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

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

Stock Code: 2402

ANNUAL REPORT 2022

IMPORTANT NOTICE

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

II. THE COMPANY WAS NOT PROFIT-MAKING UPON LISTING ON SSE STAR MARKET AND NOT YET PROFIT-MAKING

The Company was listed on SSE STAR Market in accordance with the standard set out in item (4) of Rule 2.1.2 of the SSE STAR Market Listing Rules and was not profit-making upon listing on SSE STAR Market. In 2022, the Company realized operating income of RMB738.1166 million; net losses attributable to owners of the listed company of RMB166.4543 million; net losses after deducting non-recurring gains or losses attributable to owners of the listed company of RMB184.5150 million. During the Reporting Period, the Company was not profit-making.

III. NOTICE OF SIGNIFICANT RISKS

The Company has described the risk factors exposed to the Company in this report. Investors are advised to pay attention to the "IV. Risk Factors" of Section III "Management Discussion and Analysis" in this report and particularly to the following risks:

1. Risk of loss in performance

During the Reporting Period, the net loss attributable to shareholders of the Company was RMB166.4543 million, representing a year-on-year increase of RMB4.5302 million. The loss for the period was mainly due to the following: (1) market size of fuel cell industry is small as the industry is still in the initial stage of industrialization; (2) the Company's business always focuses on the development and industrialization of fuel cell systems, continues to invest in R&D as the Company pursues R&D-driven development, and actively promotes the commercialization of R&D results; (3) as the Company keeps expanding its business scale and in order to seize the opportunities arising from the large-scale development of the fuel cell market, the Company has increased its investment to expand its market share and its tank pool; and (4) in order to further consolidate the Company's asset quality, the Company has made provision for impairment losses for certain inventories and fixed assets that cannot meet customer market demand or are suitable for the Company's products for sale.

In the face of the above impacts, the management of the Company took active measures to respond. In 2022, the Company's research and development, production and sales and other businesses basically remained stable. During the Reporting Period, the Company achieved operating revenue of RMB738.1166 million, representing a year-on-year increase of 17.28%. However, if the market development of the industry in the future fails to meet expectations, the market demand continues to decline, or the industry competition further intensifies, and with the continuous increase in expenses and costs in all aspects, the Company cannot obtain sufficient more orders and expand sales to the level of economic scale that the Company is able to make a turnaround, it is expected that the Company's operating results will be materially and adversely affected and will continue to suffer losses.

2. Risk of continuous negative operating cash flow

The operating cash flow of the Company continued to be negative, mainly due to the large amount of working capital appropriated to the account receivables and inventory with the growth of the Company's operating income. At present, capital demand of the Group continues to grow rapidly, and the negative operating cash flow may lead to insufficient working capital of the Company. As the Company is still in the early stage of development, its ability of alternative financing is limited. If the Company is unable to broaden its financing channels and effectively improve operating cash flow in the future, the Company may expose to the risk of insufficient working capital.

IMPORTANT NOTICE

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

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

On April 27, 2023, the Company convened the ninth meeting of the third session of the Board to consider and approve the Proposal on the 2022 Profit Distribution and Conversion of Capital Reserve to the Share Capital Plan of the Company. Based on the total share capital registered on the record date for the implementation of equity distribution, the Company issued 4 capitalization shares for every 10 shares to all shareholders by way of capitalization of capital reserve. As of March 31, 2023, the total share capital (A+H) of the Company is 118,189,837 shares, and proposes to issue a total of 47,275,935 shares by way of capitalization. Following the capitalization, the total share capital (A+H) issued by the Company will be 165,465,772 shares, no cash dividend or bonus share will be distributed. If there is any change in the total share capital of the Company prior to the record date for the implementation of equity distribution, the Company intends to maintain the distribution ratio per share unchanged and adjust the total number of shares for equity distribution accordingly.

The profit distribution and capitalization plan is subject to the consideration and approval at the 2022 Annual General Meeting of the Company.

VIII. DISCLAIMER OF FORWARD-LOOKING STATEMENTS

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

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

Yes

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

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

No

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

No

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I. **DEFINITIONS**

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

Company/SinoHytec	Beijing SinoHytec Co., Ltd., a joint stock company incorporated in the PRC with limited liability, the A Shares of which are listed on the SSE STAR Market and the H Shares of which are listed on the Main Board of the Hong Kong Stock Exchange
SinoFuelCell	Shanghai SinoFuelCell Co., Ltd., a majority-controlled subsidiary of the Company
SinoHytec Power	SinoHytec Power Technology Co., Ltd., a wholly-owned subsidiary of the Company
Chengdu SinoHytec	Chengdu SinoHytec Power Technology Co., Ltd., a wholly-owned subsidiary of the Company
Shenjie New Energy	Shanghai Shenjie New Energy Technology Center (L.P.), a shareholding platform of core staff of SinoFuelCell
Zhangjiakou Haiper	Zhangjiakou Haiper New Energy Technology Co., Ltd., an associate of the Company
Toyota Sinohytec	Toyota Sinohytec Fuel Cell Co., Ltd., a joint venture of the Company
United Fuel Cell	United Fuel Cell System R&D (Beijing) Co., Ltd., an associate of the Company
Shuimu Sail	Beijing Shuimu Sail Venture Capital Investment Center (L.P.)
Shuimu Yuanjing	Nanning Shuimu Yuanjing Venture Capital Investment Center (L.P.)
Shuimu Changfeng	Beijing Shuimu Changfeng Equity Investment Center (L.P.)
Kangrui Yingshi	Tibet Kangrui Yingshi Investment Co., Ltd.
Xinding Investment	Suzhou Xinding Kenge Investment Partnership (L.P.)
Anpeng Xingyuan	Beijing Anpeng Xingyuan New Energy Industry Investment Center (L.P.)
Shenzhen Anpeng	Shenzhen Anpeng Automotive Aftermarket Industry Funds (L.P.)
Runwu Holdings	Runwu Holding Co., Ltd.
Suzhou Qingyan	Suzhou Qingyan Automotive Industry Venture Capital Enterprise (L.P.)

Shenzhen Hanneng	Shenzhen Hanneng New Economic Equity Investment Fund Partnership (L.P.)
Qihang Industrial Investment	Beijing Zhongguancun Development Qihang Industrial Investment Fund (L.P.)
Henan Keyuan	Henan Keyuan Industrial Investment Fund Partnership (L.P.)
Changjiang Zhixin	Hubei Changjiang Zhixin New Energy Investment Center (L.P.)
Beiqi Foton	Beiqi Foton Motor Co., Ltd.
Yutong Bus	Yutong Bus Co., Ltd.
Shenlong Bus	Shanghai Shenlong Bus Co., Ltd
Sunrise Power	Sunrise Power Co., Ltd.
Meijin Energy	Shanxi Meijin Energy Co., Ltd. and its subsidiaries, including Foshan Feichi Automobile Technology Co., Ltd. and Qingdao Meijin New Energy Automobile Manufacturing Co., Ltd.
FAW Jiefang	FAW Jiefang Automobile Co., Ltd.
UBS	UBSAG
Beiqi New Kinetic Energy	Weifang Beiqi New Kinetic Energy Conversion Venture Capital Fund Partnership (L.P.)
JPMorgan	JPMorgan Chase Bank, National Association
Morgan Stanley	Morgan Stanley & Co. International PLC.
Ministry of Science and Technology	Ministry of Science and Technology of the People's Republic of China
MOF	Ministry of Finance of the People's Republic of China
MIIT	Ministry of Industry and Information Technology of the People's Republic of China
CSRC	China Securities Regulatory Commission

Beijing Municipal Science and Technology Commission/STCSM	Beijing Municipal Science & Technology Commission/Science and Technology Commission of Shanghai Municipal
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
SSE	Shanghai Stock Exchange
A shares	domestic shares of the Company, with a nominal value of RMB1.00 each, which are listed on the SSE STAR Market and traded in RMB
A Shareholders	Holders of A Shares
H Shares	overseas listed foreign shares in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in Hong Kong dollars and listed on the Hong Kong Stock Exchange
H Shareholders	Holders of H Shares
Listing Rules	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (as amended, supplemented or otherwise modified from time to time)
the SSE STAR Market Listing Rules	Listing Rules of SSE STAR Market (as amended, supplemented or otherwise modified from time to time)
Listing Date	January 12, 2023, being the date on which the H Shares are listed and from which dealings therein are permitted to take place on the Hong Kong Stock Exchange
RMB	Renminbi, the lawful currency of the PRC
shares	A Shares and H Shares
Shareholders	Holders of Shares
Controlling Shareholder	has the meaning ascribed to it under the Companies Law
Accountant	Moore Stephens Da Hua Certified Public Accountants (Special General Partnership)
Articles of Association	the Articles of Association of Beijing SinoHytec Co., Ltd., currently in force (as amended, modified or otherwise supplemented from time to time)
Company Law	Company Law of the PRC
Securities Law	Securities Law of the PRC

A Shares Prospectus	Prospectus for the Initial Public Offering and Listing of Shares on the GEM of Beijing SinoHytec Co., Ltd.
Reporting Period	Year ended December 31, 2022
fuel cell/hydrogen fuel cell	A power generation device that directly converts externally supplied fuel and chemical energy in oxidants into electricity, heat and other reactants through electrochemical reactions. The externally supplied fuel is hydrogen, while the oxidant is oxygen. Unless otherwise specified, the fuel cell system or hydrogen fuel cell or fuel cell mentioned in this report refers to proton-exchange membrane hydrogen fuel cell, a type of hydrogen fuel cell with perfluorosulfonic acid solid polymer as electrolyte
fuel cell vehicles/hydrogen fuel cell vehicles	vehicles with fuel cell system as the power source or main power source
fuel cell system/engine system/power system	the hydrogen storage and power generation compound system in fuel cell vehicles consists of stacks, air supply system, hydrogen supply system, cooling system, control system, hydrogen storage system, DC/ DC and other components
stack	A combination of two or more monomer cells with common pipes and unified power output through a fastener structure
bipolar plates	stack parts, a conductive partition that collects electric current, separates oxidants and reducers and guides the flow of oxidants and reducers on the electrode surface of the battery
PEM	membrane with proton as the conductive charge
catalyst	a substance that can produce an electric catalytic effect and does not enter the molecular composition of the final product itself. The catalyst in this report specifically refers to the catalyst in the membrane electrode module. Catalysts are typically tiny particles that are evenly coated on the proton exchange membrane. These tiny particles are typically carbon carriers and platinum particles, allowing hydrogen to be separated into hydrogen ions (hydrogen ions are the protons), so that hydrogen ions can react to the oxygen in the air through the proton exchange membrane
air compressor	air compressor, a device used to compress gas and increase gas pressure
DC/DC	DC-to-DC converter, in the application scenarios of fuel cell vehicles, is responsible for converting the DC voltage from fuel cell output to the working voltage of the vehicle-driven motor, forming a stable and controllable DC power supply with the fuel cell

rated power	the maximum continuous output power of fuel cell system under the normal operating conditions as specified by the state. The measurement unit of the rated power is kilowatt (kW)
freeze-start temperature	freeze-start temperature, which enables the fuel cell system start up when environmental temperature is lower than 0°C and refers to the start-up of a fuel cell system at a standard environmental temperature after a fully immersive vehicle
durable performance	a period that the fuel cell system can last when it works at a rated work point with power loss of 20%, measured in hours (h)
energy conversion efficiency	conversion of chemical energy in hydrogen into power output efficiency, the higher energy conversion efficiency, the more effective use of hydrogen
PRC	the People's Republic of China excluding, for the purpose of the report, Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
Hong Kong	Hong Kong Special Administrative Region of the PRC
RMB, RMB0,000, RMB00 million	Renminbi, Renminbi10,000 and Renminbi100 million

Note: This report is prepared in both Chinese and English. In case of any inconsistency, the Chinese version shall prevail. Any discrepancies between the sum of the data in the tables and the sum shown are due to rounding.

Ι. **BASIC INFORMATION OF THE COMPANY**

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

П. CONTACT PERSON AND CONTACT METHOD

Name
Address

Telephone Fax E-mail

Secretary to the Board (Domestic representative for information disclosure)

Kang Zhi Road, Haidian District, Beijing 86-10-62796418-821 010-62794725 sinohytec@autoht.com

Securities Affairs Representative Bao Xingzhu

Room C701, 7th Floor, Block C, Room C701, 7th Floor, Block C, Building B-6, Dongsheng Science Park, Building B-6, Dongsheng Science Park, Zhongguancun, No. 66, Xixiaokou Zhongguancun, No. 66, Xixiaokou Road, Haidian District, Beijing 86-10-62796418-821 010-62794725 sinohytec@autoht.com

III. INFORMATION DISCLOSURE AND PLACE FOR INSPECTION

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

IV. STOCK

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

Upon approval by the Hong Kong Stock Exchange, the Company's shares were listed and traded on the Main Board of the Hong Kong Stock Exchange on January 12, 2023. The Chinese abbreviation and English abbreviation of its H shares are "億華通" and "SINOHYTEC", respectively, with stock code "02402".

V. OTHER RELEVANT INFORMATION

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

VI. MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS FOR THE LAST THREE YEARS

(I) Major accounting data

Unit: RMB0'000

Major Accounting Data	2022	2021	Increase/ decrease as compared with the same period last year	2020
	LULL	2021	(%)	2020
Operating income	73,811.66	62,936.88	17.28	57,229.29
Operating income after deducting income not related to principal business and income without				
commercial substance Net profit attributable to shareholders	72,234.13	61,811.18	16.86	57,190.31
of the listed company ("-" for loss) Net profit attributable to shareholders of the listed company after deducting non-recurring profit or	-16,645.43	-16,192.41	-	-2,252.36
loss ("-" for loss)	-18,451.50	-17,839.56	_	-4,036.59
Net cash flows from operating activities ("-" for outflow)	-33,211.17	-12,130.75	-	-22,950.43

			Increase/ decrease as	
	End of 2022	End of 2021	compared with the end of last year (%)	End of 2020
Net assets attributable to shareholders				
of the listed company	234,262.20	250,263.65	-6.39	227,434.42
Total assets	377,897.66	362,425.58	4.27	304,750.96

(II) Key financial indicators

Unit: RMB

Key Financial Indicators	2022	2021	Increase/ decrease as compared with the same period last year (%)	2020
Basic earnings per share (RMB/share) ("-" for loss)	-1.67	-1.63	_	-0.38
Diluted earnings per share (RMB/share) ("-" for loss)	-1.67	-1.63	_	-0.38
Basic earnings per share after non- recurring profit or loss (RMB/share) ("-" for loss)	-1.85	-1.79	_	-0.69
Weighted average return on net assets (%)	-6.86	-7.11	Increase by 0.25 percentage points	-1.54
Weighted average return on net assets after non-recurring profit or loss (%)	-7.60	-7.83	Increase by 0.23 percentage points	-2.76
Proportion of R&D investment in operating income (%)	21.65	26.20	Decrease by 4.55 percentage points	22.02

Note: During the Reporting Period, the Company implemented the equity distribution by way of capitalization, and accordingly the indicator of earnings per share for the same period last year has been adjusted on the basis the latest share capital.

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

Benefiting from the national "Dual Carbon" emission reduction target and the implementation of fuel cell vehicles demonstration and application city cluster policy, the domestic fuel cell vehicle industry has achieved rapid development in 2022. During the Reporting Period, the Company continued to strengthen the marketing expansion by seizing the favorable opportunities arising from the policy on the fuel cell vehicle demonstration and application city clusters, bringing about sustained growth of operating income. In 2022, the Company realized operating income of RMB738.1166 million, representing a year-on-year increase of 17.28%. The total power of fuel cell systems sold was 161,520 KW, representing a year-on-year increase of 175.73%. The net loss attributable to shareholders of the listed company in 2022 was RMB166.4543 million, which was mainly because: (1) market size of fuel cell industry is small as the industry is still in the initial stage of industrialization; (2) the Company focuses its business on the development and industrialization of fuel cell systems and, as a result, it has continuously invested in R&D and actively promoted the commercialization of research and development results; (3) as the Company always adheres to the development driven by R&D, it continuously made high level of investment in R&D, which has a certain impact on the current operating results; and (4) the Company made provision for certain inventories that did not meet demands of market and customers.

As at the end of the Reporting Period, the Company's net cash outflow from operating activities amounted to RMB332.1117 million, representing an increase in outflow of RMB210.8042 million compared to that of last year, which was mainly due to the following: (1) with the expansion of business scale and in order to seize the opportunities for the large-scale development of the fuel cell market, the Company increased its investment in talent team building, and the cash outflow for payment to employees during the Reporting Period increased by RMB 85,122,600 year-on-year; and (2) during the Reporting Period, the Company's sales proceeds decreased by RMB 83,147,500 year-on-year.

VII. KEY FINANCIAL DATA OF 2022 ON A QUARTERLY BASIS

Unit: RMB0'000

	First quarter (January to March)	Second quarter (April to June)	Third quarter (July to September)	Fourth quarter (October to December)
Operating income	9,705.93	17,208.36	12,146.46	34,750.92
Net profit attributable to shareholders of the listed				
company ("-" for loss)	-2,347.48	-3,656.37	-3,457.26	-7,184.32
Net profit attributable to shareholders of the listed				
company after deducting non- recurring profit or loss				
("-" for loss)	-2,562.94	-3,611.97	-3,924.66	-8,351.93
Net cash flows from operating activities				
("-" for outflow)	-313.06	-1,959.29	-19,266.11	-11,672.72

VIII. NON-RECURRING PROFIT OR LOSS ITEMS AND AMOUNTS

Unit: RMB

Non-recurring profit or loss items	Amount in 2022	Notes	Amount in 2021	Amount in 2020
Profit/loss on disposal of non-current	-596,948.97	Note 73,	-792,517.58	11,612,441.14
assets ("-" for loss)		Note 75		
Government grants included in profit	28,011,455.42	Note 67,	19,097,891.82	13,633,450.49
or loss for the period, except		Note 74		
for those closely related to the normal operation of the Company				
and continuously conferred on in				
compliance with national policies				
and regulations and the standard				
quota or quantity basis				
Profit/loss on debt restructuring	-4,902,680.00	Note 68		
("-" for loss)	.,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,			
Profit or loss from changes in fair	7,861,352.93	Note 68,	4,168,373.62	461,437.73
value of financial assets held for		Note 70		
trading, derivative financial assets,				
financial liabilities held for trading				
and derivative financial liabilities,				
and investment income from				
disposal of financial assets held for				
trading, derivative financial assets,				
financial liabilities held for trading,				
derivative financial liabilities and				
other debt investments, except for				
effective hedging business related to				
the Company's normal operations				
Reversal of impairment provision for				3,250,000.00
receivables and contract assets				
subject to individually impairment				
test				4 4 9 9 9 7 5 9 7
Other non-operating income and	85,467.91	Note 74,	538,564.13	-1,192,975.97
expenses other than the above items		Note 75	2 422 000 00	
Less: Effect of income tax Effect of minority interests	4,528,181.43		3,422,086.69 3,118,735.59	5,758,276.24
(after tax)	7,869,716.02		5,110,755.59	4,163,783.05
	40.000 740.04		16 471 400 71	17 042 204 10
Total	18,060,749.84		16,471,489.71	17,842,294.10

Impact on Opening Current period profit for Closing balance changes the period Item Name balance (%) Financial assets held-for-trading 222,170,136.99 25,165,123.28 -197,005,013.71 7,861,352.93 Receivables financing 105,677,473.37 21,990,000.00 -83,687,473.37 Other equity instrument 170,900,000.00 173,500,000.00 2,600,000.00 investments Other non-current financial 2,800,000.00 2,800,000.00 assets Total 501,547,610.36 223,455,123.28 -278,092,487.08 7,861,352.93

IX. ITEMS MEASURED AT FAIR VALUE

X. EXPLANATION ON SUSPENSION AND EXEMPTION OF INFORMATION DUE TO REASONS SUCH AS STATE SECRETS AND TRADE SECRETS

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

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

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

Item Name	2022	2021	2020	2019	2018
Operating revenue	73,811.66	62,936.88	57,229.29	55,362.00	36,847.39
Net profit attributable to shareholders of the	-16,645.43	-16,192.41	-2,252.36	6,391.65	2,311.61
Company ("-" for loss) Net profit after non-recurring profit or loss attributable to shareholders of the listed	-18,451.50	-17,839.56	-4,036.59	-1,410.99	1,775.17
company ("-" for loss) Net cash flows from operating activities ("-" for outflow)	-33,211.17	-12,130.75	-22,950.43	-16,996.97	-7,853.91

Unit: RMB0'000

Unit: RMB

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

Unit: RMB0'000

Item Name	End of 2022	End of 2021	End of 2020	End of 2019	End of 2018
Net assets attributable to shareholders of the Company	234,262.20	250,263.65	227,434.42	105,492.37	68,894.72
Total assets	377,897.66	362,425.58	304,750.96	168,346.05	121,491.39
Total liabilities	103,442.15	73,137.78	62,575.88	53,724.69	46,192.70

I. BUSINESS DISCUSSION AND ANALYSIS

Benefiting from China's emission reduction goal of "carbon peaking and carbon neutrality", and the implementation of fuel cell vehicle demonstration city cluster policy, China's fuel cell vehicle industry achieved rapid development in 2022. According to the data released by the China Association of Automobile Manufacturers, the sales volume of fuel cell vehicles in China exceeded 3,000 units in 2022, representing a year-on-year increase of more than 112.8%.

During the Reporting Period, the Company seized the great opportunities arising from the fuel cell vehicle demonstration city cluster policy and continued to strengthen marketing and expansion. Based on that, the Company achieved continuous growth in operating income. In 2022, the Company achieved operating income of RMB738.1166 million, representing a year-on-year increase of 17.28%, and the total sales power of fuel cell systems was 161,520 KW, representing a year-on-year increase of 175.73%. The fuel cell industry in which the Company operates is still at an early stage of industrialization, with rapid technological updates and iterative operation. The Company always focuses its business on the development and industrialization of fuel cell systems. Pursuing the development driven by R&D, the Company actively promoted the transformation of R&D achievements toward industrialization. At the same time, with the expansion of the Company's business scale and in order to seize the opportunity of large-scale development of the fuel cell market, the Company has increased investments in market expansion and talent pool.

As technologies and products in the fuel cell industry have been iterating and have been in rapid development, and with the continuous acceleration of the localization of the fuel cell industry chain in the PRC, the cost and selling price of fuel cell products have also been declining. Moreover, the Company has made provisions on certain inventories that could no longer meet the market demand of customers. In particular, the Company's operational and financial results in 2022 were mainly as follows:

- 1. Net losses attributable to owners of the listed company for 2022 were RMB166.4543 million, representing a year-on-year increase in loss of 2.80%, which was mainly due to: (1) the provision for impairment loss on inventories of RMB51.3870 million, the impairment loss of RMB24.0054 million for the equity interests in Zhangjiakou Haiper, an associate of the Company, and the impairment loss of RMB11.8542 million on fixed assets; and (2) the expansion of the Company's business scale, the recruitment of relevant talents and the increase in marketing efforts led to a year-on-year increase of RMB76.7343 million in administrative expenses and RMB42.6026 million in selling expenses.
- 2. As of the end of 2022, the total assets of the Company amounted to RMB3,778.9766 million, representing a year-on-year increase of 4.27%, and the net assets attributable to shareholders of the listed company amounted to RMB2,342.6220 million, representing a year-on-year decrease of 6.39%.

