action that may be brought under the 2019 Arrangement remain uncertain.

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

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

Inflation in China could negatively affect our profitability and growth.

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

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

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

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

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

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

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

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

On 17 February 2023, the CSRC released the Trial Measures as well as five guidelines for the filing-based administration of overseas securities offerings and listings by PRC companies, which came into effect on 31 March 2023. The rules apply to (i) PRC companies that seek to directly offer or list securities on overseas markets; and (ii) PRC companies that seek to indirectly offer or list securities on overseas markets. PRC companies that seek to offer or list securities on overseas markets, both directly and indirectly, shall fulfill the filing procedure and report relevant information to the CSRC. If a PRC issuer fails to complete the filing procedure or the filing documents submitted by a PRC issuer contain misrepresentation, misleading statement or material omission, such PRC issuer may be subject to order to rectify, warnings and fines, and its controlling shareholders, actual controllers, the person directly in charge and other directly responsible persons may also be subject to fines. See "Regulatory Overview – Regulations Relating to Overseas Offering And Listing". However, since these rules are newly promulgated, the interpretation, application and enforcement of the rules remain uncertain.

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

RISKS RELATING TO THE [REDACTED]

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

Prior to the [**REDACTED**], there was no public market for our H Shares. We cannot assure you that a public market for our H Shares with adequate liquidity will develop and be sustained following the completion of [**REDACTED**]. The initial [**REDACTED**] for our H Shares to the public will be the result of negotiations among us, the [**REDACTED**] and the [**REDACTED**] (for themselves and on behalf of the [**REDACTED**]), and the [**REDACTED**] may differ significantly from the market price of the H Shares following the [**REDACTED**].

We have applied to the Stock Exchange for the [**REDACTED**] of, and permission to deal in, the H Shares (including any H Shares which may be issued pursuant to the exercise of the [**REDACTED**]). A [**REDACTED**] on the Stock Exchange, however, does not guarantee that an active and liquid trading market for the H Shares will develop, or if it does develop, that it will be sustained following the [**REDACTED**], or that the market price of the H Shares will not decline following the [**REDACTED**]. If an active public market for our H Shares does not develop following the completion of the [**REDACTED**], the market price and liquidity of our H Shares could be materially and adversely affected.

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

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

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

The market price of our H Shares could decline as a result of future sales of a substantial number of our H Shares or other securities relating to our H Shares in the public market, or the issuance of new shares or other securities, or the perception that such sales or issuances may occur. Future sales, or anticipated sales, of substantial amounts of our securities, including any future offerings, could also materially and adversely affect our ability to raise capital at a specific time and on terms favorable to us. In addition, our Shareholders may experience dilution in their holdings if we issue more securities in the future. New shares or shares-linked securities issued by us may also confer rights and privileges that take priority over those conferred by the H Shares.

If the [REDACTED] of our H Shares is higher than our consolidated net tangible book value per H Share, purchasers of our H Shares in the [REDACTED] may experience immediate dilution upon such purchases.

The [**REDACTED**] of our H Shares may be higher than the net tangible book value per H Share prior to the [**REDACTED**]. In such case, you will experience an immediate dilution in [**REDACTED**] net tangible book value per H Share and our existing Shareholders will receive an increase in the [**REDACTED**] adjusted consolidated net tangible book value per H Share of their Shares. In addition, holders of our H Shares may experience further dilution of their interest if the [**REDACTED**] is exercised or if we issue additional shares in the future to raise additional capital.

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

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

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

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

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

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

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

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

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

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