- 3. In terms of R&D and new product development, the Company has always adhered to the R&D principle of "Advance Research", "Continuous Development" and "In-depth Promotion", and carried out R&D activities focusing on core technical indicators such as environmental adaptability, durability and reliability of fuel cell systems. During the Reporting Period, the Company completed the development of high-low frequency coupling single-stage AC impedance measurement technology, three-stage closed-loop rapid freeze-start technology and high-performance ejected-matching liquid hydrogen technology, which further improved the relevant performance of fuel cell system products. In the meanwhile, in order to further improve the R&D, testing and verification capabilities, the Company is currently constructing a comprehensive fuel cell testing and evaluation centre. On the other hand, the Company developed a new application of electricity and heat cogeneration supply during the Reporting Period to enrich the application scenarios of the Company's offerings.
- 4. In terms of industry-university-research cooperation, the Company has established in-depth cooperation with Tsinghua University, Beijing University of Chemical Technology, Tianjin University and other universities in scientific and technological innovation and talent training. The Company and these universities jointly established a university-enterprise talent training and industry-university-research cooperation platform in order to reserve relevant talents and technologies in advance.
- 5. In terms of sales market and production application, the Company adheres to the development strategy of "point, line and plane", focusing on the development of fuel cell demonstration city clusters and potential cities. Fuel cell vehicles equipped with the Company's products have been put into operation in Beijing, Zhangjiakou, Shanghai, Tangshan, Zhengzhou and other cities, and the Company's product application scenarios have been further expanded to various scenarios such as cold chain transportation, sanitation and heavy truck. In 2022, the Company's fuel cell system achieved bulk demonstration application of 31-tonne dump trucks and 49-tonne tractors in fuel cell demonstration cities, which further expanded the scale of demonstration application of the Company's products.
- 6. According to the statistics of "Road Power-Driven Vehicle Manufacturing Enterprises and Products" published by the Ministry of Industry and Information Technology of the PRC, as of the end of December 2022, a total of 791 fuel cell vehicles (excluding chassis announcement) were published in the PRC, of which 121 vehicles were equipped with the Company's fuel cell system, ranking forefront in the industry.
- 7. In respect of the capital market, in order to further broaden the financing channels, the Company applied for the initial public offering of overseas listed foreign shares (H Shares) and listing on the Main Board of the Stock Exchange. During the Reporting Period, the Company passed the hearing of the Stock Exchange and completed the listing on the Main Board of the Stock Exchange on January 12, 2023. The successful listing of the Company in the Hong Kong stock capital market has further replenished the funds required for the Company's operation and development, and is more conducive to the international development of the Company.

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

(I) Main businesses, main products or services

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

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

(II) Main business models

1. R&D model

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

2. Procurement model

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

3. Production model

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

4. Sales model

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

(III) Industry conditions

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

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

At present, the hydrogen fuel cell vehicle market has not yet achieved economies of scale as it is in the initial stage of commercialization, resulting in high overall cost. However, with the large-scale application of hydrogen fuel cell vehicles in events such as the Beijing Winter Olympics, the global goal of carbon peaking and carbon neutrality and the opportunities arising from China's fuel cell vehicle demonstration city cluster policy, unprecedented new driving force will drive development of hydrogen fuel cell vehicles. According to the public data released by the China Association of Automobile Manufacturers, more than 3,000 fuel cell vehicles were sold in 2022 in China, representing a year-on-year increase of more than 112.8%. Meanwhile, from the perspective of application scenarios, the application scenarios of fuel cell vehicles in China have been transformed from the commercial demonstration application, sanitation, urban logistics and distribution, cold chain transportation, slag transportation, and bulk cargo. At the same time, it has also been applied in new fields such as ships and combined heat and power.

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

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

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

As the country has clarified the positioning of hydrogen energy industry in the top-level design, and the fuel cell demonstration city cluster policy has been implemented, the number of market participants in the fuel cell industry is increasing. However, there are certain technical barriers for fuel cell system products, leading to high market concentration. According to the statistics of "Road Power-Driven Vehicle Manufacturing Enterprises and Products" published by the Ministry of Industry and Information Technology of the PRC, as of the end of 2022, a total of 791 fuel cell vehicles (excluding chassis announcement) were published in the PRC, of which 121 vehicles were equipped with the Company's fuel cell system, ranking forefront of the industry.

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

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

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

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

(IV) Core technology and research and development progress

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

The Company has always placed research and development and technological innovation in an important position for the sustainable development of the Company. During the Reporting Period, the Company kept investing in research and development, introduced research and development professionals, and maintained core competitiveness by continuously improving technical capabilities and enhancing research and development management system. Currently, the core technologies of the Company mainly include:

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

No.	Core technology	Source of technology	Technical features and advantages
5	High-power density fuel cell system integration technology	Self-developed	Through high integration, the technology allows for less energy loss of pipelines, wire harness, mechanical drive and other parts, reduction in energy consumption of auxiliary systems, less structural redundancy, and lighter fuel cell system.
6	Utilization of waste heat utilization from efficient fuel cell	Self-developed	Based on the simulation analysis of multi-heat domain and multi-heat flow of fuel cell vehicles, the Company designs a waste heat utilization programme that is highly adaptable and efficient for low-temperature environment, and develops a waste heat utilization control strategy for fuel cell system based on multi- heat domain coupling control to improve the energy conversion efficiency of the system.
7	High-safety on-board hydrogen system integration and control technology	Self-developed	Taking into account factors such as the layout of hydrogen system in the vehicle, safety monitoring, fault diagnosis, fault tolerance control, failure protection, electric protection and high-speed stability, the Company conducted coupling design for hydrogen safety, electrical safety and structural safety, and verified the hydrogen system of fuel cell vehicle in extreme scenarios such as fire, collision and collision. The Company develops the rapid hydrogen filling technology while ensuring safety.
8	Design and integration technology of cell stack of high power density fuel cell	Self-developed	To address problems related to power density, cost and durability of cell stacks, the Company improves the power density of stack by optimizing the bipolar plate flow field to improve power generation performance, and enhances power density of stack through high-level integration of end plates, lightweight materials, and optimized synergy between MEA and electrode plates. Cost of stacks is reduced by means of localization of MEA, optimization of graphite bipolar plate process and use of lightweight bipolar plates, combination of component functions, and overall molding design of multi-functional end plate. By controlling the parts and components of stacks and assembly process, as well as testing methods, the yield rate is enhanced, which is to reduce consumption from the production perspective. Based on the analysis on the overall stack failure pattern and the failure pattern of parts and components, the life of stack is extended through design and control strategy optimization.

No.	Core technology	Source of technology	Technical features and advantages
9	Test and evaluation technology	Self-developed	With the goals of enhancing adverse weather capabilities, long life, high reliability, high efficiency, low cost and high safety, the Company establishes an all-round integrated test and evaluation system covering five aspects: electric-electric hybrid power system, fuel cell system and BOP components, stack assembly and core components, on-board hydrogen system, and special DC/DC for fuel cell.

During the Reporting Period, the Company optimized and adjusted its core technologies, and there was no material adverse change in the core technologies of the Company after adjustment.

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

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

2. R&D Achievements during the Reporting Period

The Company has always adhered to independent research and development, continuously explored and researched cutting-edge technologies in the field of fuel cell systems, and realized technological progress, product performance optimization and iteration based on its own research and development advantages and long-term transformation of scientific and technological achievements. In 2022, the Company completed the development of high-low frequency coupling single-stage communication impedance measurement technology, three-stage closed-loop rapid cold activation technology and high-performance induced-matching liquid hydrogen technology, which further improved the relevant performance of fuel cell system products. At the same time, in order to enrich the Company's product application scenarios, the Company carried out the development of new applications of combined heat and power supply.

During the Reporting Period, the Company obtained 397 authorized patents and 5 software copyrights, and accumulatively obtained 845 authorized patents and 103 software copyrights.

List of intellectual property achieved during the Reporting Period

	Newly added	this year	Grant to	otal
	Number of applications	Number of achieved IP	Number of applications	Number of achieved IP
Inventive patents	374	49	904	226
Utility model patents	332	344	693	596
Design patents	6	4	27	23
Software copyrights	4	5	103	103
Others	_	_	-	
Total	716	402	1,727	948

3. R&D investment

Unit: RMB

	This year	Last year	Percentage changes (%)
Expensed R&D investment	101,264,578.71	92,772,753.76	9.15
Capitalized R&D investment	58,535,666.82	72,108,027.05	-18.82
Total R&D investment	159,800,245.53	164,880,780.81	-3.08
Proportion of total R&D investment in operating			
income (%)	21.65	26.20	-4.55
Proportion of capitalized R&D investment (%)	36.63	43.73	-7.10

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

The proportion of R&D investment capitalization of the Company for the period decreased by 7.1% as compared with the same period of last year, mainly due to the completion and acceptance of certain scientific research projects undertaken by the Company in the early stage during the period, and the Company carried out research in new R&D fields during the period.

No.	Project name	Estimated total investment amount	Current amount of investment	Accumulated investment amount	Progress or phased achievements	Target to be achieved	Technical standards	Specific application prospect
-	120kW high- performance miniaturized fuel cell power generation system	780.00	0.00	712.91	The development of the 120kW high-power fuel cell system has been completed, and the relevant technical indicators have met the project task standards.	To complete the development of a fuel cell system that meets the low-temperature and high- altitude environment, and the rated power is not lower than 120kW.	Domestic advanced	Busses, highway passenger vehicles, muck trucks and heavy trucks
7	Research and industrial demonstration of key technology of 70MPa high- pressure hydrogen storage system	200.00	180.59	298.77	The Company completed the R&D and system testing of the 70MPa hydrogen system, completed the application for 3 patents and obtained 4 software copyrights.	The function and performance of 70MPa hydrogen system, safe hydrogen fueling, integration and operation of small-batch vehicles, good matching with fuel cell system, and continuity of hydrogen safety.	Domestic advanced	Passenger vehicles, commercial vehicles, rail electric vehicles and industrial vehicles equipped with 70MPa hydrogen system
m	Multi-size simulation method and testing of vehicle PEM fuel cell stacks	45.23	0.73	14.07	The Company completed the design and operating parameters of the cell stacks, and the optimization and verification of the control strategy of cell stacks and the matching of hydrothermal power and hydropower.	To establish a high-precision predictive model for three- dimensional multi-physical field of cell stacks, which shall apply to design of large-scale vehicle fuel cell stacks and the optimization of water and heat management strategy.	Domestic advanced	Fuel cell system

4. Status of projects under development

Unit: RMB0'000

ation	uel th low y in stances slope ince	attery ks	
Specific application prospect	Application of fuel cell system with low consumption and high efficiency in special circumstances such as low temperature, high altitude, steep slope and long-distance transportation	Fuel cell single battery and short stacks	Intercity bus
Technical standards	Domestic advanced	Domestic advanced	Domestic advanced
Target to be achieved	To develop 160kW high- power fuel cell system, breaking through the key technologies of long- distance, high-power and long-life of fuel cell heavy for commercial vehicles, which can operate steadily in low- temperature and high-altitude scenarios. Building a smart monitoring platform for big data of fuel cell vehicles.	To develop the methods of online and offline verification and characterization of key fuel cell components for power stations, establish a complete certification system, and finally satisfy the application of fuel cell power stations for scientific prediction of life.	To study the adaptability of hydrogen fuel cell vehicles to extreme cold, steep slope and other environments and the comprehensive thermal management technology of vehicles, and integrated the development of 9-meter, 11-meter and 12-meter hydrogen fuel cell passenger vehicles, so that the performance indicators meet the requirements of Beijing and Zhangjiakou Division.
Progress or phased achievements	The Company completed the shelf test and freeze-start temperature, high altitude adaptive test and durability test of the fuel cell system.	The Company completed project implementation plan and technical demand research; completed 3 research reports related to the subject.	Completed the development and relevant testing of the fuel cell system suitable for the Winter Olympics environment, completed the prototype assembly and commissioning and demonstration operation.
Accumulated investment amount	245.00	28.26	1,119.03
Current amount of investment	120.36	28.26	661.15
Estimated total investment amount	360.00	1,200.00	1,079.50
Project name	Key technology and application demonstration of fuel cell with high level of power density	Single battery life verification and research on attenuation specification of key components	Research and Development of High-Performance Hydrogen Fuel Passenger Vehicles in Winter Olympics Service Scenarios
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Specific application prospect	Fuel cell single battery and short stacks	Long-distance heavy- duty commercial vehicles
Technical standards	Domestic advanced	Domestic advanced
Target to be achieved	To establish a set of robust, reliable and complete proton membrane testing methods, analyze the changing patterns of parameters such as conductive and breathability under the tangible changes of proton membrane in different operating environment, form the performance and life evaluation technology and device of perfluorocarbons membrane, and guide the preparation of membrane electrodes and fuel cells.	To realize the application of liquid hydrogen storage and supply system in heavy vehicles, and solve key technical issues such as the matching of liquid hydrogen storage and supply system with high- power fuel cell system, the matching of liquid hydrogen storage and supply system with vehicle system, the hydrogen safety of fuel cell heavy vehicles based on liquid hydrogen storage and supply system, and the integration of heavy fuel cell commercial vehicles.
Progress or phased achievements	Completed the design report of the perfluorocyte membrane assessment and evaluation system and the research on the wet circulation of perfluorocyte membrane, OCV test and COCV test.	The Company completed the development of 120kW high- development of 120kW high- power fuel cell system matching liquid hydrogen technology, and completed the relevant testing of hydrogen supply system and fuel cell matching.
Accumulated investment amount	912.81	720.26
Current amount of investment	833.76	418.28
Estimated total investment amount	1,725.26	717.91
Project name	Research on the application of high-performance perfluorocarbons membrane in fuel cells	Hydrogen supply system and fuel cell matching test
No.		∞

E		ring
Specific application prospect	Fuel cell system	Performance monitoring of fuel cell stacks
Technical standards	Domestic advanced	Domestic advanced
Target to be achieved	To complete the research on the impact of air compressors and humidifiers on the performance indicators of fuel cell systems, propose the needs for mechanical interface design, electrical interface design and performance indicator definition of air compressors and humidifiers in fuel cell systems, and complete the construction of test benches matching air compressors, humidifiers and fuel cell systems.	To conduct an artificial intelligence correlation analysis via big data software, extract the characteristics of different application scenarios, combined with the results of the laboratory's segregant operating status acceleration test to determine the life-time attenuation fitting curve under full operating status, established a durability algorithm model, and finally built a smart platform for monitoring and online analysis of real-car. At the same time, based on the results of online analysis, the Group actively intervened and adjusted the control of operating stacks, thereby extending the useful life of stacks.
Progress or phased achievements	The Company completed the testing and calibration of the fuel cell system equipped with air compressors and humidifiers, and completed the performance and life test of the relevant BOP auxiliary parts.	Completed the durability forecasting model and applied it in real analysis; 2 patents have been obtained, the durability test has been started, and 4 software copyrights applications have been completed.
Accumulated investment amount	603.41	475.35
Current amount of investment	194.69	464.30
Estimated total investment amount	1,020.00	635.00
Project name	Key technologies for core parts and components of air compressors and humidifiers	Forecast and application of permanence of hydrogen fuel cell stacks for Winter Olympics at high cold areas and development of smart platform
No.	o	0

		Estimated						
		total	Current	Accumulated				
		investment	amount of	investment			Technical	Specific application
No.	Project name	amount	investment	amount	Progress or phased achievements	Target to be achieved	standards	prospect
=	Research and demonstration application on hydrogen energy	21.23	69.54	76.77	The Company completed the development of the fault diagnosis system and the intelligent station control system for the hydrogen fueling station. The relevant systems have been applied in the hydrogen fueling stations and have been put into demonstration operation during the Winter (Paralympic) Olympic Games.	To build a large-scale wind- solar complementary hydrogen production system in the Winter Olympics area and completed demonstration application.	Domestic advanced	Operation of hydrogen production plant and hydrogen fueling station
12	Development of fuel cell stack testing equipment	420.00	243.37	244.27	The Company completed the principle design of cell stack test platform, sub-system matching calculation, electric principle design, software structure formulation and selection and procurement of components; and completed the design of the commissioning scheme of the hydrogen-air-water sub-system and the platform construction.	To complete the development of high-power fuel cell stack testing equipment, and put forward the overall design plan, including system design, matching calculation and selection, overall electrical principles and connection design, structural design and development, partial control strategy formulation on upper computer and lower computer software, overall architecture and software compilation, and commissioning of stack testing equipment.	Domestic advanced	Testing equipment for high-power fuel cell stacks

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Specific application prospect	Installed in various fuel cell systems, mainly used in logistics vehicles, large and medium- sized passenger vehicles, trucks, etc.	The Company develop fuel cell systems for different vehicle models to meet the needs of different applications such as logistics vehicles, large and medium- sized passenger vehicles and trucks
Technical standards	Domestic advanced	Domestic advanced
Target to be achieved	To realize the commercialization of various technologies and optimize various machines into market- oriented products.	The technical indicators of each power Domestic product prototype shall pass test advance and introduce to the market.
Progress or phased achievements	The Company expanded the application of a series of stacks products for different application scenarios, and completed the design and development of stacks suitable for passenger vehicles. The Company completed the development and optimization of continuous and high- speed process technology of molding plate.	The Company has completed the design and development, as well as integration and assembly of sample B for 240kW high-power product, and is now conducting DV verification test; and the Company will continue to optimize 80kW and 120kW engine systems, and perform the development, wiring harness design and control strategy optimization of PA tube and proportional valve.
Accumulated investment amount	2,243.16	4,875.59
Current amount of investment	1,568.83	4,398.59
Estimated total investment amount	5,278.90	18,620.32
Project name	Development of stacks series products	R&D of national fuel cell system
No.	<u></u>	4

		total	Current	Accumulated				
No.	Droiart nama	investment amount	amount of invectment	investment amount	Dronrace or nhacad arhiavamente	Tarriet to he arhieved	Technical	Specific application
15	Forward-looking technology research	7,229.22	3,079.89	3,189.47	The Company completed the design and development of the first- generation stack and engine system; completed the durability test plan for fuel cell system and identified the potential risks of	To focus on the research of common technology, underlying pillar technology and basic science of fuel cell system, the research results are conducive to the improvement of product attributes.	Domestic advanced	Applied to new series of products
					components in advance through accelerated testing; the design and development of the combined heat and power supply system for new applications has been completed and is currently under the trial verification stage.			
16	Fuel cell parts development	2,730.95	889.13	953.85	The Company continued to iteratively develop and optimize key fuel cell components. During the Reporting Period, the Company successfully developed components such as expander and high-power DC, and completed the iterative optimization of components such as hydrogen spray and 3-way valves.	To design and develop a series of high-reliability and high- integration components for fuel cells, which are used for the inheritance of the national fuel cell system.	Domestic advanced	Fuel cell stacks/system
Total		42,063.52	13,151.47	16,712.97			/	1

EXPIDIATION

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

5. R&D personnel

Unit: RMB0'000

Basic information		
	Amount of current period	Amount of last period
Number of the R&D personnel of the Company	317	255
Proportion of the R&D personnel in the total number of employees		
of the Company (%)	31.26	31.40
Total emoluments of the R&D personnel	6,873.15	4,868.09
Average emoluments of a R&D worker	24.03	19.09

Educational backgrounds of R&D personnel

Educational background category	Number
Doctor's degree	15
Master's degree	144
Bachelor's degree	123
Junior college degree	14
High school diploma and below	21

Age structure of R&D personnel

Age structure category	Number
Under 30 years old (exclusive)	116
30–40 years old (including 30, excluding 40)	185
40–50 years old (including 40, excluding 50)	15
50–60 years old (including 50, excluding 60)	1
60 years old and above	0

III. ANALYSIS OF CORE COMPETITIVENESS DURING THE REPORTING PERIOD

(I) Analysis of core competitiveness

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

(1) Technology and R&D advantages

The Company has always adhered to the R&D concept of "Advance Research", "Continuous Development" and "In-depth Promotion". After years of exploration and development, the Company has accumulated rich technical experience, breaking through a number of technical difficulties such as fuel cell system integration with high level of power density, rapid activation of fuel cell system at low temperature, air flow and pressure decoupling control, and water content closed loop control. The key performance of product can be close to the international advanced level and have been widely used in commercial practice. The Company has a series of proprietary core intellectual property rights. As of the end of 2022, the Company has obtained 845 patents and 103 software copyrights. At the same time, with the support of major projects from the Ministry of Science and Technology, the Beijing Municipal Science and Technology Commission and STCSM, a wealth of scientific research achievements and technical reserves have been achieved through the completion of national science and technology special projects.

(2) Market layout and large-scale promotion advantages

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

(3) Core parts and components supply system

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

(4) Talent advantages

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

As at the end of the Reporting Period, the Company had 317 R&D personnel, accounting for 31.26% of the total number of employees of the Company. More than 50% of the R&D personnel hold a master's degree or above, which has formed a sufficient talent pool for the rapid development of the fuel cell industry in the future.

IV. RISK FACTORS

(I) Risks of negative profit margin

During the Reporting Period, the Company's net loss attributable to shareholders of the listed company after deducting non-recurring profits and losses was RMB184.515 million. In the future, the Company will focus on increasing investment in enhancing research and development capabilities, expanding cell stack production capacity, improving supply chain and enhancing brand awareness. With the development of the Company's business, operating and management expenses will further increase. With the intensification of market competition, the selling prices of products and gross profit margins of the Company may decline. If the Company fails to meet expectations in terms of market promotion in the future, the Company will suffer continued losses and have negative cash flow from operating activities.

(II) Risks of significant performance decline or loss

During the Reporting Period, the net loss attributable to shareholders of the Company was RMB166.4543 million, representing a year-on-year increase in loss of RMB4.5302 million. The loss for the period was mainly due to the following: (1) market size of fuel cell industry is small as the industry is still in the initial stage of industrialization; (2) the Company's business always focuses on the development and industrialization of fuel cell systems, continues to invest in R&D as the Company pursues R&D-driven development, and actively promotes the commercialization of R&D results; (3) as the Company keeps expanding its business scale and in order to seize the opportunities arising from the large-scale development of the fuel cell market, the Company has increased its investment to expand its market share and its tank pool; and (4) in order to further consolidate the Company's asset quality, the Company has made provision for impairment losses for certain inventories and fixed assets that cannot meet customer market demand or are suitable for the Company's products for sale.

The Company's management took actions to deal with the above-mentioned impacts in an active way. In 2022, the Company's various businesses such as research and development, production and sale remained basically stable. During the Reporting Period, the Company recorded an operating income of RMB738.1166 million, representing a year-on-year increase of 17.28%. However, if the future market development of the industry does not meet expectations, a continued decline in market demand may arise. The market competition may further intensify. Various kinds of expenditure costs keep on increasing, if the number of the Company's orders of goods and the Company's sales volume cannot help the Company make a profit instead of suffering a loss, The operating results of the Company may suffer a significantly adverse impact and a continued loss.

(III) Core competitiveness risk

1. Replacing the older generations of products by new ones because of technology upgradation

With the rapid development of the hydrogen fuel cell industry in recent years, the number of new entrants in the fuel cell field has increased rapidly. Major vehicle manufacturers and system manufacturers have continuously increased their resource investment in the fuel cell field. Whether the Company can keep on maintaining high technical barriers and whether the Company can plan the research and development of new generation products ahead of time are still uncertain. In terms of technology, there is still a gap between the Company's fuel cell systems and those of international leading enterprises. Some international leading fuel cell enterprises are currently actively exploring the market in China, whether the Company's technology can keep up with or surpass those of international leading enterprises and maintain or enhance its existing competitiveness are also uncertain. In terms of replacing the older generations of products by new ones because of technology upgradation, the Company may not keep on leading in technology.

2. Risk of the intensified competition in the market

Driven by national policies and the market, various forces accelerate the process of mapping out the fuel cell industry chain and increased investment in product research and development and market promotion. Leading vehicle companies have continuously accelerated their R&D investment and market promotion in the fuel cell vehicle industry. Some conventional engine or motor manufacturers have continuously promoted cooperation with internationally leading fuel cell companies through technology licensing, joint ventures, strategic cooperations and equity investments. Some emerging fuel cell system and cell stack manufacturers have also continuously contributed to R&D, market and industrial chain cooperation. The Company is facing increasingly fierce market competition. If the Company cannot respond to changes in the fuel cell vehicle market in a timely manner in the future and cannot further enhance its competitiveness in technological innovation, product research and development, customer service and market expansion, it will face the risk of losing market share and a decline in the selling prices of its products as a result of the intensified market competition.

3. Risk of R&D failure or failure to meet customers' needs in terms of products

During the Reporting Period, the Company invested RMB159.8002 million in research and development, accounting for 21.65% of operating income. In order to meet customers' needs and the needs of the market, the Company kept on investing in research and development to form products that meet customers' needs. The Company's ongoing research and development activities face risks, e.g. technological revolution and changes in the routes of technological development. If the results of the Company's research and development activities fail or fall short of expectations, the Company's products will not be able to meet customers' needs and be recognized by customers, adversely affecting the Company's continued operation.

(IV) Operational risk

1. Risk of high customer concentration

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

2. Risk of falling gross profit margins

The Company is currently in the early stage of commercialization with a small production and marketing scale, strong bargaining power and relatively high selling prices of products. In the future, as the fuel cell technology matures and industrializes, the downstream demand will grow rapidly, the enterprise production and marketing scale will keep on expanding, the upstream supply chain keeps on maturing, reducing component costs. Market participants keep on competing, the costs and prices of fuel cells will rapidly decline, achieving the goal of costs that are similar to conventional internal combustion engines. Such goal is in our technological route. Therefore, the Company may face the risk of a continuous decline in the selling prices of products as the industrialization progresses. The Company does not expect a long-standing high selling price and high gross profits.

3. Product quality and safety risks

Product quality and safety issues are important business risks faced by the automotive industry. Product quality and safety standards in the automotive industry mainly include technical specifications for automobiles and components, minimum warranty requirements and vehicle recall regulations. In recent years, national regulations and technical standards for product quality and safety in the automotive industry have become increasingly strict. Frequent safety accidents of pure electric vehicles have attracted market attention.

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

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

4. Risk of seasonal fluctuations in performance

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

5. Risks of supply chain management

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

(V) Financial risk

1. Risk of overdue accounts receivable

Affected by the fuel cell subsidy policies, new energy vehicle manufacturers settle accounts with consumers based on the prices which are the differences between original prices and subsidies when selling products, and central or local financial departments allocate the subsidy funds advanced by the enterprises to the production enterprises according to procedures, resulting in varying degrees of capital turnover problems among upstream and downstream enterprises in the new energy vehicle industry chain. Because of the relatively strong position of vehicle manufacturers in the automotive industry chain, the Company is greatly affected by the fund chain of vehicle manufacturers, and the Company has a long collection period of accounts receivable. The actual collection periods are generally approximately one to two years or longer. The Company's collection progress generally depends on the customer's own financial situation. If a customer's business situation deteriorates, or the financial environment of the new energy vehicle industry chain cannot be fundamentally improved, the Company's collection instability will last, which may lead to the Company's risk of not being able to timely recover or even losing accounts receivable. As of the end of the Reporting Period, the balance of accounts receivable of the Company was RMB1,449.5576 million.

2. Risk of continued negative operating cash flows

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

3. Debt service risk

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

(VI) Industry risk

1. Market development risks

Hydrogen fuel cell vehicles are currently in the early stages of industrialization, and their promotion is constrained by the maturity of key technologies, fuel cell costs, the completeness of hydrogen energy infrastructure construction and other areas. Currently, hydrogen fueling stations suffer high construction costs, high hydrogen costs, delayed subsidy support policies, an incomplete approval management mechanism and other issues. As a result, the current construction and promotion progress of hydrogen fueling stations in China is slow, and most hydrogen fueling stations are running at a loss, resulting in high actual hydrogen costs for end users.

2. Subsidy policy risks in the fuel cell vehicle industry

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

(VII) Macro environment risks

1. Trade friction and geopolitical risks

In recent years, the international situation has experienced ups and downs with various uncertain and unstable factors occurring frequently. The international trade environment has become increasingly complex. Trade frictions and disputes have continued, and external environmental uncertainties have increased, posing operational risks due to macroeconomic uncertainties.

2. Other unforeseen risks (e.g. the pandemic and natural disasters)

Unforeseen or catastrophic events beyond the control of the Company (e.g. the pandemic and natural disasters) may have adverse impacts on the business and economic environment, infrastructure and people's livelihood, affecting the Company's business operations. The unforeseen or catastrophic events (e.g. pandemics or other widespread health emergencies (or concerns about the possibility of such emergencies), natural disasters) may cause economic and financial disruption or operational difficulties (including travel restrictions), impairing the Company's ability to manage daily business activities and exposing business activities to significant losses.

(VIII) Other significant risks

1. There is a risk of adjusting the provision ratio of quality assurance deposit

The composition of the fuel cell system is similar to that of conventional internal combustion engines, and it is a highly integrated system composed of many engineering components. Its warranty responsibility is mainly to replace some of failed components. The fuel cell industry is in the early stage of industrialization, and no mature ratios are for reference. Therefore, the Company's quality assurance policy is determined by referring to the general provision ratio of conventional internal combustion engines, i.e. 1.5% of the revenue from fuel cell systems and other components aimed at meeting customers' needs for estimated liabilities.

With the continuous improvement of technological level, the accelerated upgradation of industrialization, customers' gradual familiarity with the use of products and the gradual maturity of the supply chain of components and parts, corresponding observable maintenance data will gradually be collected. The Company will reassess the provision ratios of quality assurance deposits accordingly. Therefore, with the maturity and industrialization of fuel cell technologies, there may be some uncertainties of its life-cycle quality assurance expenditure, and there is a risk of further adjustment in the Company's quality assurance deposit provision ratio, affecting the Company's future operating performance.

2. Risks related to accounting policies for capitalization of research and development expenses

According to the Company's accounting policies related to research and development activities, most of the capitalized research and development projects during the Reporting Period were research and development tasks related to questions for study or discussion, and the time when the Company signs a statement of accepting the task is as used as a time point for the development stage. The fuel cell system is one of the new energy vehicle technology industrialization routes that the Ministry of Science and Technology of the PRC has focused on, the Company has undertaken many tasks in its research and development activities. The time points at which R&D expenditures meet the capitalization conditions are usually closely related to multiple factors such as the progress of the Company's R&D, project types, review methods and industry types. Therefore, the specific time points for R&D capitalization vary from company to company. Cases that are available to the public market include the approval from the competent department for a feasibility study report, organizing meetings to review whether the capitalization conditions are met and passing DCP (Decision Check Point) reviews.

As of December 31, 2022, the balance of the Company's development expenditure was RMB72.9417 million. The results of the above research and development projects are affected by various factors such as the progress of industrialization in the industry, the technical specifications and resources of the project, the technological routes set by the project and the actual application of the project in products. Therefore, there may be a risk of impairment of the Company's development expenditure in the future.

V. Analysis of principal business

(I) Details of changes related to income statement and cash flow statement

Unit: RMB

Item	Current period	Previous period	Percentage of change (%)
Operating income	738,116,580.20	629,368,760.53	17.28
Operation cost	454,677,279.82	390,949,856.80	16.30
Tax and surcharges	4,187,960.36	2,388,994.20	75.30
Selling expenses	104,881,392.84	62,278,799.80	68.41
Administrative expenses	212,567,707.86	135,833,396.99	56.49
Financial expenses	-5,344,811.83	-10,277,751.14	-
Research and development expenses	101,264,578.71	92,772,753.76	9.15
Investment income	-13,176,079.55	-3,294,231.53	-
Impairment losses on credit	-30,797,642.94	-172,829,874.33	-
Impairment losses on assets	-90,370,779.71	-51,188,562.74	-
Other comprehensive income	2,210,000.00	92,472,771.34	-97.61
Net cash flows from operating activities			
("-" for outflow)	-332,111,733.96	-121,307,530.91	_
Net cash flows from investing activities			
("-" for outflow)	-3,620,395.01	-592,566,393.53	-
Net cash flows from financing activities			
("-" for outflow)	147,555,789.35	552,911,580.12	-73.31

- 1. Explanation on changes in tax and surcharges: the tax and surcharges of the Company increased by 75.30% year-on-year, mainly due to: (1) the operating income of the Company increased by 17.28% year-on-year during the Reporting Period, and the relevant tax and surcharges increased accordingly; (2) the Company's subsidiaries started to pay real estate tax during the period.
- 2. Explanation on changes in selling expenses: the selling expenses of the Company increased by 68.41% year-on-year, which was mainly due to: (1) the continuous expansion of the Company's marketing team, and the increase in labor expenses as a result of the adjustment and optimization of the Company's salary structure in the second half of 2021; (2) during the Reporting Period, the expenses of marketing and business development services increased along with the growth of sales scale.
- 3. Reasons for changes in administrative expenses: the administrative expenses of the Company increased by 56.49% year-on-year, mainly due to: (1) the introduction of professional management talents to improve the Company's operation and management standards, and the increase in labor expenses as a result of the adjustment and optimization of the Company's salary structure in the second half of 2021; (2) the increase in long-term assets in operation will lead to an increase in depreciation and amortization as a result of the continuous expansion of the Company's scale; (3) the Company accrued expenses related to the listing of H Shares during the Reporting Period.
- 4. Explanation on changes in financial expenses: The financial expenses of the Company increased by RMB4.9329 million year-on-year, mainly due to the interest expenses arising from the increase in bank financing, offset by the decrease in interest income arising from bank deposits during the Reporting Period.
- 5. Explanation on changes in investment income: the investment income of the Company decreased by RMB9.8818 million year-on-year, mainly due to the establishment of Toyota Sinohytec, a joint venture of the Company, in the second half of 2021, which is currently at the initial stage of establishment, and the Company recognized negative investment income during the Reporting Period.
- 6. Explanation on changes in impairment losses on credit: the credit impairment losses of the Company decreased by RMB142.0322 million year-on-year, which was mainly due to the provision for bad debt losses of receivables from customers, i.e. Shenlong Bus and Zhongzhi Vehicle (Chun'an), in the same period of 2021, representing 90% of their outstanding trade receivables.
- 7. Explanation on changes in impairment losses on assets: the impairment losses on assets of the Company increased by RMB39.1822 million year-on-year, which was mainly due to: (1) the Company has made provisions for impairment losses on certain inventories that could no longer meet the market demand of customers; (2) provision for impairment loss of RMB24.0054 million was made for the equity investment in an associate, Zhangjiakou Haiper.

- 8. Explanation on changes in other comprehensive income: the other comprehensive income of the Company decreased by 97.61% year-on-year, which was mainly due to the significant increase in the fair value of the equity interest held by the Company in the investee company, namely, Hozon New Energy Automobile Co., Ltd. in the same period of 2021.
- 9. Explanation on changes in net cash flows from operating activities: the net outflows from operating activities of the Company increased by RMB210.8042 million year-on-year, which was mainly due to following: (1) with the expansion of business scale and in order to seize the opportunities for the largescale development of the fuel cell market, the Company increased its investment in talent team building, and the cash outflow for payment to employees during the Reporting Period increased by RMB85.1226 million year-on-year; and (2) during the Reporting Period, the Company's sales proceeds decreased by RMB83.1475 million year-on-year.
- Explanation on changes in net cash flows from investing activities: the net cash outflows from investing 10. activities of the Company decreased by RMB588.946 million year-on-year, which was mainly due to the redemption of funds for the purchase of bank wealth management products on maturity during the Reporting Period.
- Explanation on changes in net cash flows from financing activities: the net cash flows from financing 11. activities of the Company decreased by 73.31% year-on-year, which was mainly due to the completion of simplified refinancing by the Company and the capital increase from new shareholders of SinoFuelCell, a subsidiary of the Company, in the same period of 2021.

(11) Analysis of revenue and cost

During the Reporting Period, the Company recorded operating revenue of RMB738,116,580.20, representing a year-on-year increase of 17.28%, and operation cost of RMB454,677,279.82, representing a year-on-year increase of 16.30%, of which revenue from principal business amounted to RMB737,618,700.84 and cost of principal business amounted to RMB454,551,186.82. The details are as follows:

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

Unit: RMB

		Main business	by industry	Change in	Change in	Change in
By industry	Operating income	Operation cost	Gross profit margin (%)	operating income over the previous year (%)	operating cost over the previous year (%)	gross profit margin over the previous year (%)
Hydrogen fuel cell industry	737,618,700.84	454,551,186.82	38.38	17.30	16.28	Increase by 0.55 percentage point

		Main business	by product			
By product	Operating income	Operation cost	Gross profit margin (%)	Change in operating income over the previous year (%)	Change in operating cost over the previous year (%)	Change in gross profit margin over the previous year (%)
Fuel cell system	684,541,800.17	410,592,828.88	40.02	32.14	33.07	Decrease by 0.42 percentage point
Components	18,853,222.93	13,822,261.95	26.68	-64.31	-64.09	Decrease by 0.46 percentage point
Technology development and services	18,549,257.39	15,283,734.00	17.60	-32.51	-13.18	Decrease by 18.36 percentage points
Others	15,674,420.35	14,852,361.99	5.24	-48.57	-43.49	Decrease by 8.51 percentage points

Main business by region

By region	Operating income	Operation cost	Gross profit margin (%)	Change in operating income over the previous year (%)	Change in operating cost over the previous year (%)	Change in gross profit margin over the previous year (%)
Domestic	737,618,700.84	454,551,186.82	38.38	17.30	16.28	Increase by 0.55 percentage point

Main business by sales model

Sales Model	Operating income	Operation cost	Gross profit margin (%)	Change in operating income over the previous year (%)	Change in operating cost over the previous year (%)	Change in gross profit margin over the previous year (%)
Direct sales	737,618,700.84	454,551,186.82	38.38	17.30	16.28	Increase by 0.55 percentage point

Explanation on main business by industry, product, region and sales model

The Company's principal business focuses on the domestic hydrogen fuel cell industry. During the Reporting Period, the operating revenue from the hydrogen fuel cell industry increased by 17.30% year-on-year, and the gross profit margin increased by 0.55% year-on-year. In terms of business types, the revenue from the fuel cell system increased by 32.14% year-on-year, and the gross profit margin decreased by 0.42%, basically the same as last year; the revenue from parts and components decreased by 64.31% year-on-year, and the gross profit margin decreased by 0.46%. The decrease in revenue from parts and components was mainly due to the inclusion of sales revenue from customized hydrogen systems for the same period of 2021; the revenue from technology development and services decreased by 32.51% year-on-year, and the gross profit margin decreased by 18.36%, which was mainly due to the decrease in the business entrusted by the Company for customized development during the Reporting Period; other income decreased by 48.57% year-on-year, and the gross profit margin decreased by 8.51%. The decrease in other income was mainly due to the decrease in revenue from the testing equipment business and hydrogen fueling station operation business of the Company's subsidiaries during the Reporting Period. The decrease in gross profit margin of other income was mainly due to the decrease in gross profit margin of other income was mainly due to the decrease in gross profit margin of other income was mainly due to the decrease in gross profit margin of other income was mainly due to the decrease in gross profit margin of other income was mainly due to the decrease in gross profit from the hydrogen fueling station operation business.

Main products	Unit	Production volume	Sales volume	Inventory	Change in production volume over the previous year (%)	Change in sales volume over the previous year (%)	Change in inventory over the previous year (%)
Fuel cell system	set	1,683	1,537	411	113.31	183.06	4.05

(2). Analysis of production and sales volume

Explanation on production and sales volume

With the implementation of demonstration city clusters policies for fuel cell, the fuel cell industry has achieved rapid development in 2022. During the Reporting Period, the sales volume and production volume of the Company's fuel cell systems increased significantly year-on-year, representing a year-on-year increase of 113.31% and 183.06%, respectively.

(3). Cost analysis

Unit: RMB

	By indu						
By industry	Cost components	Amount for the period	Proportion of total cost for the period (%)	Amount for the same period of previous year	Proportion of total cost for the same period of previous year (%)	Year-on-year change (%)	Description
Hydrogen fuel cell industry	Material costs	360,060,944.19	79.21	343,116,010.81	87.77	4.94	Increase in sales volume of fuel cell systems installed in the Company's self- produced stacks during the period
Hydrogen fuel cell industry	Staff costs	53,245,138.38	11.71	23,736,211.83	6.07	124.32	Increase in sales volume of fuel cell systems installed in the Company's self- produced stacks during the period
Hydrogen fuel cell industry	Other expenses	41,245,104.25	9.07	24,073,471.03	6.16	71.33	Increase in sales volume of fuel cell systems installed in the Company's self- produced stacks during the period

By product							
By product	Cost components	Amount for the period	Proportion of total cost for the period (%)	Amount for the same period of previous year	Proportion of total cost for the same period of previous year (%)	Year-on-year change (%)	Description
Fuel cell system	Material costs	335,341,241.73	81.67	290,847,614.74	94.26	15.30	Increase in sales volume of fuel cell systems installed in the Company's self- produced stacks during the period
Fuel cell system	Staff costs	36,591,832.60	8.91	10,936,191.29	3.54	234.59	Increase in sales volume of fuel cell systems installed in the Company's self- produced stacks during the period
Fuel cell system	Other expenses	38,659,754.55	9.42	6,765,058.00	2.19	471.46	Increase in sales volume of fuel cell systems installed in the Company's self- produced stacks during the period
Components	Material costs	12,031,070.18	87.04	36,749,115.46	95.48	-67.26	Decrease in sales of customized hydrogen system during the period
Components	Staff costs	1,300,743.11	9.41	465,576.02	1.21	179.38	Increase in external sales of the Company's self- produced stacks during the period
Components	Other expenses	490,448.66	3.55	1,274,681.39	3.31	-61.52	Decrease in sales of customized hydrogen system during the period
Technology development and services	Material costs	22,150.90	0.14	161,394.75	0.92	-86.28	Revenue for the period mainly represents technical support services

	By product							
					Proportion of total			
By product	Cost components	Amount for the period	Proportion of total cost for the period (%)	Amount for the same period of previous year	cost for the same period of previous year (%)	Year-on-year change (%)	Description	
Technology development and services	Staff costs	13,868,705.51	90.74	9,685,097.53	55.02	43.20	Revenue for the period mainly represents technical support services	
Technology development and services	Other expenses	1,392,877.59	9.11	7,756,929.55	44.06	-82.04	Decrease in commissioned custom testing and development business during the period	
Others	Material costs	12,666,481.38	85.28	15,357,885.87	58.43	-17.52	Decrease in operating income from testing equipment and hydrogen fueling stations during the period	
Others	Staff costs	1,483,857.17	9.99	2,649,346.99	10.08	-43.99	Decrease in revenue from testing equipment during the period	
Others	Other expenses	702,023.44	4.73	8,276,802.09	31.49	-91.52	Decrease in revenue from testing equipment during the period	

(4). Information on major customers and major suppliers

A. Major sales customers of the Company

The sales to the top five customers amounted to RMB655.4887 million, representing 88.81% of the total sales for the year; among which, the sales to related parties amounted to nil, representing 0% of the total sales for the year.

Top five customers of the Company

Unit: RMB0'000

No.	Name of customer ^(Note)	Sales	Percentage of total annual sales (%)	Whether there is any connected relationship with the listed company
1	Customer A	23,382.31	31.68	No
2	Customer I	17,053.19	23.10	No
3	Meijin Energy	15,168.14	20.55	No
4	FAW Jiefang	8,009.71	10.85	No
5	Customer L	1,935.52	2.62	No
Total		65,548.87	88.81	/

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

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

Among the top five customers of the Company, Meijin Energy and FAW Jiefang, were new customers of the Company for the period in 2022.

B. Major suppliers of the Company

Purchases from the top five suppliers amounted to RMB236.7958 million, representing 45.77% of the total purchases for the year, of which purchases from related parties amounted to nil, representing 0% of the total purchases for the year.

Top five suppliers of the Company

Unit: RMB0'000

No.	Name of supplier (Note)	Purchase amount	Percentage of annual total purchases (%)	Whether there is any connected relationship with the listed company
1	Supplier B	14,233.05	27.51	No
2	Supplier I	3,486.90	6.74	No
3	Supplier G	2,783.17	5.38	No
4	Supplier J	1,843.20	3.56	No
5	Supplier H	1,333.26	2.58	No
Total		23,679.58	45.77	/

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

During the Reporting Period, to the best knowledge of Directors, none of the Directors, their close associates or shareholders of the Company (which to the knowledge of the Directors own more than 5% of the Company's issued share capital) had any interest in the Company's top five suppliers or top five customers.

(III) Expenses

Unit: RMB0'000

ltem	Amount of current period	Amount of last period	Percentage of change (%)
Selling expenses	104,881,392.84	62,278,799.80	68.41
Administrative expenses	212,567,707.86	135,833,396.99	56.49
Financial expenses	-5,344,811.83	-10,277,751.14	-
Credit impairment losses	-30,797,642.94	-172,829,874.33	_

1. During the Reporting Period, the Company's selling expenses increased by 68.41% year-on-year, which was mainly due to: (1) the continuous expansion of the Company's marketing team, and the increase in labor expenses as a result of the adjustment and optimization of the Company's salary structure in the second half of 2021; (2) during the Reporting Period, the expenses of marketing and business development services increased along with the growth of sales scale.

- 2. During the Reporting Period, the administrative expenses of the Company increased by 56.49% year-on-year, which was mainly due to: (1) the introduction of professional management talents to improve the Company's operation and management standards, and the increase in labor expenses as a result of the adjustment and optimization of the Company's salary structure in the second half of 2021; (2) the increase in long-term assets in operation will lead to an increase in depreciation and amortization as a result of the continuous expansion of the Company's scale; (3) the Company accrued expenses related to the listing of H Shares during the Reporting Period.
- 3. During the Reporting Period, the financial expenses of the Company increased by RMB4.9329 million yearon-year, mainly due to the interest expenses arising from the increase in bank financing and the decrease in interest income arising from bank deposits during the Reporting Period.
- 4. During the Reporting Period, the credit impairment losses of the Company decreased by RMB142.0322 million year-on-year, which was mainly due to the provision for bad debt losses of receivables from customers, i.e. Shenlong Bus and Zhongzhi Vehicle (Chun'an), in the same period of 2021, reaching 90%.

1. Cash flow

			Unit: RMB
Item	Amount of current period	Amount of last period	Percentage of change (%)
Net cash flows from operating activities ("-" for outflow) Net cash flows from investing activities	-332,111,733.96	-121,307,530.91	_
("-" for outflow) Net cash flows from financing activities	-3,620,395.01	-592,566,393.53	_
("-" for outflow)	147,555,789.35	552,911,580.12	-73.31

- 1. Explanation on changes in net cash flows from operating activities during the Reporting Period: the net cash outflows from operating activities of the Company increased by RMB210.8042 million year-on-year, which was mainly due to the following: (1) with the expansion of business scale and in order to seize the opportunities for the large-scale development of the fuel cell market, the Company increased its investment in talent team building, and the cash outflow for payment to employees during the Reporting Period increased by RMB85.1226 million year-on-year; and (2) during the Reporting Period, the Company's sales proceeds decreased by RMB83.1475 million year-on-year.
- 2. Explanation on changes in net cash flows from investing activities during the Reporting Period: the net cash outflows from investing activities of the Company decreased by RMB588.946 million year-on-year, which was mainly due to the redemption of funds for the purchase of bank wealth management products on maturity during the Reporting Period.
- 3. Explanation on changes in net cash flows from financing activities during the Reporting Period: the net cash flows from financing activities of the Company decreased by 73.31% year-on-year, which was mainly due to the completion of simplified refinancing by the Company and the capital increase from new shareholders of SinoFuelCell, a subsidiary of the Company, in the same period of 2021.
- 4. During the Reporting Period, the net cash outflow from operating activities of the Company was RMB332.1117 million, and the net loss for the period was RMB194.7259 million. The difference was mainly due to the fact that the fuel cell industry in which the Company operates was still in the early stage of commercial development. Affected by the distribution cycle of fuel cell subsidy, the Company's customers, namely major domestic mainstream automobile manufacturers had transferred capital pressure to upstream suppliers.

2. Explanation on material changes in profit due to non-principal business

Unit: RMB

Item	Amount of current period	Amount of last period	Percentage of change (%)
Investment income	-13,176,079.55	-3,294,231.53	_
Impairment losses of assets	-90,370,779.71	-51,188,562.74	_

- 1. Investment loss of the Company increased by RMB9.8818 million year-on-year, mainly due to the establishment of Toyota Sinohytec, a joint venture of the Company, in the second half of 2021, which is currently at the initial stage of establishment, and the Company recognized negative investment income during the Reporting Period.
- 2. Impairment losses on assets of the Company increased by RMB39.1822 million year-on-year, which was mainly due to: (1) in order to further consolidate the quality of the Company's assets, the Company has made provisions for impairment losses on certain inventories and fixed assets that could no longer meet the market demand of customers or be suitable for the Company's products on sale; (2) provision for impairment loss of RMB24.0054 million was made for the equity investment in an associate, Zhangjiakou Haiper.

(IV) Analysis of assets and liabilities

1. Assets and liabilities

Unit: RMB

Item Name	Closing balance of current period	Percentage of total assets at the end of the period (%)	Closing balance of previous period	Percentage of total assets at the end of the previous period (%)	Change in amount at the end of the period over the end of the previous period (%)
Financial assets held-for- trading	25,165,123.28	0.67	222,170,136.99	6.13	-88.67
Bill receivables	31,170,000.00	0.82	18,912,912.49	0.52	64.81
Account receivables	1,083,033,929.46	28.66	719,778,554.39	19.86	50.47
Receivables financing	21,990,000.00	0.58	105,677,473.37	2.92	-79.19
Contract assets	33,719,757.81	0.89	25,785,026.01	0.71	30.77
Fixed assets	478,969,668.22	12.67	229,531,339.34	6.33	108.67
Construction in progress	14,446,330.11	0.38	191,330,385.42	5.28	-92.45
Right-of-use assets	25,669,719.66	0.68	11,857,166.65	0.33	116.49
Intangible assets	204,985,879.25	5.42	139,103,035.69	3.84	47.36

Item Name	Closing balance of current period	Percentage of total assets at the end of the period (%)	Closing balance of previous period	Percentage of total assets at the end of the previous period (%)	Change in amount at the end of the period over the end of the previous period (%)
Deferred income tax assets	130,545,747.97	3.45	89,115,983.38	2.46	46.49
Other non-current assets	52,301,386.65	1.38	32,366,685.08	0.89	61.59
Short-term borrowings	229,872,186.96	6.08	99,937,936.15	2.76	130.01
Bills payable	114,143,006.75	3.02	83,268,464.77	2.30	37.08
Accounts payable	399,794,860.24	10.58	285,557,421.55	7.88	40.01
Advances from customers	27,522.93	0.00	102,495.42	0.00	-73.15
Accrued payroll	49,339,486.30	1.31	37,772,846.57	1.04	30.62
Taxes payable	7,929,205.25	0.21	5,125,439.69	0.14	54.70
Non-current liabilities due within one					
year	9,113,362.44	0.24	24,963,462.69	0.69	-63.49
Other current liabilities	11,614,079.94	0.31	18,355,178.23	0.51	-36.73
Long-term borrowings	19,417,783.33	0.51	-	-	-
Lease liabilities	14,299,147.15	0.38	3,506,163.10	0.10	307.83
Accrued liabilities	37,428,122.52	0.99	28,651,394.48	0.79	30.63

Other explanation

- 1. Financial assets held for trading decreased by 88.67% as compared with the end of the previous period, mainly due to the redemption of bank wealth management products on maturity at the end of the previous period.
- 2. Bills receivable increased by 64.81% as compared with the end of the previous period, and receivables financing decreased by 79.19% as compared with the end of the previous period, mainly due to the bank acceptance bills received by the Company during the Reporting Period were accounted for according to different bank levels.
- 3. Account receivables increased by 50.47% as compared with the end of the previous period, mainly due to the further increase in the operating income of the Company during the Reporting Period, as well as the lower-than-expected payment from customers due to the impact of fuel cell subsidy cycle.
- 4. Contract assets increased by 30.77% as compared with the end of the previous period, mainly due to the year-on-year increase of 32.14% in the Company's fuel cell system revenue during the Reporting Period, and the corresponding increase in the balance of contract assets.
- 5. Fixed assets increased by 108.67% as compared with the end of the previous period, and construction in progress decreased by 92.45% as compared with the end of the previous period, mainly due to the transfer of the Company's "phase II of fuel cell engine production base construction project" into fixed assets upon completion during the Reporting Period.

- 6. Right-of-use assets increased by 116.49% as compared with the end of the previous period, and lease liabilities increased by 307.83% as compared with the end of the previous period, mainly due to the increase in leased area of office premises of the Company and its subsidiaries during the Reporting Period as the Company expanded its business scale.
- 7. Intangible assets increased by 47.36% as compared with the end of the previous period, mainly due to the recognition of relevant intangible assets upon the completion and acceptance of the Company's R&D projects during the Reporting Period.
- 8. Deferred income tax assets increased by 46.49% as compared with the end of the previous period, mainly due to the Company's provision for impairment and recognition of deductible losses during the Reporting Period.
- 9. Other non-current assets increased by 61.59% as compared with the end of the previous period, mainly due to the Company's prepayment for purchase of relevant equipment for R&D and production needs during the Reporting Period.
- 10. Short-term borrowings increased by 130.01% as compared with the end of the previous period, and long-term borrowings increased by RMB19.4178 million as compared with the end of the previous period, mainly due to the reasonable use of bank credit by the Company in combination with the actual operation in the current period to obtain bank loans within the credit facilities.
- 11. Bills payable increased by 37.08% as compared with the end of the previous period, and account payables increased by 40.01% as compared with the end of the previous period, mainly due to the increase in the purchase of raw materials and components of the Company during the Reporting Period as a result of the expansion of sales scale.
- 12. Advances from customers decreased by 73.15% as compared with the end of the previous period, mainly due to the decrease in advance payment of housing rental of subsidiaries.
- 13. Accrued payroll increased by 30.62% as compared with the end of the previous year, mainly due to the increase in the number of employees in each business category at the end of the current period as compared with the end of the previous year as the Company continued to strengthen the introduction of talents.
- 14. Taxes payable increased by 54.70% as compared with the end of the previous period, mainly due to the increase in value-added tax and other taxes resulting from the increase in operating income of the Company during the Reporting Period.
- 15. Non-current liabilities due within one year decreased by 63.49% as compared with the end of the previous period, mainly due to the repayment of long-term borrowings due within one year of the Company in the current period.
- 16. Other current liabilities decreased by 36.73% as compared with the end of the previous period, mainly due to the accounting treatment for bank bills with low credit rating endorsed and transferred by the Company that were not derecognized during the Reporting Period.
- 17. Estimated liabilities increased by 30.63% as compared with the end of the previous period, mainly due to the provision of product after-sales warranty by the Company based on sales revenue during the Reporting Period.

2. Major restricted assets as at the end of the Reporting Period

For details, please refer to "81. Assets with restricted ownership or right-of-use" under "V. Notes to the Consolidated Financial Statements" of "Section X Financial Statements Prepared In Accordance with the PRC Accounting Standards for Business Enterprises".

(V) Analysis of industry operational information

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

(VI) Analysis of investment status

Overall analysis of external equity investment

Unit: RMB

Investment amount during the Reporting Period	Amount invested in the same period of previous year	Change
201,000,000.00	344,400,000.00	-41.64%

Details of the Company's external equity investment during the Reporting Period are as follows: 1. the Company established Zhengzhou SinoHytec Power Technology Co., Ltd. as its wholly-owned subsidiary, with a registered capital of RMB50 million; 2. SinoFuelCell established Tangshan SinoFuelCell Co., Ltd. as its wholly-owned subsidiary, with a registered capital of RMB30 million; 3. the Company and Beiqi Foton jointly established Beijing Caven New Energy Automobile Co., Ltd. with a registered capital of RMB500 million; and 4. the registered capital of Beijing Future Hydrogen Valley Technology Co., Ltd., a wholly-owned subsidiary of the Company, was increased by RMB71 million from RMB30 million to RMB101 million. The above equity investments amounted to RMB201 million.

1. Financial assets measured at fair value

Unit: RMB

Type of assets	Opening balance	Profit or loss from changes in fair value during the period	Accumulated changes in fair value recognized in equity	Impairment provided during the period	Amount purchased during the period	Amount sold/ redeemed during the period	Other changes	Closing balance
Others	501,547,610.36	165,123.28	2,600,000.00	0.00	90,489,843.07	371,177,316.44	-170,136.99	223,455,123.28
Including: Financial assets								
held-for-trading	222,170,136.99	165,123.28				197,000,000.00	-170,136.99	25,165,123.28
Receivables financing	105,677,473.37				90,489,843.07	174,177,316.44		21,990,000.00
Other equity instrument								
investments	170,900,000.00		2,600,000.00					173,500,000.00
Other non-current financial								
assets	2,800,000.00							2,800,000.00
Total	501,547,610.36	165,123.28	2,600,000.00	0.00	90,489,843.07	371,177,316.44	-170,136.99	223,455,123.28

(VII) Analysis of major controlling and investee companies

Name of company	Nature of company	Type of company	Registered capital	Percentage of shareholding	Nature of business
SinoFuelCell	Majority-controlled subsidiary	Limited liability company	RMB84,952,654	25.60%	Design and development of fuel cell stacks
SinoHytec Power	Wholly-owned subsidiary	Limited liability company	RMB129,668,010	100.00%	Production of fuel cell power system
Beijing Juxinghuatong Hydrogen Energy Technology Co., Ltd.	Wholly-owned subsidiary	Limited liability company	RMB30,000,000	100.00%	New energy technology promotion
Chengdu Yitonghua	Wholly-owned subsidiary	Limited liability company	RMB50,000,000	100.00%	Technology development
Toyota Sinohytec	Joint venture	Limited liability company	4,500,000,000 Japanese yen	50.00%	Technology promotion
United Fuel Cell	Associate	Limited liability company	1,673,000,000 Japanese yen	15.00%	Technology promotion
Zhangjiakou Haiper	Associate	Limited liability company	RMB79,166,668	26.22%	Technology promotion

For details, please refer to "VII. Interests in other entities" of "Section X Financial Statements Prepared In Accordance with the PRC Accounting Standards for Business Enterprises".

VI. Discussion and analysis on the Company's future development

(I) Industry landscape and trend

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

(II) Development strategy of the Company

The Company's mission is to leverage advanced hydrogen fuel cell technologies to contribute to China's "carbon emission peak and carbon neutrality" goal and empower global energy transition. We are committed to becoming a global leader in hydrogen fuel cell technologies for promoting a sustainable and low carbon future. Our goal is to become a world leading fuel cell system provider. To this end, the Company intend to achieve this goal by implementing the following strategies:

1. Further advance the R&D of fuel cell systems and core components

The Company will continue to conduct R&D and the testing activities to improve our products' environmental capabilities, durability, reliability, efficiency, safety and economy, thereby further optimizing performance and upgrading of the Company's products. The Company intend to leverage our years of experience in the fuel cell system industry and our understanding of the downstream market to improve our R&D capabilities. To further commercialize the Company's fuel cell related researches, the Company plans to collaborate with industrial, educational and research institutions and further build our competitive strengths. We also intend to explore overseas R&D opportunities to develop key raw materials for our fuel cell stacks.

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

The Company plans to relieve us from capacity constraints during the peak season by upgrading the capacity of the fuel cell stacks in Shanghai. Taking into account various factors, including the current preferential policies for fuel cell-related industries in China, the estimated growth in demand for fuel cell vehicles in the next five years, the utilization of existing production facilities and the seasonality of the Company's production, the need to maintain the Company's competitive advantages in the market, and the estimated construction costs, the Company believes that it is necessary to expand the production capacity for fuel cell stacks at Shanghai plant. Based on the scale of operation and production capacity, the Company can benefit from economies of scale while improving its ability to cope with the risks of seasonal fluctuations.

3. Strategically expand our customer base and geographical coverage

The Company intends to maintain and expand our customer base to increase market share. The Company improved its product performance and increased its product portfolio by improving its comprehensive research and development capabilities to meet customer needs. The Company intends to promote new products to more vehicle manufacturers and customers to achieve higher customer penetration and expand the diversified application scenarios of fuel cell systems. Meanwhile, the Company's marketing strategy will focus on the regional development of the fuel cell vehicles industry in China and the geographic distribution of hydrogen resources. As China's fuel cell vehicle industry gradually matures, the Company expects to seize the opportunities emerged from technological advancement and utilize the domestic demonstration city cluster network for hydrogen energy to realize the hydrogen energy industry cluster.

4. Expand and strengthen the Company's supply chains

As the Company continue to improve production capacity and increase sales volume, supplier relationships is the key to the Company's continued success in the future. The Company has established business relationships with many well-known suppliers of fuel cell parts and components in the market. The Company intends to further cooperate with them, identify alternative suppliers and pursue the vertical integration of our supply chains and resources to reduce raw material costs, ensure component supply and improve product quality. In addition, we plan to further strengthen our supply chains through selective alliances, investments or acquisitions.

5. Improve brand awareness and promote the application of fuel cell products

Brand awareness is critical to the Company's future development and customer base. The Company plans to improve our brand recognition through product promotion and multi-channel marketing, including but not limited to organize or participate in industry events, product exhibitions or launch events, conduct internet and conventional advertising and upgrade the Company's website to increase the public exposure of our brand and products. Further, the Company will promote the application of the Company's fuel cell systems through assisting commercial vehicle manufacturers in their testing of prototypes and production and launch of new fuel cell vehicle models.

(III) Operation plan

In 2023, the Company will continue to adhere to the philosophy of market-oriented and customer-centric business, seize the opportunities of "dual carbon" and demonstration city clusters for fuel cell, further improve product development and quality management capabilities, strengthen marketing and expand sales scale.

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

The Company has always adhered to the overall layout of "Advance Research", "Continuous Development" and "In-depth Promotion" during R&D. In 2023, the Company will continue to be market-oriented and customer-centric in product development planning, focusing on optimizing low-temperature activation performance, improving product reliability, durability and integration and other core technical indicators. At the same time, the Company will accelerate the construction of fuel cell comprehensive testing and evaluation center to further improve the R&D, testing and verification capabilities.

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

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

3. Strengthen market expansion and expand sales scale

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

VII. EXPLANATION AND REASONS FOR THE COMPANY'S FAILURE TO DISCLOSE ACCORDING TO THE STANDARDS DUE TO NON-APPLICATION OF THE PROVISIONS OF THE STANDARDS OR SPECIAL REASONS SUCH AS STATE SECRETS AND TRADE SECRETS

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

VIII. OTHER DISCLOSURES

(I) Sufficiency of public float of H shares

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

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

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

(III) Directors' and Supervisors' service contracts

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

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

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

(V) Permitted indemnity provision

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

(VI) Pre-emptive rights arrangement

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

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

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

(VIII) Remuneration of Directors, Supervisors and Senior Management

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

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

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

(X) Significant events after the Reporting Period

Subsequent to the Reporting Period, the Company completed the initial public offering and listing of its shares on the Hong Kong Stock Exchange on the Listing Date. In addition, on February 3, 2023, the over-allotment option was partially exercised, pursuant to which an aggregate of 670,450 additional H Shares were issued by the Company, and the listing of and dealing in such over-allotment shares on the Main Board of the Stock Exchange commenced at 9: 00 a.m. on February 8, 2023.

Save for the above, the Group had no material subsequent events as of the date of this report.

(XI) Management contracts

No contracts, other than employment contracts, concerning the management and administration of the whole or any substantial part of the Company's business were entered into or existed during 2022.

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

None of the Directors and Supervisors or their respective associates was granted by the Company or its subsidiaries any right to acquire shares or debentures of the Company or any other body corporate, or had exercised any such right during the Reporting Period or at the end of 2022.

(XIII) Equity-linked agreements

No equity-linked agreements were entered into by the Company during 2022 and no any such agreement subsisted at the end of 2022.

(XIV) Major customers and suppliers

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

(XV) Pension schemes

The Group participates in state-managed retirement benefit schemes established by the respective local governments for its employees in Mainland PRC. Pursuant to the relevant regulations, the premiums and welfare benefit contributions borne by the Group are calculated and paid to the relevant labor and social welfare authorities on a regular basis. The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC-based employees payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the PRC government. In addition, our employees in the PRC are entitled to participate in various government-supervised housing funds, medical insurance and other social insurance plans. The Company contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling.

There are no forfeited contributions (by the Group on behalf of its employees who leave the scheme prior to vesting fully in such contributions) available to the Group to reduce the contributions payable in future years or to reduce the Group's existing level of contributions to the pension scheme. Please refer to "39. Employee benefits payable" under "V. Notes to the Consolidated Financial Statements of "Section X Financial Report Prepared in Accordance with PRC Accounting Standards for Business Enterprises" of this report for details of the pension schemes provided by the Group.

(XVI) Reserves and distributable profit reserves

Please refer to "59. Surplus reserve" and "60. Undistributed profits" of "V. Notes to the Consolidated Financial Statements" of "Section X Financial Report Prepared in Accordance with PRC Accounting Standards for Business Enterprises" in this Report for details of the changes in the reserves and reserves of distributable profits of the Company.

(XVII) Fixed assets

For details of the fixed assets of the Group as of December 31, 2022, please refer to "21. Fixed assets" under "V. Notes to the Consolidated Financial Statements" of "Section X Financial Report Prepared in Accordance with PRC Accounting Standards for Business Enterprises" in this report.

(XVIII) Contracts with controlling shareholders

During the year ended December 31, 2022, no material contract has been entered into between the Company or any of its subsidiaries and the controlling shareholder or any of its subsidiaries, and no material contract for the provision of services to the Company or any of its subsidiaries by the controlling shareholder or any of its subsidiaries was entered into.

(XIX) Change of consolidation scope

The Company established Zhengzhou SinoHytec Power Technology Co., Ltd. as a wholly-owned subsidiary on August 4, 2022 and Tangshan SinoFuelCell Co., Ltd. as a wholly-owned subsidiary on June 23, 2022.

On October 10, 2022, the Company deregistered Beijing Qinggu Technology Co., Ltd., one of its wholly-owned subsidiaries. The Company has not commenced any specific business, therefore the deregistration will not have any adverse impact on the Company.

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

(XX) Profit distribution policy of the Company

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

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

(XXI) Tax credit

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

(XII) Analysis of financial position

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

Liquidity and capital structure	Closing	Opening
(1) Gearing ratio	27.37%	20.18%
(2) Quick ratio	2.36	3.66
(3) Current ratio	2.73	4.12

Notes:

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

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

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

(XXIV) Details of charges on assets of the Company

For details of the charges on assets of the Company, please refer to "81. Assets with restricted ownership or right-of-use" under "V. Notes to the Consolidated Financial Statements" of "Section X Financial Report Prepared in Accordance with PRC Accounting Standards for Business Enterprises".

(XXV) Use of proceeds from the Global Offering

The Company issued ordinary shares at HK\$60 per share, offered 17,628,000 H shares in Hong Kong and overallotted 670,450 H shares, which were listed on the Main Board of the Hong Kong Stock Exchange on January 12, 2023 and February 8, 2023, respectively. The net proceeds from the Global Offering received by the Company, after deducting underwriting fees and commissions and other expenses payable by the Company in connection with the Global Offering, amounted to approximately HK\$1,022 million. During the period from the Listing Date to the date of this report, the net proceeds from the Global Offering were used as follows:

	Approximate percentage of total net proceeds (%)	Net proceeds from the Global Offering (HK\$100 million)	Net proceeds utilized up to the date of this report (HK\$100 million)	Remaining net proceeds up to the date of this report (HK\$100 million)	Expected time of full utilization of the remaining net proceeds
Funding research and development	75.0	7.67	0	7.67	By the end of the year ended December 31, 2025
 Develop a new generation of integrated research and development platform 	50.2	5.13	0	5.13	By the end of the year ended December 31, 2025
 Financing overseas research and development projects 	24.8	2.54	0	2.54	By the end of the year ended December 31, 2025
Product promotion and marketing	15.0	1.53	0	1.53	By the end of the year ended December 31, 2025
General working capital	10.0	1.02	0	1.02	By the end of the year ended December 31, 2023
Total	100.0	10.22	0	10.22	

The Group will further use the proceeds from the Global Offering for the proposed purposes set out in the prospectus of the Company dated December 29, 2022.

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

As the H Shares were not listed on the Hong Kong Stock Exchange on December 31, 2022, the Securities and Futures Ordinance ("**SFO**") was not applicable to the Company during the Reporting Period.

As at the date of this annual report, based on the information available to the Company and to the best knowledge of the Directors, the following Directors and Supervisors of the Company had interests and/or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they are taken or deemed to have under such provisions of the SFO), or which are required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, or interests and/or short positions required to be recorded in the register kept by the Company under section 352 of the SFO:

Name	Capacity/Nature of interest	Class of shares	Number of shares held	Approximate percentage of interest in the relevant class of shares (%) ^(Note 1)	Approximate percentage of interest in the total shares (%) ^(Note 1)
Zhang Guoqiang	Beneficial owner	A share	18,594,117 (Long position)	18.61	15.73
Wu Yong	Interest of controlled corporation ^(Note 2)	A share	5,634,115 (Long position)	5.64	4.77
Zhang He	Beneficial owner	A share	2,800,000 (Long position)	2.80	2.37
Song Haiying	Beneficial owner	A share	1,332,022 (Long position)	1.33	1.13
Dai Dongzhe	Beneficial owner	A share	207,822 (Long position)	0.21	0.18

Interests in shares of the Company

Note:

- 1. The percentage is calculated by dividing the number of relevant class of shares of the Company in issue as at the date of this annual report by the total number of shares.
- 2. Beijing Shuimu Chuangxin Investment Management Center (G.P.) is the general partner of Shuimu Sail, Shuimu Changfeng and Shuimu Yuanjing. As of the date of this annual report, Shuimu Sail, Shuimu Changfeng and Shuimu Yuanjing held approximately 2.62%, 1.70% and 1.31% equity interest in the Company, respectively. Wu Yong is the general partner of Beijing Shuimu Chuangxin Investment Management Center (G.P.), which is owned as to 10% by Wu Yong and 80% by Gongqingcheng Shuimu Guoxin Venture Capital Management Center (L.P.). Gongqingcheng Shuimu Guoxin Venture Capital Management Center (L.P.) is owned as to approximately 54.55% by Wu Yong. Therefore, Wu Yong is deemed to be interested in the Shares held by Shuimu Sail, Shuimu Changfeng and Shuimu Yuanjing under the SFO.

Interests in associates of the Company

Name	Name of associate	Capacity/Nature of interest	Approximate percentage of shareholding (%)
Song Haiying	Zhangjiakou Haiper	Interest of controlled corporation ^(Note 1)	11.37
Wu Yong	Zhangjiakou Haiper	Interest of controlled corporation ^(Note 2)	3.79
	SinoFuelCell	Interest of controlled corporation (Note 2)	10.87

Notes:

- As at the end of the Reporting Period, Zhangjiakou Qindahang Technology Partnership (L.P.) holds approximately 11.37% equity interest in Zhangjiakou Haiper. Zhangjiakou Qindahang Technology Partnership (L.P.) is owned as to 80% by Song Haiying. Accordingly, Song Haiying is deemed to be interested in the equity interest held by Zhangjiakou Qindahang Technology Partnership (L.P.) by virtue of the SFO.
- 2. Beijing Shuimu Chuangxin Investment Management Center (G.P.) is the general partner of Shuimu Sail and Shuimu Yuanjing. As at the end of the Reporting Period, Shuimu Sail holds approximately 3.79% equity interest in Zhangjiakou Haiper, while Shuimu Sail and Shuimu Yuanjing hold approximately 7.78% and 3.09% equity interest in SinoFuelCell, respectively. Wu Yong is the general partner of Beijing Shuimu Chuangxin Investment Management Center (G.P.), which is owned as to 10% by Wu Yong and 80% by Gongqingcheng Shuimu Guoxin Venture Capital Management Center (L.P.). Gongqingcheng Shuimu Guoxin Venture Capital Management Center (L.P.) is owned as to approximately 54.55% by Wu Yong. Therefore, Wu Yong is deemed to be interested in the equity interest held by Shuimu Sail and Shuimu Yuanjing under the SFO.

SECTION IV CORPORATE GOVERNANCE

I. EXPLANATION ON CORPORATE GOVERNANCE

During the Reporting Period, the Company strictly complied with the requirements of relevant laws, regulations and regulatory documents such as the Company Law, the Securities Law, the SSE STAR Market Listing Rules, the Guidelines for Self-discipline Supervision of Listed Companies on the SSE STAR Market No. 1 - Standardized Operation and the Articles of Association, as well as the requirements of internal systems such as the Rules of Procedure for the General Meeting, the Rules of Procedure for the Board of Directors, the Rules of Procedure for the Board of Supervisors, the Working System for Independent Directors, the Working Rules for the General Manager, the Working Rules for the Secretary to the Board of Directors, the Management System for Information Disclosure, the Management System for Special Deposit and Use of Proceeds, the Management System for Investor Relations, the Registration System for Persons with Inside Information, the Management and Decision-making System for Related Party Transactions and the Management Measures for External Guarantees. The Board of the Company has set up four special committees, namely the Strategy Committee, the Audit Committee, the Nomination Committee and the Remuneration and Evaluation Committee, to provide advice and suggestions for the Board's major decisions, so as to ensure the specialization and efficiency of the Board's deliberation and decision-making. Since its establishment, the Company has established an operating mechanism for the general meeting, the Board, the Supervisory Committee and the management. Independent Directors and the secretary to the Board can effectively enhance the fairness and reasonableness of the Board's decision-making, and the corporate governance structure can operate effectively in accordance with relevant laws and regulations and the Articles of Association.

II. BRIEF INTRODUCTION OF GENERAL MEETING

	Date of	Query index of the designated website	Date of disclosure for publishing		
Session of the meeting	convening	for publishing resolutions	resolutions	Resolu	Resolution of meeting
2022 First Extraordinary General Maating	January 10, 2022	http://static.sse.com.cn/disclosure/listedinfo/announcement/c/new/ January 11, 2022 2022–01–11/688330 20220111 1 - BereAT_windf		<i></i>	Proposal on Resignation of Independent Director and By-election of Independent Director
Miccung 2022 Serond Extraordinary	March 24 2022	2022 VIII 100000002222022011121120110011201101120110101000000	March 75 2022		Pronoceal on the 2022 Estimated Oriota of Ordinaev Balated Party Transartions
General Meeting		ערבייזא איז איז איז איז איז איז איז איז איז	111ai mi 27, 2022		Proposal on the Re-appointment of Accounting Firms
2021 Annual General Meeting	May 20, 2022	http://static.sse.com.cn/disclosure/listedinfo/announcement/c/new/ May 21, 2022	May 21, 2022	<u>,</u>	Proposal on the 2021 Annual Report (and its Abstract)
		2022-05-21/688339_20220521_1_xistMy6s.pdf		2.	Proposal on the 2021 Work Report of the Board
				с.	Proposal on the 2021 Work Report of the Supervisory Committee
				4.	Proposal on the 2021 Final Accounts Report
				Ŀ.	Proposal on the 2021 Work Report of Independent Directors
				.9	Proposal on the 2021 Report of the Performance of Duties by the Audit Committee
				7.	Proposal on the Amendments to the Articles of Association of Beijing SinoHytec Co.,
					Ltd. (Draft)
				∞.	Proposal on the Amendments to the Rules of Procedure of the General Meeting of
					Beijing SinoHytec Co., Ltd. Applicable upon the Issuance of H Shares
				9.	Proposal on the Amendments to the Rules of Procedure for the Board of Beijing
					SinoHytec Co., Ltd. Applicable upon the Issuance of H Shares
				10.	Proposal on the Amendments to the Administrative Measures for External Guarantees
					of Beijing SinoHytec Co., Ltd. Applicable upon the Issuance of H Shares
				1.	Proposal on the Amendments to the Working Rules of Independent Non-executive
					Directors of Beijing SinoHytec Co., Ltd. Applicable upon the Issuance of H Shares
				12.	Proposal on the Amendments to the Management System for Special Deposit and
					Use of Proceeds of Beijing SinoHytec Co., Ltd. Applicable upon the Issuance of H
					Shares

SECTION IV CORPORATE GOVERNANCE

Controlling Shareholders and Related Parties from Embezzling the Company's Fund

Proposal on the Amendments to the Special System to Take Precautions Against

<u>.</u>

Proposal on the Amendments to the Code of Conduct for Controlling Shareholders and Actual Controllers of Beijing Sinohytec Co., Ltd. Applicable upon the Issuance

5.

of H Shares

of Beijing SinoHytec Co., Itd. Applicable upon the Issuance of H Shares Proposal on the Amendments to the Share Repurchase System of Beijing SinoHytec

4

Co., Ltd. Applicable upon the Issuance of H Shares

SECTION IV CORPORATE GOVERNANCE

Session of the meeting	Date of convening	Query index of the designated website for publishing resolutions	Date of disclosure for publishing resolutions	Resolution of meeting
				 Proposal on the Amendments to the Company's Management System Applicable upon the Issuance of H Shares
				17. Proposal on the Uncovered Losses of the Company Reaching One-third of the Total
				paid-in Share Capital
				18. Proposal on Plan for Profit distribution and Capitalization of Capital Reserve for 2021
2022 Third Extraordinary General	May 24, 2022	http://static.sse.com.cn/disclosure/listedinfo/announcement/c/new/	May 25, 2022	1. Proposal on the Setting Allowance Standards for Independent Directors of the Third
Meeting		2022-05-25/688339_20220525_2_FMAFf0AY.pdf		Session of the Board of Directors
				2. Resolution on Re-election of the Board of Directors and Nomination of Candidates
				for Non-independent Directors of the Third Session of the Board of Directors
				3. Proposal on Re-election of the Board of Directors and Nomination of Candidates for
				Independent Directors of the Third Session of the Board of Directors
				4. Proposal on the Re-election of the Supervisory Committee and the Nomination of
				Candidates for Non-employee Representative Supervisors of the Third Session of the
				Supervisory Committee
2022 Fourth Extraordinary General August 22, 2022	August 22, 2022	http://static.sse.com.cn/disclosure/listedinfo/announcement/c/new/ August 23, 2022	August 23, 2022	1. Proposal on the Change of Business Scope of the Company, the Amendments to the
Meeting		2022-08-23/688339_20220823_1_taTTeU00.pdf		Articles of Association and the Change of Industrial and Commercial Registration
2022 Fifth Extraordinary General	September 15,	http://static.sse.com.cn/disclosure/listedinfo/announcement/c/new/	September 16,	1. Resolution on the Amendments to the Articles of Association and the Registration
Meeting	2022	2022-09-16/688339_20220916_1_mT519eWr.pdf	2022	with the Administration for Industry and Commerce
				Proposal on the Amendments to the Rules of Procedure for General Meetings
				Proposal on the Amendments to the Rules of Procedure of the Board of Directors
				4. Proposal on the Amendments to the Management System for Special Deposit and
				Use of Proceeds
				5. Proposal on the Amendments to the Articles of Association (Draft) of Beijing
				SinoHytec Co., Ltd. Applicable upon the Issuance of H Shares
				6. Proposal on the Amendments to the Rules of Procedures of the Board of Directors
				Applicable upon the Issuance of H Shares
				7. Proposal on the Amendments to the Management System for Special Deposit and
				Use of Proceeds of Beijing SinoHytec Co., Ltd. Applicable upon the Issuance of H
				Shares
				8. Proposal on Increasing the Estimated Quota of Ordinary Related Party Transactions
				for 2022

Proposal on the Re-appointment of Accounting Firms

б.

Changes in shareholding and remuneration of current and resigned directors, supervisors, senior management and core technicians during the Reporting Period Ξ

Unit: share

Whether receiving remuneration from related parties of the Company	0	02	2
Total remuneration before tax V received from r the Company r during the f Reporting F (RMB0'000)	122.60	100.60	86.60 0.00
Reason for change	Proposal on shareholding increase for controlling shareholders, certain directors, supervisors and senior management and key business personnel; Conversion of capital reserve into share canital	Proposal on shareholding increase for controlling shareholders, certain directors, supervisors and senior management and key business personnel; Conversion of capital reserve into share capital	Proposal on shareholding increase for controlling shareholders, certain directors, supervisors and senior management and key business personnet; Conversion of capital reserve into share capital
Changes in shares during the year	5,329,687	394,578	63,378
Number of shares held at the end of the year	18,594,117	1,332,022	207,822
Number of shares held at the beginning of the year	13,264,430	937,444	144,444
Termination date of term of office	2025/05/23	2025/05/23	2025/05/23 2025/05/23
Commencement date of term of office	2015/07/09	2015/07/09	2015/07/09 2022/05/24
Age	42	46	10
Gender Age	Male	Female	Female
Position (Note)	Chairman, Executive Director, General manager	Executive Director, Deputy general manager, Chief financial officer	Chairman of the Supervisory Committee, Executive Director, Deputy general manager
Name	Zhang Guoqiang	Song Haiying	Dai Dongzhe

SECTION IV CORPORATE GOVERNANCE

Whether receiving remuneration from related parties of the Company		ş		6	6				2.0
	No	Yes	No	No	No	No	No	No	Yes No
Total remuneration before tax received from the Company during the Reporting Period (RMB0'000)	0.00	0.00	12.00	8.00	12.00	00.0	50.65	27.52	00 ^{.0}
Reason for change		1		1		1	Capitalization of capital reserves		Proposal on shareholding increase for controlling shareholders, certain directors, supervisors and senior management and key business personnel; Conversion of capital reserve into share capital
Changes in shares during the year		_	1	_	_		800,000		/ 97,514
Number of shares held at the end of the year		_	_	_	_	_	2,800,000	_	1 319,736
Number of shares held at the beginning of the year	-	-	-	-	-	_	2,000,000	_	/ 222,222
Termination date of term of office	2025/05/23	2025/05/23	2025/05/23	2025/05/23	2025/05/23	2025/05/23	2022/05/23 2025/05/23	2025/05/23	2025/05/23 2025/05/23
Commencement date of term of office	2015/07/09	2015/07/09	2019/04/23	2019/04/23	2022/01/10	2023/01/12	2015/07/09 2022/05/24	2022/05/24	201/1/12/16 2016/01/26
Age	70	56	69	67	4	43	64	39	30
Gender	Female	Male	Male	Male	Male	Male	Male	Male	Female Male
Position (Note)	Non-executive Director	Non-executive Director	Independent Non- executive Director	Independent Non- executive Director	Independent Non- executive Director	Independent Non-executive Director	Executive Director Chairman of the Supervisory Committee	Employee representative supervisor	Supervisor Deputy general manager
Name	Teng Renjie	Wu Yong	Fang Jianyi	Liu Xiaoshi	Ji Xuehong	Chan So Kuen	Zhang He	Teng Zhaojun	Wang Shanshan Yu Min

er ng lated of the y										their
Whether receiving remuneration from related parties of the Company	No	No	N	No	No	No	No	No	~	nent or
remuneration before tax received from the Company during the Reporting Period (RMB0'000)	82.82	122.94	86.60	58.31	49.06	96.63	15.11	0	1,022.04	enior managem
Reason for change		-	Proposal on shareholding increase for controlling shareholders, certain directors, supervisors and senior management and key business personnel; Conversion of capital reserve into share capital				Conversion of capital reserve into share capital			The above shareholding does not include the purchase of shares of the Company by employees other than directors, supervisors and senior management on their own in the secondary market.
Changes in shares during the year		_	64,742	_	_	_	400,000		7,149,899	ees other tha
Number of shares held at the end of the year	_	_	220,296	_	-	_	1,400,000		24,873,993	ny by employ
Number of shares held at the beginning of the year	_	_	155,554	_	_	_	1,000,000	1	17,724,094	of the Compa
Termination date of term of office	2025/05/23	2025/05/23	2025/05/23				2022/05/23	2022/01/10		nase of shares
Commencement date of term of office	2016/01/26	2021/08/30	2017/01/09	2019	2019	2021	2019/04/23	2019/04/23		clude the purcl
Age	59	40	44	40	43	32	40	57	~	not inc
Gender	Male	Male	Male	Male	Male	Male	Male	Male	~	g does market.
Position (Note) 0	Deputy general manager, core technical personnel	Deputy general manager, core technical personnel	Secretary to the Board	Core technical personnel	Core technical personnel	Core technical personnel	Supervisor (resigned)	Independent Non- executive Director (resigned)		above shareholdin in the secondary .
Name	Nengyou Jia	Li Feiqiang	Kang Zhi	Gan Quanquan	Yang Shaojun	Fang Chuan	Chao Peng Fei	Zhang Jinhua	Total	<i>Notes:</i> 1. The a

SECTION IV CORPORATE GOVERNANCE

(II) Biographies of incumbent and resigned Directors, Supervisors and Senior Management during the Reporting Period

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

Name	Main work experience
Wu Yong	Born in 1966, Chinese nationality, without the right of permanent residence abroad. In July 1988 and June 2000, he obtained a bachelor's degree in Environmental Engineering and a master's degree in Business Administration from Tsinghua University. He obtained the qualification of senior engineer in 2000. From June 2004 to June 2012, he worked as a director and general manager at Beijing Jiahemu Technology Co., Ltd. Since June 2012, he has worked as a director and general manager at Beijing Shuimu Guoding Investment Management Co., Ltd Since 2014, he served as a non-executive Director of the Company.
Fang Jianyi	Born in 1953, Chinese nationality, without the right of permanent residence abroad. He obtained a master's degree in business administration from Cheung Kong Graduate School of Business in July 2005. He is a senior accountant and a senior engineer. From June 1998 to February 2014, he served as the Chief Accountant of Shougang head office. From March 2001 to July 2015, he served as a director and vice chairman of Huaxia Bank. From April 2014 to January 2018, he served as the vice chairman of China Renaissance Capital Investment (Beijing) Limited. From November 2018 to November 2021, he served as an independent director of Bluepark Technology (600733). Since April 2019, he has served as an independent non-executive Director of the Company.
Liu Xiaoshi	Born in 1955, Chinese nationality, without the right of permanent residence abroad. In August 1986 and December 1987, he obtained a master of science in industrial management from the department of technological systems management at the State University of New York at Stony Brook and a master of science in public administration from Martin J. Whitman School of Management, respectively. From April 1997 to December 2021, he worked at China International Capital Corporation Limited, serving as senior manager, deputy general manager, executive general manager and a project expert in the business support department. Since July 2018, he has served as an executive director and general manager at Beijing Chebaihui Technology Development Co., Ltd. Since April 2019, he has served as an independent non-executive Director of the Company.
Ji Xuehong	Former Chinese name being 紀雪紅, born in 1978, Chinese nationality, without the right of permanent residence abroad. He obtained a bachelor's degree in Real Estate Management from Huazhong Normal University in June 1999 and a master's degree in enterprise management from Hubei Academy of Social Sciences in June 2002. In December 2005, he obtained a doctor's degree in management science and engineering from Huazhong University of Science and Technology. He is a member of the China Democratic League. From June 2006 to May 2008, he engaged in research work at the joint training postdoctoral workstation of Tianjin University and CATARC. Since May 2008, he has served as a lecturer, an associate professor and a professor at the school of economics and management of North China University of Technology. Since January 2022, he has served as an independent non-executive Director of the Company.

Name	Main work experience
Chan So Kuen	 Mr. Chan So Kuen, born in 1979, a citizen of Hong Kong, China, obtained a bachelor's degree in accounting from the Hong Kong University of Science and Technology in November 2001 and was certified as a certified public accountant by the Hong Kong Institute of Certified Public Accountants in April 2005. From June 2001 to October 2003, he served as semi-senior audit clerk of Ho and Ho & Company in Hong Kong. From January 2004 to July 2009, he served as an audit manager of KPMG. From November 2009 to October 2012, he served as the chief financial officer and company secretary of China Great Wall Electric Holdings Limited. From February 2014 to November 2021 and February 2014 to December 2022, he served as the company secretary and chief financial officer of Huazhang Technology Holding Limited (HK.1673). Since October 2014 to December 2022, he has served as an independent non-executive director of Link Holdings Ltd. (HK.8237). Since January 2015 to present, he has served as an independent non-executive Director of the Company Limited (HK.1915). He has been an independent non-executive Director of the Company since January 2023.
Zhang Jinhua (resigned)	Born in 1965, Chinese nationality, without the right of permanent residence abroad. He graduated from the school of automotive engineering of Jilin University of Technology with a bachelor's degree. From July 1988 to July 2009, he worked at China Automotive Technology & Research Center Co. Ltd. He served successively as an assistant engineer, deputy director of the information research Office of the Yearbook, director of the policy research institute of the intelligence institute and deputy director of information research department. From August 2009 to November 2012, he served as deputy secretary general of the information research management at China Society of Automotive Engineers. Since December 2012, he served as vice chairman and secretary general of the Information Research Management of China Society of Automotive Engineers. From April 2019 to January 2022, he served as an independent Director of the Company.
Supervisor	
Zhang He	Born in 1958, Chinese nationality, with the permanent residency in the United States. He graduated from Xinjiang University (formerly known as Xinjiang Engineering College*(新疆工學院)) with a bachelor's degree in 1982, and he is a senior engineer. In 1981, he served as an electrical engineer at Xinjiang Bagang Steelmaking Plant. From December 1998 to May 2003, he served as a senior engineer at Xinjiang Traffic Science Academy. From November 2002 to August 2005, he served as manager of the R&D department at Wanxiang Electric Vehicle Co., Ltd. From August 2005 to June 2012, he served as the deputy general manager at Beijing Qingneng Huatong Technology Development Co., Ltd. Since July 2012, he has served successively as a supervisor, a Director, deputy general manager and Chairman of the Board of supervisors of the Company.

Name	Main work experience
Teng Zhaojun	Born in 1983, Chinese nationality, without the right of permanent residence abroad. In July 2004 and June 2017, he obtained a bachelor's degree in mechanical engineering and automation from Tianjin Polytechnic University and a master's degree in engineering management from Tsinghua University. He used to be a quality director of Renesas Semiconductor (Beijing) Co., Ltd., a product development engineer of Foxconn Precision Component (Beijing) Co., Ltd. and a project manager of Beijing Qingneng Huatong Technology Development Co., Ltd. Since July 2012, he has successively served as director of the Company's purchase quality control department, deputy director of the production and manufacturing department, deputy manager of the quality management department, deputy director of the testing center, director of the information technology department and employee supervisor of the Company.
Wang Shanshan	Born in 1992, Chinese nationality, without the right of permanent residence abroad. In July 2016 and June 2018, she obtained a bachelor's degree in law from Jilin University and a master's degree in law from Transnational Law and Business University in Korea. From July 2018 to October 2018, she worked at King & Wood Mallesons Beijing Office. Since November 2018, she has served as a legal specialist at Beijing Shuimu Guoding Investment Management Co., Ltd. Since December 2021, she has served as a Supervisor of the Company.
Zhou Pengfei (resigned)	Born in 1982, Chinese nationality with no right of permanent residence abroad. He obtained a bachelor's degree in measurement and control technology and instruments from Tsinghua University and a master's degree in engineering from Graduate School of Chinese Academy of Sciences in July 2003 and July 2006, respectively. From July 2006 to July 2008, he served as an IC design engineer of BLX IC Design Corp., Ltd From August 2008 to September 2010, he served as an IC design engineer of Esmart Technology (Beijing) Co., Ltd.; From October 2010 to March 2011, he served as an IC design engineer of Vimicro Corporation. From May 2011 to March 2012, he served as the IC design manager of Beijing Racobit Electronic Information Technology Co., Ltd From April 2012 to September 2012, he served as the project manager of Beijing Qingneng Huatong Technology Development Co., Ltd Since July 2012, he has successively served as the manager of the automotive electronics research and development department and the deputy director of the research and development center of the Company. From April 2019 to May 2022, he served as a Supervisor of the Company.
Senior Management	he served as a supervisor of the company.
Yu Min	Former name being Mr. Yu Aimin, Chinese nationality, without the right of permanent residence abroad. He obtained a bachelor's degree in mechanical design and manufacturing from Hebei University of Engineering (formerly known as Hebei Institute of Building and Technology) in June 2000. From August 2000 to December 2015, he served successively as head of the sales management department, head of the marketing department, head of the customer development department, a director of regional business and executive deputy manager of the heavy-duty truck business of the overseas business department at BAIC Foton Motor Co., Ltd. Since January 2016, he has served as deputy general manager of the Company.

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

(III) Positions held by incumbent and resigned Directors, Supervisors and senior management in shareholder entity and other entities during the Reporting Period

1. Positions held in shareholder entities

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

2. Positions held in other entities

Name of employee	Name of other entities	Positions held in other entities	Commencement date of term of office	Termination date of term of office
Zhang Guoqiang	Beijing Guorui Changda Technology Co., Ltd.	Executive Director	2016-12-19	To date
	Beijing Hongmeng Huatong Energy Group Co., Ltd.	Manager, Executive Director	2019-7-10	To date
	Beijing Qingbai Huatong Technology Co., Ltd.	Executive Director	2011-5-6	To date
	Beiqing Zhichuang (Beijing) New Energy Vehicle Technology Co., Ltd.	Director	2020-8-20	To date
	Toyota Sinohytec Fuel Cell Co., Ltd	Director	2021-6-28	To date
	Beijing Caven New Energy Vehicle Co., Ltd.	Director	2022-10-18	To date
	Zhongguancun Hydrogen Energy and Fuel Cell Technology Innovation Industry Alliance	Person in charge	2021-07-06	To date
Song Haiying	Air Sinohytec Hydrogen Technology Co., Ltd	Director, Chief Financial Officer	2020-5-13	To date
	United Fuel Cell System R&D (Beijing) Co., Ltd.	Director	2020-8-20	To date
	Shanghai Fangshi New Energy Car Rental Co., Ltd.	Director	2015-12-14	To date
	Toyota Sinohytec Fuel Cell Co., Ltd	Director, general manager	2021-6-28	To date

Name of employee	Name of other entities	Positions held in other entities	Commencement date of term of office	Termination date of term of office
Dai Dongzhe	Toyota Sinohytec Fuel Cell Co., Ltd	Supervisor	2021-06-28	To date
	United Fuel Cell System R&D (Beijing) Co., Ltd.	Supervisor	2020-08-20	To date
	Beijing Swift New Energy Technology Co., Ltd	Supervisor	2021-01-29	To date
Teng Renjie	Beijing Shuiqing Technology Co., Ltd.	Director	2012-6-15	To date
	Beijing Shuimu Guoding Investment Management Co., Ltd.	Supervisor	2004-7-5	To date
	Beijing Qingneng Huatong Technology Development Co., Ltd.	Director	2004-7-5	To date
	Beijing Shuimu Huayan Investment Management Co., Ltd.	Director	2011-5-24	To date
	Shuimu Bozhan Technology Development (Beijing) Co., Ltd.	Director	2013-2-8	To date
Wu Yong	Beijing Hetang International Health Venture Capital Management Co., Ltd.	Director	2018-5-29	2022-3-24
	Beijing Hetang Exploration Venture Capital Co., Ltd.	Supervisor	2015-6-9	To date
	Beijing Huazhuo Jingke Technology Co., Ltd.	Chairman of the Board	2015-9-9	To date
	Beijing Jietong Huasheng Technology Co., Ltd.	Director	2016-1-13	To date
	Beijing Pinchi Medical Equipment Co., Ltd.	Director	2013-10-16	To date
	Beijing Qingce Technology Co., Ltd.	Director	2016-1-26	To date
	Beijing Qingyuan Jibao Technology Co., Ltd.	Chairman of the Board	2015-10-29	To date
	Beijing Shuimu Guoding Investment Management Co., Ltd.	Director, general manager	2012-7-20	To date
	Beijing Shuiqing Technology Co., Ltd.	Director	2013-4-18	To date
	Hetang Venture Capital Management (Beijing) Co., Ltd.	Director	2020-11-25	To date
	Hetang Exploration International Health Technology Development (Beijing) Co., Ltd.	Chairman of the Board	2019-3-5	To date
	Qingpu Technology (Suzhou) Co., Ltd.	Director	2017-12-19	To date
	Beijing Daokou Dai Technology Co., Ltd.	Director	2016-2-1	To date
	Ningbo Haiershi Gene Technology Co., Ltd.	Director	2020-10-17	To date

Name of employee	Name of other entities	Positions held in other entities	Commencement date of term of office	Termination date of term of office
	Beijing Xinli Technology Innovation Co., Ltd.	Supervisor	2023-01-06	To date
	Beijing Qingyan Zhishu Technology Co., Ltd.	Director	2022-12-14	To date
	Beijing Shuimu Huading Venture Investment Management Co, Ltd.	Executive director, manager	2022-04-02	To date
	Beijing Shuimu Zhongzhi Enterprise Management Co., Ltd.	Executive director, manager	2022-11-08	To date
	Beijing Puyi Biotechnology Co., Ltd.	Director	2022-1-19	To date
Liu Xiaoshi	Beijing Chebaihui Technology Development Co., Ltd.	Executive Director, general manager	2018-7-10	To date
	Chebai Intelligent Network Research Institute (Wuhan) Co., Ltd.	Director	2020-6-23	To date
	Wuhan Chewang Zhilian Test Operation Management Co., Ltd.	Chairman, general manager	2019-6-17	To date
	Chebai Zhongqi Technology (Beijing) Co., Ltd.	Chairman of the Board	2021-10-9	To date
	EV100plus Automotive Industry Research Institute Hefei) Co. Ltd.	Executive Director, general manager	2022-05-12	To date
	EV100plus Automotive Technology Research Beijing) Co. Ltd.	Executive director, manager	2022-10-28	To date
Ji Xuehong	Beijing Chechuang Huixiang Technology Development Co., Ltd.	Executive Director, general manager	2017-7-12	To date
Zhang He	Shanghai Maximfuelcell Technology Co., Ltd	Chairman of the Board	2019-6-21	To date
	Yihydrogen Technology (Beijing) Co., Ltd.	Executive Director	2021-7-16	To date
	Shanghai Maximfuelcell Energy Technology Co., Ltd.	Executive Director	2022-11-14	To date
Wang Shanshan	Beijing Shuimu Tongda Transportation Co., Ltd.	Supervisor	2020-7-1	To date
	Hetang Future Health Technology Development (Beijing) Co., Ltd.	Supervisor	2021-9-10	To date
	Shandong Dacheng Biochemical Co., Ltd.	Supervisor	2021-12-2	2022-12-4
	Beijing Shuimu Zhongzhi Enterprise Management Co., Ltd.	Supervisor	2022-11-08	To date

Name of employee	Name of other entities	Positions held in other entities	Commencement date of term of office	Termination date of term of office
Li Feiqiang	Toyota Sinohytec Fuel Cell Co., Ltd	Director	2021-6-28	To date
Kang Zhi	Zhangjiakou Haiper	Director	2020-2-11	To date
Chan So Kuen	Huazhang Technology Holding Limited	Chief financial officer, company secretary	2014-2-28	2022-12-31
	Link Holdings Limited	Independent non- executive Director	2014-10-16	To date
	Yangzhou Guangling District Taihe Rural Micro-finance Company Limited	Independent non- executive Director	2015-1-15	To date

(IV) Remuneration of Directors, Supervisors, senior management and core technicians

Unit: RMB0'000

The decision-making procedure for the remunerations of Directors, Supervisors and senior management	According to the relevant provisions of the Articles of Association, the remuneration and allowances of Directors and Supervisors are determined by the general meeting of the Company, and the remuneration of senior management is determined by the Board of the Company.
Basis for determining the remuneration of Directors, Supervisors and senior management	The Company pays allowances to the independent non-executive Directors on the basis of independent non-executive Directors' great contributions to the Company's standardized operation, internal system construction and corporate development, with reference to the remuneration level of the industry, regional economic development, combining with the actual operation of the Company and the relevant conditions of the independent non-executive Directors of the Company. According to the proposal of the Remuneration and Evaluation Committee of the Board and with reference to factors such as industry and regional salary levels, the Company determines the current remuneration of the senior management by referring to the overall assessment indicators of individual annual work, job responsibilities and management objectives.

Actual payment of remuneration of Directors, Supervisors and senior	During the Reporting Period, the actual payment of the remuneration of the Directors, Supervisors and senior management of the Company
management	was in line with the disclosure of the Company.
Total actual remunerations received	818.05
by all Directors, Supervisors and	
senior management at the end of	
the Reporting Period	
Total actual compensations received	435.74
by core technicians at the end of	
the Reporting Period	

During the Reporting Period, none of the Directors of the Company waived or agreed to waive any remuneration and no remuneration was paid to any of the Directors, Supervisors or the five highest paid individuals as an inducement to join or upon joining the Company or as compensation for loss of office.

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

Name	Position	Changes	Reasons for changes
Zhang Jinhua	Independent non-executive Director	Resignation	Personal reasons
Ji Xuehong	Independent non-executive Director	Election	By-election
Zhang He	Executive Director	Resignation	Resignation upon expiry
Zhang He	Chairman of the Supervisory Committee and Shareholder Supervisor	Election	Elected as the chairman of the third session of the Supervisory Committee
Dai Dongzhe	Chairman of the Supervisory Committee and Shareholder Supervisor	Resignation	Resignation upon expiry
Dai Dongzhe	Executive Director	Election	Elected as Director of the third session of the Board
Dai Dongzhe	Deputy general manager	Appointment	Appointment by the Board
Chan So Kuen	Independent non-executive Directors	Election	Elected as Director of the third session of the Board
Zhou Pengfei	Employee Representative Supervisor	Resignation	Expiration of term of office
Teng Zhaojun	Employee Representative Supervisor	Resignation	Elected as employee representative supervisor of the third session of the Supervisory Committee

Note: On April 28, 2022, the Company held the 33th meeting of the second session of the Board, at which the election of the new session of the Board was conducted. In particular, the nomination of Mr. Chan So Kuen as an independent non-executive Director of the third session of the Board was considered and approved at the 2022 third extraordinary general meeting held on May 24, 2022. The term of office of Mr. Chan So Kuen commenced from the date on which the overseas listed foreign shares (H shares) issued by the Company were listed and traded on the Main Board of the Hong Kong Stock Exchange. The Company was officially listed on the Hong Kong Stock Exchange on January 12, 2023. Mr. Chan So Kuen's term of office commenced from the Listing Date.

IV. BOARD MEETINGS HELD DURING THE REPORTING PERIOD

Name of meeting	Date of meeting	Res	solution of meeting
The 30th meeting of the second session of the Board	January 27, 2022	1.	Proposal on the Correction of the 2021 Third Quarterly Report
The 31th meeting of the second session of the	March 8, 2022	1.	Proposal on the 2022 Estimated Quota of Ordinary Related Party Transactions
Board		2.	Proposal on the Re-appointment of Accounting Firms
		3.	Proposal on the Settlement of Partial Proceeds from the IPO on Investment Projects and Permanent Replenishment of Working Capital with the Remaining Proceeds
		4.	Proposal on the Application for Comprehensive Credit Facilities and Provision of Guarantee Quota by the Company and its Subsidiaries for 2022
		5.	Proposal on Convening the 2022 Second Extraordinary General Meeting of the Company

Name of meeting	Date of meeting	Res	olution of meeting
The 32nd meeting of the	April 14, 2022	1.	Proposal on the 2021 Annual Report (and its
second session of the			Abstract)
Board		2.	Proposal on the 2021 Work Report of the Board
		3.	Proposal on the 2021 Final Accounts Report
		4.	Proposal on the 2021 Profit Distribution Plan
		5.	Proposal on the 2021 Work Report of Independent
			Directors
		6.	Proposal on the 2021 Report of the Performance of
			Duties by the Audit Committee
		7.	Proposal on the Amendments to the Articles of
			Association of Beijing Sinohytec Co., Ltd. (Draft)
		8.	Proposal on the Amendments to the Rules
			of Procedure for General Meetings of Beijing
			SinoHytec Co., Ltd. Applicable upon the Issuance o
			H Shares
		9.	Proposal on the Amendments to the Rules of
			Procedure for the Board of Beijing SinoHytec Co.,
			Ltd. Applicable upon the Issuance of H Shares
		10.	Proposal on the Amendments to the Administrative
			Measures for External Guarantees of Beijing
			SinoHytec Co., Ltd. Applicable upon the Issuance o
			H Shares

Name of meeting	Date of meeting	Resolution of meeting
		 Proposal on the Amendments to the Working Rule of Independent Non-executive Directors of Beijing SinoHytec Co., Ltd. Applicable upon the Issuance H Shares
		 Proposal on the Amendments to the Management System for Special Deposit and Use of Proceeds of Beijing SinoHytec Co., Ltd. Applicable upon the Issuance of H Shares
		13. Proposal on the Amendments to the Special System to Take Precautions Against Controlling Shareholders and Related Parties from Embezzling the Company's Fund of Beijing SinoHytec Co., Ltd Applicable upon the Issuance of H Shares
		14. Proposal on the Amendments to the Share Repurchase System of Beijing SinoHytec Co., Ltd. Applicable upon the Issuance of H Shares
		15. Proposal on the Amendments to the Code of Conduct for Controlling Shareholders and De Fact Controllers of Beijing SinoHytec Co., Ltd. Applicat upon the Issuance of H Shares
		 Proposal on the Amendments to the Managemen System of the Company Applicable upon the Issuance of H Shares
		17. Proposal on the 2021 Special Report on the Depo and Use of Proceeds
		 Proposal on the Uncovered Losses of the Compan Reaching One-third of the Total paid-in Share Capital
		19. Proposal on the 2021 Internal Control Assessmen Report of the Company
		20. Proposal on Convening the 2021 Annual General Meeting of the Company

Name of meeting	Date of meeting	Res	olution of meeting
The 33rd meeting of the second session of the Board	April 28, 2022	1.	Proposal on Re-election of the Board and Nomination of Candidates for Non-independent Directors of the Third Session of the Board
board		2.	Proposal on Re-election of the Board and Nomination of Candidates for Independent Directors of the Third Session of the Board
		3.	Proposal on Formulation of Allowance Standards for Independent Directors of the Third Session of the Board
		4.	Proposal on the Use of Certain Idle Proceeds to Temporarily Supplement Working Capital
		5.	Proposal on the 2022 First Quarterly Report of the Company
		6.	Proposal on Convening the 2022 Third Extraordinary General Meeting of the Company
The 34th meeting of the second session of the	May 6, 2022	1.	Proposal on the Cancellation of Certain Proposals at the 2021 Annual General Meeting
Board		2.	Proposal on the 2021 Profit Distribution and Conversion of Capital Reserve to the Share Capital Plan of the Company
The 1st meeting of the third session of the Board	May 24, 2022	1.	Proposal on the Election of the Chairman of the Third Session of the Board
		2.	Proposal on Determining the Role of Directors of the Company
		3.	Proposal on the Election of Members of the Special Committees of the Third Session of the Board of the Company
		4.	Proposal on the Appointment of the General Manager of the Company
		5.	Proposal on the Appointment of Deputy General Manager and Chief Financial Officer of the Company
		6.	Proposal on the Appointment of Secretary to the Board of the Company
		7.	Proposal on the Appointment of Securities Affairs Representative of the Company
The 2nd meeting of the third session of the Board	July 19, 2022	1.	Proposal on the Change of Implementation Entity and Implementation Location of Certain Investment Projects and the Capital Increase to Wholly-owned Subsidiaries with Proceeds to Implement the Investment Projects

Name of meeting	Date of meeting	Res	olution of meeting
The 3rd meeting of the third session of the Board	August 4, 2022	1.	Proposal on the Change of Business Scope of the Company, the Amendments to the Articles of Association and the Change of Industrial and Commercial Registration
		2.	Proposal on Convening the 2022 Fourth Extraordinary General Meeting of the Company
The 4th meeting of the third session of the Board	August 29, 2022	1.	Proposal on the 2022 Interim Report (and its Abstract)
		2.	Proposal on the 2022 Interim Special Report on the Deposit and Use of Proceeds
		3.	Proposal on Adjusting the Organizational Structure of the Company
		4.	Proposal on the Amendments to the Articles of Association and Change of Industrial and Commercial Registration
		5.	Proposal on the Amendments to the Rules of Procedure for General Meetings
		6.	Proposal on the Amendments to the Rules of Procedure for the Board
		7.	Proposal on the Amendments to the Management System for Special Deposit and Use of Proceeds
		8.	Proposal on the Amendments to the Articles of Association (Draft) of Beijing Sinohytec Co., Ltd. Applicable upon the Issuance of H Shares
		9.	Proposal on the Amendments to the Rules of Procedure for the Board Applicable upon the Issuance of H Shares
		10.	
		11.	
		12.	
		13.	Proposal on Convening the 2022 Fifth Extraordinary General Meeting

Name of meeting	Date of meeting	Res	olution of meeting
The 5th meeting of the third session of the Board	October 28, 2022	1. 2.	Proposal on the 2022 Third Quarterly Report Proposal on the Settlement of Partial Proceeds from the IPO on Investment Projects and Permanent Replenishment of Working Capital with the Remaining Proceeds
The 6th meeting of the third session of the Board	December 2, 2022	1.	Proposal on the Global Offering of H Shares (including the Hong Kong Public Offering and the International Offering) and the Listing on the Hong Kong Stock Exchange

V. Performance of duties by Directors

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

				Attendance at B	oard meetings		Any failure in attending in person	Attendance at general meetings
Director Name	Independent Director or not	Required attendance for the year	Attendance in person	Attendance by way of communication	Attendance by proxy	Absence Times	for two consecutive meetings	Attendance at general meetings
Zhang Guoqiang	No	11	11	0	0	0	No	6
Song Haiying	No	11	11	0	0	0	No	6
Dai Dongzhe	No	6	6	0	0	0	No	6
Zhang He	No	5	5	2	0	0	No	6
Teng Renjie	No	11	11	0	0	0	No	6
Wu Yong	No	11	11	0	0	0	No	6
Fang Jianyi	Yes	11	11	1	0	0	No	6
Liu Xiaoshi	Yes	11	11	1	0	0	No	6
Ji Xuehong	Yes	11	11	1	0	0	No	6
Chan So Kuen <i>(Note)</i>	Yes	/	/	/	/	/	/	/
Chan So Kuen <i>(Note)</i> Number of Board	meetings he		/ e year	/	/	/	/	
Including: Number		-						
Number of meeti	ngs held by w ngs held on s	-						(

Note: Chan So Kuen did not participate in the board meeting in 2022 as his appointment took effect after the reporting period.

VI. SPECIAL COMMITTEES UNDER THE BOARD

(I) Members of special committees under the Board during the Reporting Period

Category of special committee	Name of members
Audit Committee	Fang Jianyi (Convener), Ji Xuehong, Song Haiying (note)
Nomination Committee	Liu Xiaoshi (Convener), Ji Xuehong, Zhang Guoqiang,
Remuneration and Evaluation	Liu Xiaoshi (Convener), Ji Xuehong, Dai Dongzhe
Committee	
Strategy Committee	Zhang Guoqiang (Convener), Song Haiying, Dai Dongzhe

Note: the members of the audit committee of the company have been changed to Fang Jianyi (Convener), Ji Xuehong, and Chan So Kuen with effect from January 12, 2023.

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

Date of meeting	Сог	ntents of meetings	Important comments and suggestions	Other performance of duties
March 1, 2022	1.	Proposal on the Re-appointment of Accounting Firms	All members of the Audit Committee unanimously agreed on all proposals of the meeting	Nil
April 11, 2022	1.	Proposal on the 2021 Annual Report (and its Abstract)	All members of the Audit Committee unanimously	Nil
	2.	Proposal on the 2021 Report of the Performance of Duties by the Audit Committee	agreed on all proposals of the meeting	
	3.	Proposal on the 2021 Final Accounts Report		
	4.	Proposal on the 2021 Profit Distribution Plan		
	5.	Proposal on the special report on the Use of Proceeds in 2021		
	6.	Proposal on the 2021 Internal Audit Work Report		
	7.	Proposal on the 2022 Internal Audit Work Plan		

Date of meeting	Contents of meetings	Important comments and suggestions	Other performance of duties
April 25, 2022	1. Proposal on the 2022 First Quarterly Report	All members of the Audit Committee unanimously agreed on all proposals of the meeting	Nil
August 24, 2022	1. Proposal on the 2022 Interim Report (and its Abstract)	All members of the Audit Committee unanimously	Nil
	 Proposal on the 2022 Interim Specia Report on the Deposit and Use of Proceeds 	agreed on all proposals of the meeting	
	 Proposal on Increasing the 2022 Estimated Quota of Ordinary Related Party Transactions 		
	4. Proposal on the Re-appointment of Accounting Firms		
October 25, 2022	1. Proposal on the 2022 Third Quarterl Report	y All members of the Audit Committee unanimously agreed on all proposals of the meeting	Nil

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

Date of meeting	Cor	itents of meetings	Important comments and suggestions	Other performance of duties
April 25, 2022	1.	Proposal on Re-election of the Board and Nomination of Candidates for Non-independent Directors of the Third Session of the Board Proposal on Re-election of the Board and Nomination of Candidates for Independent Directors of the Third Session of the Board	All members of the Nomination Committee unanimously agreed on all resolutions of the meeting	Nil

Date of meeting	Contents of meetings	Important comments and suggestions	Other performance of duties
May 24, 2022	 Proposal on the Nomination of the Chairman of the Third Session of the Board Proposal on Proposing the Role of Directors of the Company Proposal on Nomination of Members of the Special Committees of the Third Session of the Board of the Company Proposal on the Nomination of the General Manager of the Company Proposal on the Nomination of Deputy General Manager and Chief Financial Officer of the Company Proposal on the Appointment of Secretary to the Board of the Company 	All members of the Nomination Committee unanimously agreed on all resolutions of the meeting	Nil

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

Date of meeting	Con	itents of meetings	Important comments and suggestions	Other performance of duties
April 25, 2022	1.	Proposal on the Formulation of Allowance Standards for Independent Directors of the Third Session of the Board	All members of the Remuneration and Evaluation Committee unanimously agreed on all resolutions of the meeting	Nil

(V) The Strategy Committee convened one meeting during the Reporting Period

Date of meeting	Con	tents of meetings	Important comments and suggestions	Other performance of duties
November 25, 2022	1.	Proposal on matters related to the global offering of H shares (including the Hong Kong public offering and international offering) and listing on the Hong Kong Stock Exchange	All members of the Strategy Committee unanimously agreed on all resolutions of the meeting	Nil

VII. DESCRIPTION OF RISKS IDENTIFIED BY THE SUPERVISORY COMMITTEE

The Supervisory Committee has no objection to the supervision matters during the Reporting Period.

VIII. EMPLOYEES OF THE LISTED COMPANY AND MAJOR SUBSIDIARIES AT THE END OF THE REPORTING PERIOD

(I) Employees

	Number (person)
	437
Number of in-service employees of major subsidiaries	577
Total number of in-service employees	1,014
The number of retired employees whose expenses are borne by listed company	
and its major subsidiaries	0
Type of Professional Composition	
Production staff	247
Sales personnel	115
Technical staff	127
Finance staff	24
Administrative staff	39
Management	145
R&D staff	317
Total	1,014
Type of education level	
Doctoral degree	19
Master's degree	194
Undergraduate	388
Junior college	213
High school and below	200
Total	1,014

(II) Remuneration policy

The Company strictly abides by national labor-related laws and regulations, adheres to the concept of common growth of the Company and employees based on business performance, and has established a remuneration policy system based on the principles of legality, competitiveness, incentives and fairness. Guided by the strategic objectives, the Company specifies the organizational performance targets from top to bottom, and relies on the performance management evaluation methods to ensure that employees' abilities are matched with their positions. The Company implements a job-level based wage system adjusted by employee's work performance and gives preference to outstanding employees in sales, research and development and technology, etc. The Company implements an incentive and relatively fair remuneration mechanism to attract and retain talents.

(III) Training programme

The Company has formulated specific training plans for specific business needs based on its strategic development plan and annual business objectives. Adhering to the principle of "teaching as per requests, being practical and effective", the Company carried out training activities with rich contents and flexible forms for employees at different levels and categories, so as to enhance employees' sense of belonging and improve employees' job competence, professional skills and comprehensive quality. The Company has built a good career development channel for employees and reserved talents to achieve a win-win situation for both the Company and employees.

(IV) Labor outsourcing

Unit: RMB, Hour

Total number of working hours of outsourced labor	640,195.00 hours
Total remuneration paid to outsourced labor	RMB19,726,963.75

IX. PROFIT DISTRIBUTION AND CONVERSION OF CAPITAL RESERVE INTO SHARE CAPITAL DURING THE REPORTING PERIOD

Unit: RMB

Bonus shares for every 10 shares (shares)	0
Dividend per 10 shares (tax included)	0
Number of conversions per 10 shares (shares)	4
Cash dividend amount (tax included)	0
Net profit attributable to ordinary shareholders of listed companies in the annual	
consolidated statement of dividends	-166,454,260.66
Ratio of net profit attributable to ordinary shareholders of listed companies in the	
consolidated statements (%)	0
Repurchase of shares in cash is included in the amount of cash dividends	0
Total dividend amount (tax included)	0
The ratio of the total dividend amount to the net profit attributable to ordinary	
shareholders of the listed company in the consolidated statement (%)	0
Total dividend amount (tax included) The ratio of the total dividend amount to the net profit attributable to ordinary	(

X. INFORMATION ABOUT THE COMPANY'S EQUITY INCENTIVE PLAN, EMPLOYEE STOCK OWNERSHIP PLAN OR OTHER EMPLOYEE INCENTIVE MEASURES AND THEIR IMPACTS

Establishment and implementation of evaluation and incentive mechanisms for senior management during the Reporting Period

The Company has established a standardized and sound governance structure. The remuneration of senior management consists of basic salary and performance-based bonus determined by different positions and work performance. The Board and the Remuneration and Evaluation Committee of the Company formulated the remuneration systems based on the job responsibilities, importance of relevant personnel and the remuneration level of relevant positions in the society, and continuously improved the fairness and justice in salary distribution, so as to more effectively mobilize the enthusiasm and creativity of the senior management of the Company and improve corporate governance.

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

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

XII. MANAGEMENT CONTROL OVER SUBSIDIARIES DURING THE REPORTING PERIOD

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

XIII. EXPLANATION ON INTERNAL CONTROL AUDIT REPORT

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

Da Hua Certified Public Accountants (Special General Partnership) has conducted an independent audit on the effectiveness of the Company's internal control over financial reporting for 2022 and issued the Audit Report on Internal Control of Beijing SinoHytec Technology Co., Ltd. for 2022, in which the firm is of the view that the Company has maintained effective internal control over financial reporting in all material aspects in accordance with relevant regulations during the Reporting Period, which is consistent with the opinion of the internal control evaluation report issued by the Board of the Company.

Whether to disclose the internal control audit report: Yes Type of opinion on the internal control audit report: Standard unqualified opinion

XIV. SELF-EXAMINATION AND RECTIFICATION OF SPECIAL ACTION FOR GOVERNANCE OF LISTED COMPANY

Nil

XV. CORPORATE GOVERNANCE REPORT

(I) Corporate Governance Practices

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

The Company was listed on the Hong Kong Stock Exchange (the "Listing Date") and the requirements of the Corporate Governance Code as set out in Appendix 14 to The Listing Rules were not applicable to the Company before the Listing Date.

The Company has complied with all the applicable code provisions as set out in the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 of the Listing Rules from the Listing Date to the date of this report, save for the deviation as set out below in this report.

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

(II) VALUES AND CULTURE

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

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

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules as its code of conduct governing securities transactions by the Directors and the supervisors of the Company. Having made specific enquiry of all the Directors and the Supervisors, the Company confirmed that each of the Directors and Supervisors has confirmed that he/she has complied with the required standards as set out in the Model Code from the Listing Date to the date of this report.

(IV). DIRECTORS

1. Board of Directors

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

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

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

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

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

2. Board composition

The Board currently comprises of the following Directors:

Executive Directors

Mr. Zhang Guoqiang (張國強) (Chairman and General Manager) Ms. Song Haiying (宋海英) (Deputy General Manager and Chief Financial Officer) Ms. Dai Dongzhe (戴東哲) (Deputy General Manager)

Non-executive Directors

Ms. Teng Renjie (滕人杰) Mr. Wu Yong (吳勇)

Independent Non-Executive Directors

Mr. Fang Jianyi (方建一) Mr. Liu Xiaoshi (劉小詩) Mr. Ji Xuehong (紀雪洪) Mr. Chan So Kuen (陳素權)

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

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

3. Chairman and Chief Executive

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

4. Responsibilities and delegation of functions

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

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

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

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

5. Appointment, re-election and removal of Directors

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

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

6. Board meetings, general meetings and procedures

Pursuant to the CG Code, at least four regular Board meetings should be held in each year. The Board is scheduled to meet regularly at least four times a year at approximately quarterly intervals, to discuss the overall strategy as well as the operational and financial performance of the Company. Other Board meetings will be held when necessary. The Company was listed after its financial year end date. For the year ended December 31, 2022, the record of the Directors attending the Board meetings, Board Committees' meetings and general meetings are as follows:

	Number of meetings attended/ Number of Board meetings	Number of meetings attended/ Number of general meetings
Mr. Zhang Guoqiang	11/11	6/6
Ms. Song Haiying	11/11	6/6
Ms. Dai Dongzhe ^(Note 1)	6/6	6/6
Mr. Zhang He ^(Note 2)	5/5	6/6
Ms. Teng Renjie	11/11	6/6
Mr. Wu Yong	11/11	6/6
Mr. Fang Jianyi	11/11	6/6
Mr. Liu Xiaoshi	11/11	6/6
Mr. Ji Xuehong	11/11	6/6
Mr. Chan So Kuen ^(Note 3)	N/A	N/A

Notes:

- (1) Ms. Dai Dongzhe was appointed as a Director on May 24, 2022. During the year ended December 31, 2022, Ms. Dai Dongzhe attended six out of six Board meetings and six out of six general meetings during her term of office.
- (2) Mr. Zhang He retired as a Director and was elected as a Supervisor in the extraordinary general meeting of the Company held on May 24, 2022. During the year ended December 31, 2022, Mr. Zhang He attended five out of five Board meetings and six out of six general meetingsduring his term of office.
- (3) Mr. Chan So Kuen joined the Company as an independent non-executive Director on the Listing Date and thus he did not attend any Board meeting or general meeting during the year ended December 31, 2022.

As the Company was listed on the Listing Date, during the Reporting Period, the chairman of the Board did not hold any meeting with the independent non-executive Directors without the presence of other Directors in accordance with code provision C 2.7 of the CG Code.

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

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

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

7. Continuous professional development

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

During the year ended December 31, 2022 and as at the date of this report, all Directors had participated in continuous professional development in the following manner in compliance with code provision C.1.4 of the CG Code:

Name of Directors	Type of training
Mr. Zhang Guoqiang	А, В
Ms. Song Haiying	А, В
Ms. Dai Dongzhe	А, В
Ms. Teng Renjie	А, В
Mr. Wu Yong	А, В
Mr. Fang Jianyi	А, В
Mr. Liu Xiaoshi	А, В
Mr. Ji Xuehong	А, В
Mr. Chan So Kuen	А, В

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

B: reading materials in relation to regulatory update

8. Corporate governance functions

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

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

(V) Board Committees

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

1. Audit Committee

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

Prior to the Listing Date, the Audit Committee comprised three members, namely Mr. Fang Jianyi (Convener), Mr. Ji Xuehong and Ms. Song Haiying. After the Listing Date, the Audit Committee currently comprises three members, namely Mr. Fang Jianyi, Mr. Ji Xuehong and Mr. Chan So Kuen, all of whom are independent non-executive Directors and is chaired by Mr. Fang Jiangyi who has the appropriate professional qualifications or accounting or related financial management expertise. During the year ended December 31, 2022, the Audit Committee held seven meetings and the work performed by the Audit Committee was summarized as follows:

- (1) reviewed the Company's financial statements and financial report for the year ended December 31, 2021, including Group's accounting policies, financial performance and position set out therein;
- (2) reviewed the findings and recommendations from external auditors and the independent internal control reviewer;
- (3) reviewed the independence of the external auditors and engagement of external auditors;
- (4) reviewed the audit plan, internal control plan, the development in accounting standards and their effects on the Group, financial reporting and risk management matters;
- (5) reviewed the adequacy of resources, qualifications and experience of staff in the Group's accounting and financial reporting functions; and
- (6) reviewed the effectiveness of the Group's risk management and internal control systems.

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

	Number of attendance/	
	Number of	
	meetings	
Mr. Fang Jianyi <i>(Convener)</i>	7/7	
Mr. Ji Xuehong	7/7	
Ms. Song Haiying	7/7	

The Company's annual report and annual results announcement for the year ended December 31, 2022 have been reviewed by the Audit Committee. The Audit Committee is of opinion that the preparation of such financial information complied with the applicable accounting standards, the requirements under the Listing Rules and any other applicable legal requirements, and that adequate disclosures have been made.

2. Nomination Committee

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

The Nomination Committee currently comprised three members, namely Mr. Liu Xiaoshi (Convener), Mr. Zhang Guoqiang and Mr. Ji Xuehong. During the year ended December 31, 2022, the Nomination Committee held two meetings and the work performed by the Nomination Committee was summarized as follows:

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

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

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

Board Diversity Policy

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

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

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

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

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

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

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

Employee diversity

The Company also takes into account relevant factors when recruiting and selecting key business management personnel and other personnel to maintain gender diversity. As at December 31, 2022, all employees (including senior management) of the Company comprised 81% male employees and 19% female employees. We will continue to maintain gender diversity at all levels as our goal and review our policies on employee recruitment and management in accordance with the Company's business development and needs as and when appropriate.

Nomination Procedures

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

3. Remuneration and Evaluation Committee

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

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

During the year ended December 31, 2022, the Remuneration and Evaluation Committee held one meeting and the work performed by the Remuneration and Evaluation Committee was summarised as follows:

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

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

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

Pursuant to code provision E.1.5 of the CG Code, the remuneration of the senior management of the Company by band for the year ended December 31, 2022 was set out in "8. Others (1) Remuneration of Directors and Supervisors" under "14. Other Significant Events" of "Section X Financial Report Prepared in Accordance with PRC Accounting Standards for Business Enterprises".

4. Strategy Committee

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

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

During the year ended December 31, 2022, the Strategy Committee held one meeting and the work performed by the Strategy Committee was summarized as follows:

(1) Making recommendations on matters relating to the global offering (including the Hong Kong public offering and the international offering) and listing of the H shares of the Company on the Hong Kong Stock Exchange.

	Number of
	attendance/
	Number of
	meetings
Mr. Zhang Guoqiang <i>(Convener)</i>	1/1
Ms. Song Haiying	1/1
Ms. Dai Dongzhe	1/1

(VI) Directors' Responsibilities for the Financial Statements

The Board acknowledges its responsibilities for preparing the Company's financial statements for each financial year and to ensure that the financial statements are prepared in accordance with statutory requirements and applicable accounting standards. The Board also ensures the timely publication of the financial statements in accordance with statutory and/or regulatory requirements. The Directors, having made appropriate enquiries, confirm that they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. The statement by the auditor of the Company about their reporting responsibilities and opinion on the financial statements for the year ended December 31, 2022 is set out in the Independent Auditor's Report in the "Section X Financial Report Prepared in Accordance with PRC Accounting Standards for Business Enterprises" of this annual report.

(VII) RISK MANAGEMENT AND INTERNAL CONTROL

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

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

1. Risk Management System

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

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

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

2. Internal Control System

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

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

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

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

Based on the internal control reviews conducted by the Company in 2022, no significant internal control deficiency was identified.

3. Internal Audit Function

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

4. Effectiveness of the Risk Management and Internal Control Systems

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

The Board, through its review and the review made by internal audit team and the Audit Committee, concluded that the risk management and internal control systems were effective and adequate during the year ended December 31, 2022. Such systems, however, are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board also reviewed and considered that during the year ended December 31, 2022, the resources, staff qualifications and experience of relevant staff were adequate and the training programs and budget provided were sufficient.

5. Anti-corruption

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

6. Whistleblowing policy

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

(VIII)INDEPENDENT AUDITOR'S REMUNERATION

The remuneration paid/payable to the independent auditor of the Company for the year ended December 31, 2022 is set out as follows:

Services rendered	Paid/payable
	RMB0'000
Audit services ^(Note 1)	100
Non-audit services ^(Note 2)	200
Total	120

Notes:

- 1. For the year ended December 31, 2022, the audit services provided by the independent auditor included audit on annual results.
- 2. The non-audit services included internal control audit services provided by the independent auditor.

(IX) REMUNERATION OF SENIOR MANAGEMENT

For the year ended December 31, 2022, the remuneration before tax paid to a total of 4 senior management (excluding Directors and Supervisors) by the Company is set out below:

Remuneration Bands	Number
	3
Over RMB 1,000,000	1

(X) JOINT COMPANY SECRETARIES

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

In accordance with the requirements under Rule 3.29 of the Listing Rules, both Mr. Kang and Mr. Lau confirmed that they have taken not less than 15 hours of relevant professional training during the year ended December 31, 2022.

(XI) COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

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

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

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

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

(XII) SHAREHOLDERS' RIGHTS

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

The Shareholders shall follow the procedures as prescribed in Article 74 of the Articles of Association to convene an extraordinary general meeting or class meeting of the Company. The Shareholders who individually or jointly hold more than 10% (inclusive of 10%) of the issued shares of the Company carrying the right to vote shall have the right to propose to the Board to convene an extraordinary general meeting or a class meeting, and shall make such proposal to the Board in writing and illustrate the topic of the meeting. The Board shall, in accordance with the provisions of laws, administrative regulations, departmental rules, securities regulatory rules of the places where the shares of the Company are listed, and the Articles of Association, give written feedback on approval or disapproval of the convening of an extraordinary general meeting or class meeting within 10 days after receiving the written request. When the Board agrees to convene an extraordinary general meeting, it shall serve a notice of such meeting within 5 days after the resolution is made by the Board. Changes in the original proposal in the notice shall be subject to the approval of relevant shareholders. Where the laws, administrative regulations, departmental rules, securities regulatory rules of the places where the shares of the Company are listed have any other provisions, such provisions shall prevail. If the Board does not agree to hold the extraordinary general meeting or a class meeting or fails to give a reply within 10 days after receipt of the request, shareholders severally or jointly holding more than 10% (inclusive of 10%) of the shares carrying the right to vote at the meeting sought to be held shall be entitled to propose and request in writing to the supervisory committee of the Company (the "Supervisory Committee") to convene an extraordinary general meeting or a class meeting. If the Supervisory Committee agrees to convene the extraordinary general meeting or a class meeting, it shall serve a notice of such meeting within 5 days after receipt of the said request. Changes in the original requisition in the notice shall be subject to the approval of relevant shareholders. If the Supervisory Committee fails to give the notice of such a meeting within the specified time limit, it shall be deemed to have failed to convene or preside over the meeting, in which case, shareholders who individually or collectively hold more than 10% (inclusive of 10%) of the shares carrying the right to vote at the meeting sought to be held for more than 90 consecutive days may convene and preside over the meeting themselves. According to Article 75 of the Articles of Association, when the Supervisory Committee or the shareholders decide to convene the general meeting or a class meeting by themselves, they

must notify the Board in writing and at the same time submit the relevant documentation to the stock exchange in the place where the shares of the Company are listed.

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

The Shareholders of the Company shall follow the procedures as prescribed in Article 79 of the Articles of Association to propose new resolutions at general meetings. When the Company convenes an annual general meeting, shareholders holding more than 3% of the shares of the Company individually or jointly are entitled to submit proposals to the Company. The shareholders individually or jointly holding more than 3% of the shares of the Company may raise provisional proposal and submit it to the convener in writing 10 days before the general meeting is held. Upon the satisfaction that the proposal complies with the provisions in Article 78 of the Articles of Association, the convener shall, within 2 days after the receipt of the proposal, issue a supplementary notice of general meeting and announce the contents of the provisional proposal.

2. Procedures for raising enquiries

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

Tricor Investor Services Limited

17/F, Far East Finance Centre 16 Harcourt Road Hong Kong Email: is-enquiries@hk.tricorglobal.com Tel: (852) 2980 1333 Fax: (852) 2810 8185

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

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

The list of candidates for Directors and Supervisors shall be submitted by way of proposal for voting at the general meeting. Article 108 of the Articles of Association provides that any shareholders holding 3% or above of the shares individually or in aggregate or the Board may propose a resolution for the nomination of Directors at the general meeting, while any shareholders holding 3% or above of the shares individually or in aggregate or the Board may propose a resolution of Supervisors at the general meeting. Candidates for independent non-executive Directors are nominated by the Board or the Supervisory Committee, or any shareholders holding 1% or above of the issued shares of the Company individually or in aggregate. In considering the proposal for the election of Directors and Supervisors, the general meeting shall vote on each candidate for Director and Supervisor one by one. The Board shall inform the Shareholders of the resumes and basic information of the candidates for Directors and Supervisors

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

(XIII) CONSTITUTIONAL DOCUMENTS

The Company amended its Articles of Association by way of special resolution on an extraordinary general meeting held on March 9, 2023, for the purposes of reflecting the change of registered capital and preparation of financial statements of the Company, bringing the Articles of Association in line with the amendments made to the applicable laws and regulations in the PRC and making minor housekeeping amendment. Save for the above, there has been no amendment made to the Articles of Association since the Listing Date and up to the date of this report. The updated Articles of Association is available on the respective websites of the Company and the Hong Kong Stock Exchange published on March 9, 2023.

ABOUT THE REPORT

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

Reporting Scope and Period

The Group's business focuses on the R&D and industrialization of fuel cell systems. The information and data disclosed in the Report cover the Company and its major subsidiaries included in the scope of the annual report. Unless otherwise specified, the reporting period is from 1 January, 2022 to 31 December, 2022 (the "**Reporting Period**" or the "**Year**" or "**2022**").

Reporting Standards

The Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the "**Guide**") as set out in Appendix 27 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and based on the reporting principles of materiality, quantitative, balance and consistency.

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

Environmental, Social and Governance Statement of the Board

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

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

To better monitor the environmental and social performance of the Group, we have established the Safety, Occupational Health and Environmental, Health and Safety Committee (EHS Committee) to be responsible for our safety, occupational health and environmental protection work. The EHS committee is chaired by Mr. Zhang Guoqiang, Chairman of the Company's Board of Directors, and its members are the Deputy General Managers overseeing each business line and the persons-in-charge of our subsidiaries. We engage an independent third-party agency to identify and assess the Group's ESG risks and policies. On April 27, 2023, the Board examined and approved the 2022 Corporate Social Responsibility Report of the Group.

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

Stakeholders' Concerns

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

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

Communication Channels	Key C	Key Concerns		
Employees • •		 Career development and training opportunities Healthy and safe working environment Remuneration and benefits 		
Shareholders and Investors	Annual and interim reportsGeneral meetingsInvestor conferences	Financial and business stabilityCompliant operation		
Suppliers	 Examining suppliers On-the-spot examination Supplier performance evaluation Industry discussion 	Fair cooperationGreen purchasingQuality and stability		
Government	Research and examinationInformation disclosure	Green production and operationCompliance operationProduct quality and safety		
Communities	 Charitable and philanthropic events and voluntary activities ESG reports Social media channels 	Social welfareGreen production		
Customers	 Online and offline promotion activities Product launch events Customer satisfaction surveys 	Product and service qualityPrivacy protection		

ESG Materiality Analysis

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

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

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

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

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

INFORMATION AND FEEDBACK

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

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

A. ENVIRONMENT

A1 Emissions

Our key ESG objectives are to minimize our environmental impacts and contribute to improving the environment. The Group always ensures that it complies with relevant local laws and regulations in its business activities, including but not limited to the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution, the Law of the People's Republic of China on the Prevention and Control of Water Pollution and the Law of the People's Republic of China on the Prevention of Environmental Pollution by Solid Waste. The Group has formulated relevant measures related to environmental protection, the reduction of emissions and consumption and integrated environmental protection management into its daily operations.

Air Pollutants

The resources consumed by the Group during its operation mainly include energy and water. The consumption of resources is related to our production and R&D activities.

The Group strives to improve and perfect its environmental management and disclosure. During the year, the Group further collected and disclosed organized waste gas and wastewater data to monitor the Group's pollutant emissions more comprehensively.

The following table sets forth the types of emissions and respective data as of December 31, 2021 and 2022:

Air Pollutants	Units	2021	2022
Nitrogen oxides (NOx)	kg	28.7	24.2
Sulfur oxides (SOx)	kg	0.6	0.5
Particulate Matter (PM)	kg	2.1	5.7
Volatile organic compounds (VOCs)	kg	-	50.9
Total air pollutant emissions	kg	31.4	81.3

GHG Emissions

The following table sets forth the total greenhouse gas ("GHG") emissions as of December 31, 2021 and 2022:

GHG Emissions	Units	2021	2022
Scope 1 – Direct GHG emissions	tCO ₂ eq	135.1	107.0
Scope 2 – Energy indirect GHG	tCO ₂ eq	4,945.7	7,382.3
emissions			
Total GHG Emissions	tCO ₂ eq	5,080.8	7,489.3
Total GHG intensity	tCO ₂ eq/total number of	6.3	7.4
	employees		

* References of GHG emission data include but are not limited to "the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard" issued by the World Resources Institute and the World Business Council for Sustainable Development and "the Reporting Guidance on Environmental KPIs" issued by the Stock Exchange.

Waste water discharge

The following table sets forth the amount of wastewater discharged as of December 31, 2022:

Waste water	Unit	2022
Total wastewater discharge	tonne	8.92
Chemical oxygen demand (COD) emissions	tonne	6.13
Ammonia nitrogen (NH3-N) emission	tonne	0.35

Energy Management

We closely monitor the energy consumption, regularly assess the electricity and water consumption during the production and identify abnormalities and assess potential risks against historical data, etc. To continuously improve energy efficiency and reduce carbon footprints, we have been looking for possible energy-saving opportunities, giving priority to low-energy consumption products when purchasing equipment and facilities of the Group. We are transforming the offices into a green working environment to encourage green thinking among employees. We encourage employees to use electronic documents to gradually replace paper. Employees are required to turn off lights when they are off duty and turn off all non-essential items such as calculators and photocopiers during non-business hours.

Waste Management

The pollutants we discharge mainly include exhaust gases, solid wastes and wastewater. Although we generate a small amount of hazardous wastes and industrial solid wastes during production, which results in lower carbon emissions, we are committed to minimizing the impact of wastes on environment through effective waste discharge management. We have set up an exhaust gas emission treatment system and wastewater treatment facilities in our production plants, and the treated exhaust gases and wastewater meet the discharge standards before discharging. Other wastes are collected and disposed of by qualified waste treatment companies. We sign contracts with professional third-party companies to regularly dispose of hazardous wastes.

The following table sets forth the total packaging materials used as of December 31, 2021 and 2022:

Packaging materials used for finished products	Units	2021	2022
Total packaging materials used	kg	89,137.9	107,393.9
Intensity of packaging materials used	kg/unit	59.6	30.7

The following tables set forth the total hazardous and non-hazardous wastes produced as of December 31, 2021 and 2022:

Hazardous Wastes	Units	2021	2022
Total hazardous wastes Hazardous waste intensity	kg kg/total number of	3,080.0	16,470.0
	employees	3.8	16.2

Non-hazardous Wastes	Units	2021	2022
Total non-hazardous wastes Non-hazardous waste intensity	kg kg/total number of	11,074.0	36,420.0
	employees	13.7	35.9

* The Group's subsidiary in Shanghai began to produce previously outsourced materials in the second half of 2021, and the Company's production and sales volume in 2022 increased significantly as compared with those of 2021. As a result, hazardous and non-hazardous wastes increased in 2022.

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

A2 Use of Resources

Direct and Indirect Energy Consumptions

Electricity consumption was our major indirect energy consumption, and electricity was mainly consumed in product production and R&D testing activities.

The following table sets forth the total energy consumption as of December 31, 2021 and 2022:

Energy types	Units	2021	2022
– Gasoline	kWh	394,172.8	340,640.6
– Diesel	kWh	15,959.0	5,961.9
– LPG	kWh	63,991.2	55,644.5
– Natural gas	kWh	50,709.1	-
Non-renewable fuel (direct)	kWh	524,832.1	402,247.0
– Electricity	kWh	8,106,331.4	12,100,219.6
Energy (indirect) purchased	kWh	8,106,331.4	12,100,219.6
Total energy consumption	kWh	8,631,163.5	12,502,466.6
Total energy consumption intensity	kWh/total number of		
	employees	10,629.5	12,329.8

* Natural gas was used in the staff canteens. In 2022, employees worked from home for most of the time due to the pandemic. Therefore, no natural gas consumptions were recorded in 2022.

Water Consumption

Water was mainly consumed in the Group's production of products. To improve the water efficiency of the Group, we carried out water-saving and pollution reduction activities, adopted various water-saving methods and recycled wastewater to achieve effective water management.

The total water consumptions as of December 31, 2021 and 2022 are shown in the following table:

Water Consumptions	Units	2021	2022
Total water consumption Water consumption intensity	m³ m³/total number of	34,784.2	41,832.4
	employees	42.8	41.3

We pay close attention to the energy and water control measures implemented by local governments, including potential restrictions. During the Reporting Period, we did not experience material disruptions due to shortage of water.

Emission Reduction Goals

As our business is in the development stage, our current production capacity has not been fully utilized. Therefore, our ESG KPIs are volatile, but they are still within the controllable range and generally better than the average KPIs of the industry. To better assume environmental responsibility, we are committed to achieving the goals of an energy consumption and GHG emission growth rate approximately five to ten percent lower than the production growth rate by 2025, while maintaining an energy consumption rate that is far below the average rate of the industry.

We actively promote the following measures to achieve these goals:

- Improving the production capacity efficiency;
- Optimizing productive technology and R&D testing procedures;
- Maintaining production facilities regularly to improve efficiency and reduce energy consumption;
- Encouraging employees to turn off idle facilities and electrical appliances in the workplace to save electricity;
- Setting the temperature of air conditioners to $25\,^\circ$ to reduce energy consumption; and
- Using clean production technology.

A3 The Environment and Natural Resources

To reduce the Group's significant impact on the environment and natural resources, we pay close attention to the possible impact of the Group's business on the environment and natural resources. As shown in the above section, the major natural resources the Group had an impact on were the energy and water consumed in product production and R&D and testing activities. To effectively reduce the consumption of these resources, we implement green operation policies, continuously optimize productive technology and improve resource efficiency.

A4 Climate Change

We believe that climate-related issues pose a certain degree of threat to us. Our identified climate-related risks can be categorized into (i) physical risks, which are the risks that may cause physical impacts on us due to extreme weather conditions; and (ii) transition risks, which are the risks arising from compliance with applicable environmental laws and regulations and stringent environmental protection standards. The following risks are the physical risks and transition risks we have identified:

Transition risks: The operation of the production facilities is subject to certain environmental requirements, including those relating to air, water, noise and solid waste pollutions, and production safety and labor protection requirements of the PRC laws. The major relevant laws and regulations that the Group should comply with are detailed below:

Environmental-related and social-related risks	Impacts
General environmental requirements	Non-compliance with the Environmental Protection Law of the People's Republic of China
Air pollution and emissions	Non-compliance with the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution and Regulation on the Administration of Permitting of Pollutant Discharges
Environmental impact assessment	Non-compliance with the Law of the People's Republic of China on Environmental Impact Assessment
Production and occupational safety	Non-compliance with the Work Safety Law of the People's Republic of China and the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases
Labor	Failure to pay social insurance payments-The Social Insurance Law of the People's Republic of China-Failure to pay housing provident funds-Regulation on the Administration of Housing Accumulation Funds

The transition to a low-carbon economy will inevitably lead to changes in climate-related regulations and policies, which may lead to potential transition risks. Tightened environmental regulations and the future launch of the national carbon emission trading program may lead to an increase in the prices of major raw materials, increasing the operating costs. However, the PRC government's growing focus on environmental protection and the implementation of environmental protection measures may encourage the manufacturing of environmentally friendly products, and thus we expect more opportunities in the future than ever before.

Physical risks: Climate changes such as floods and storms and other extreme weather conditions and rising temperatures may have potential impacts on our business. As the climate changes, the global temperatures may rise, resulting in an increase in electricity consumption and potential regional power shortages. Rising global temperatures may also lead to more unpredictable weather conditions such as frequent occurrence of severe typhoons, hurricanes, droughts, floods and increased precipitation than ever before. These weather conditions are expected to cause disruptions to our transport services, and our supply chain may be adversely affected, which may lead to delayed delivery of raw materials and products.

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

B. SOCIAL

B1 Employment

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

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

Diversity and Inclusion

We are committed to building and maintaining an inclusive workplace where all employees are expected to grow healthily, fostering a diverse and skilled workforce. We ensure that the workplace is free from discriminations, physical or verbal harassments against employees in terms of races, religions, skin colors, genders, physical or mental disabilities, ages, places of birth and marital statuses. Any forms of harassments or abuses in the workplace are strictly prohibited.

Types	Categories	Units	2021	2022
Genders	Male	person	651	822
	Female		161	192
Age Groups	Aged 30 or below	person	316	385
	31–40 years old		387	483
	41–50 years old		94	128
	51 years old or			
	above		15	18
Location	Country (PRC)	person	812	1,014
Total		person	812	1,014

During 2022, we employed a total of 1,014 employees. The following table sets forth the total number of fulltime employees by genders, age groups and the location as of December 31, 2021 and 2022:

During the Reporting Period, the Group's total turnover rate was 12.9%. The following table sets forth the total employee turnover rates by genders, age groups and the location as of December 31, 2021 and 2022:

Types	Categories	Units	2021	2022
Genders	Male	%	22.0%	14.0%
	Female	%	14.3%	8.3%
Age Groups	Aged 30 or below	%	27.9%	14.0%
	31–40 years old	%	18.1%	13.7%
	41–50 years old	%	6.4%	7.8%
	51 years old or	%		
	above		13.3%	5.6%
Geographical	The People's	%		
Distribution	Republic of			
	China		20.4%	12.9%

B2 Health and Safety

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

We have established and implemented a series of policies and measures accordingly, including but not limited to: (1) safety, health and environmental risk identification and assessment management; (2) safety and emergency management; and (3) occupational health management.

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

The Group has established a sound occupational health and safety management system. Being bound by the ties of basic safety management policies, according to the principles of territorial management in different geographical areas, the main person-in-charge for safety management in each territorial area is identified. The Company has established a comprehensive, special and on-the-spot emergency plan system based on different safety risks, and the Company does drills and is trained regularly. We distribute protective clothing according to occupational hazards. During the Reporting Period, the Group surveyed the environment of the plants in Beijing for occupational hazards, and relevant personnel went through physical examination.

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

B3 Development and Training

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

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

Types	Categories	Proportion of trained employees in total employees (%)	Average training hours
Genders	Male	82.8%	15.5
	Female	17.2%	22.7
Employee Categories	Senior management	0.6%	10.8
	Middle Management	8.7%	40.3
	Frontline employees and		
	other employees	90.7%	14.5

During the Year, the total number of training hours of management personnel and ordinary employees of the Group's subsidiaries was 15,791, and the proportion of trained employees in total employees reached 93%.

B4 Labor Standards

Talent Recruitment

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

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

Measures Preventing Child Labor and Forced Labor

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

Board and Management Diversity

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

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

B5 Supply Chain Management

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

We assess, examine and verify new suppliers. Potential suppliers shall be assessed in terms of quality, technology, social responsibilities and other dimensions, covering environment, safety, compliance with laws and regulations, hazardous substances, trade safety and other aspects. Only high-test suppliers can be included in the Group's list of qualified suppliers. We regularly evaluate and examine selected suppliers and remove suppliers that do not meet the Company's standards from the list of qualified suppliers.

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

During the Reporting Period, there were 234 major suppliers related to the production of the Company's products, including 229 suppliers in Mainland China, two suppliers in Canada, one supplier in Hong Kong, one supplier in South Korea and one supplier in the United Kingdom.

B6 Product Responsibility

Product Quality Management

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

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

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

After-sale Protection and Complaint Resolution

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

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

Maintenance and Protection of Intellectual Property Rights

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

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

During the Reporting Period, we had a total of 402 new intellectual property rights, including 49 inventive patents, 344 utility model patents, four design patents and five software copyrights. As of the end of the Reporting Period, we had a total of 948 intellectual property rights, including 226 inventive patents, 596 utility model patents, 23 design patents and 103 software copyrights.

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

Protection of Customers' Data and Privacy

The Group strictly complies with the Personal Information Protection Law. All employees of the Group shall sign the Business Confidentiality and Non-compete Agreement when they join the Group to ensure that the information of customers, suppliers and other related parties shall not be leaked. We have zero tolerance for violations. As customers' data and information are important business information of the Company, the Company has formulated strict customer information confidentiality regulations, i.e. the Sale Information Security Operation Manual, which clearly stipulates the scope of authorization and confidentiality requirements for customer data and information. For personnel who violate the confidentiality regulations, the Company shall impose corresponding penalties depending on the severity of the case. During the Reporting Period, the Group did not record any material leakages of consumers' data and privacy.

B7 Anti-corruption

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

We regularly train our employees, and anti-bribery and anti-corruption contents are included in the onboarding training for all employees to remind them to stay legally compliant when doing their duties. During the Reporting Period, the Group provided training related to anti-corruption to 143 employees and Directors with a total of 34 training hours. During the Reporting Period, the Group did not have any legal cases regarding embezzlements and engaging in corrupt practices.

B8 Community Investment

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

We are keen about giving back to society and actively contributing to our community. In 2022, we participated in the poverty alleviation and assistance activities in Hejiayan Village, Zhangjiakou, Hebei Province and donated RMB80,000 to support the rural revitalization of Hejiayan Village. In 2022, some regions in China were still affected by the COVID-19 pandemic. The Group actively supported the anti-pandemic work. During the Reporting Period, the Group donated five intelligent nucleic acid sampling stations to Qiaodong District, Zhangjiakou City, Hebei Province and one intelligent nucleic acid sampling station to Dongsheng Science & Technology Park, Haidian District, Beijing with a total value of approximately RMB230,000.

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

PERFORMANCE OF UNDERTAKINGS

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

Background of un dertakings	Gategory of undertakings	Party providing undertakings	Contents of undertakings	Time and term of undertakings	Whether there is a term for performance	Whether or not timely and strictly performed	If the undertaking fails to be performed timely, please explain the specific reasons for the failure	If the undertaking fails to be performed timely, please state the next plan
Undertakings related Restricted shares to IPO	Restricted shares	Controlling shareholder, de Zhang Guoqang coqang	(1) Within 56 months from the date of suamce and listing of the Parses of the Company, they shall not transfer or entrust others to manage the stanes. (1) Within 56 months from the date of suamce and listing dates of the Company directly or indirectly led by themselves before the issuance, nor propose the Company directly or indirectly led by themselves before the issuance, nor propose the Company directly or indirectly led by themselves before the issuance, nor propose the Company directly or indirectly held by the first trading days, or the disring price of the Company's shares at the ead of six months after trading days, in is the first trading the states of the Company states is lower than the issue price, then to known of windend, bouns issue or capital reserve capital action or curst acter the issuance shall be automatically externed for six months. The above issue price relies to the adove issue price within the edition of the Company to repurchase such states. (3) If the Company is enclosed in the company interprict and states of the Company to repurchase and state or transfer or entrust others to manage the states of the Company directly held by me before making profit, 14 all not reduce the states proir to the states of the Company. Held by me before making profit, 14 all not reduce the states proir to the states proir to the states and reduce the states of the Company in the table state and reduce the states of the Company into the active day after the discission or cours and the state of the Company into the curst state and reduce the states of the Company with the above bodi-up period, during my tenue as a Director, Superviors and stating not management, the states of the Company wheld by me. The states of the Company to the states of the Company and the state of the	August 10, 2020/ Wrthin 36 months	Xes	Xes	YN X	W

Background of undertakings	Category of undertakings	Party providing undertakings	Contents of undertakings	Time and term of undertakings	Whether there is a term for performance	Whether or not timely and strictly performed	fails to be performed timely, please explain the specific reasons for the failure	n ure fails to be performed timely, please state the next plan
	Restricted shares	Bai Wei, Shuimu Yuanjing, Anpeng Xingyuan, Shenzhen Anpeng, Xinding Investment, Qihang Industrial Investment, Suzhou Oingyan, Rumwu Hanneng, Changjiang Zhixin, Henan Keyuan	Within 12 months from the date of the shares of the Company are listed and traded on the stock exchange, the entity/f shall not transfer or entrust others to manage the issued shares of the Company directly or indirectly held by the entity/me, nor shall the Company repurchase the issued shares of the Company directly or indirectly held by the entity/me. If the time for the Company to complete the initial application for the PD of shares is not more than six months from the date of completion of the industrial and commercial registration procedures for the capital increase of the Company by the entity/me (April 18, 2019), the entity/lishall not transfer or entrust others to manage the new shares of the Company directly neidby the entity/me (April 18, 2019), the entity/lishall not transfer or entrust others to manage the new shares of the Company directly or indirectly held by the entity/me within 36 months from the date of completion of the industrial and commercial registration procedures for the capital increase, nor shall the Company repurchase the new shares of the Company directly or indirectly held by the entity/ me. If the entity/ sulls shares in violation of the above undertakings, the proceeds from the sale of shares (after deducting taxes and frees from the transfer proceeds) shall be remitted to the Company.	August 10, 2020/36 months	Yes	Yes	MA	M
	Restricted shares	Core technicians holding shares of the Company	(1) Within 12 months from the date of issuance and listing of the shares of the Company and within ask months from the date of resignation, Ishall not transfer or entrust others to manage the shares of the Company directly or indirectly held by me before the assuance, nor propose the Company to repruchase such shares. If I resign before the expiny of the aforesaid lock-up period. I shall still comply with the aforesaid bock-up undertaking, (2) Within four years from the expiration of the lock-up period of the shares held by me before the initial issuance, the seal of shares held before the initial issuance shall not exceed 25% of the total shares held by me before the initial issuance of the Company, and shall continue to comply with the aforesaid provisions if resigns during the saires held by me before the initial issuance of the Company, and shall continue to comply with the aforesaid provisions if resigns during the saire sheld by me before the initial issuance of the Company, and shall continue to comply with the aforesaid provisions if resigns during he said period. After making profit, I may reduce the shares prior to the issuance from the next day after the disclosure of the annual report of the Company for the current year, but it shall still company. I will strictly comply with the relevant provisions of laws. I and 2. (4) During my tenue as a core technicians of the Company. I will strictly comply with the relevant provisions of mas, regulations and requirements of the securities regulations and changes in shares of core technicians. I agree to bear and compensate for all losses caused to the Company and its controlled enterprise due to viobition of the above undertakings. (5) During the period of my sharekolding to automatically apply the requirements of the securities regulatory documents, policies and requirements of the securities regulatory autorities after such changes.	August 10, 2020/ within 12 months and within 6 months after resignation	Yes	Yes	MA	MA
	Others	Controlling shareholder, de facto controller Zhang Guoqiang	For details of the undertakings of intention to hold shares and reduce shares, please refer to "(II) Undertakings of intention to hold shares and shares and shareholding reduction" under "Section X Investor Protection" of the A-share Prospectus disclosed by the Company on the website of the SSE.	August 10, 2020/24 months after the expiration of the lock-up period	Yes	Yes	MA	MA

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Background of undertakings	Gategory of undertakings	Party providing undertakings	Contents of undertakings	Time and term of undertakings	Whether there is a term for performance	Whether or not timely and strictly performed	If the undertaking fails to be performed timely, please explain the specific reasons for the failure	If the undertaking fails to be performed timely, please state the next plan
	Others	Shuimu Y uanjing	For details of the undertakings of intention to hold shares and reduce shares, please refer to "(I) Undertakings of intention to hold shares and shares have broaken and the company on the website of the SSE.	August 10, 2020/24 months after the expiration of the lock-up period	Yes	Yes	WA	NA
	Others	Kangrui Yingshi	For details of the undertakings of intention to hold shares and reduce shares, please refer to "(II) Undertakings of intention to hold shares and shareholding reduction" under "Section X Investor Protection" of the A-share Prospectus disclosed by the Company on the websile of the SSE.	August 10, 2020/24 months after the expiration of the lock-up period	Yes	Yes	WA	MA
	Others	The Company, the controlling shareholder and de facto controller of the Company,	For details of the measures and undertakings for price stabilization within three years after the listing, please refer to "(III) Measures and undertakings for price stabilization" under "Section X Investor Protection" of the A-share Prospectus disclosed by the Company on the website of the SSE.	August 10, 2020/36 months	Yes	Yes	WA	NA
		Directors (excluding independent Directors and Directors who do not receive remuneration from the Company), senior management						
	Others	The Company, controlling shareholder and de facto controller of the Company, directors and senior management	For details of the measures and undertakings in relation to recovery of diluted immediate return, please refer to "(IV) Measures and undertakings in relation to recovery of diluted immediate return " under "Section X Investor Protection" of the A-share Prospectus disclosed by the Company on the website of the SSE.	August 10, 2020/ Long term	9	Yes	WA	WA
	Others	The Company, the controlling shareholder and the de facto controller of the Company	For details of share repurchase undertakings in connection with the flaudulent issuance and listing, please refer to "WN Share repurchase undertakings in connection with the flaudulent issuance and listing" under "Section X Investor Protection" of the A-share Prospectus disclosed by the Company on the website of the SSE.	August 10, 2020/ Long term	2 N	Yes	WA	NA

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The Company. For details of the undertakings of restraining measures when failing to perform the undertakings, please refer to "WII) Undertakings of its controlling restraining measures when failing to perform the undertakings, please refer to "WII) Undertakings of the Ashare Prospectus disclosed by shareholder, de the Company on the website of the SSE. The controller, shareholders bid in the company on the website of the SSE. So the set is a state of the Ashare Prospectus disclosed by shareholders bid more than so the Ashare Prospectus disclosed by shareholders bid more than set is a state of the SSE. Supervisors and their parties and their parties and their parties and the reaction concert, supervisors and set in concert, set is a state of the Company bid more than a disclosed by the Ashare Prospectus disclosed disclosed disclosed discrete disclosed disclosed disclosed disclos
Other shareholders For details of other undertakings, please refer to "(X) Other undertakings" of "Section X Investor Protection" of the A-share Prospectus disclosed other than by the Company on the website of the SSE. controlling shareholders shareholders holding more than 2% shares of the Company and their concert parties

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If the undertaking fails to be performed timely, please state the next plan	Ŧ	đ	Ŧ
<u>د</u>	N/A	MA	NA
If the undertaking fails to be performed timely, please explain the specific reasons for the failure	N/A	N/A	N/A
Whether or not timely and strictly performed	Yes	Yes	Yes
Whether there is a term for performance	Q	2	Yes
Time and term of undertakings	August 10, 2020/ Long term	August 10, 2020 ^v Long term	August 11, 2021/ February 11, 2022
Contents of undertakings	1.1 do not, and will not, directly or indirectly engage in any activities that compete with the existing and future businesses of the Company and its holding subsidiaries, and am willing to remedy the Company for the economic losses caused by the breach of the above undertakings. 2. For other enterprises directly and indirectly controlled by me, I guarantee that such enterprises shall perform the same obligations as me in this letter of undertaking, and guarantee that such enterprises will not compete with the Company. If the businesses that I have invested in, served for or controlled through other forms of enterprises will not compete with the Company. If the businesses, I agree to include the stares or assets related to such businesses into the scope of the Company is operation or control or eliminate such competition through other legal and effective means. The Company has the right to require me to transfer all the shares in such enterprises at any time. I shall give the Company the pre-emptive right to purchase such shares under the same conditions and will ensure the relevant transaction price to be fair and reasonable. 3. I undertake that if any business opportunity the Company. 4 I undertake that if i vioble any of the above provisions of this letter of undertaking and anoid competition with the Company. 4. I undertake that if i vioble any of the above provisions of this letter of undertaking and ause any direct or include.	1. From the date of this letter, lor entities that are individually or jointly controlled or significantly influenced by my close family members, or in which hold leadership positions or act as Directors, Supervisors and senior management, will try my/their best to avoid related party transactions with the Company. When conducting related party transactions which are necessary and unavoidable. I or the aforesaid entities guarantee that <i>U</i> they will strctly comply with laws and regulations and the Company is related party transaction managements, and perform transaction procedures and information disclosure obligations in accordance with relevant the Company is related party transactions and the Articles of association managements, and perform transaction procedures and information disclosure obligations in accordance with relevant laws, regulations and regulatory documents. 2.1 guarantee that Will comply with the abstention procedures when considering related party transactions involving the Company in accordance with the Mill comply will the Articles of Association when victing or related party transactions and regulatory documents. 2.1 guarantee that Will comply with the abstention procedures when considering related party transactions and regulatory documents and the Articles of Association when victing or related party transactions and the Articles of Association when victing or related party transactions and meetings of the Company and other shareholders are not prejudiced. I guarantee that Will not take advantage of my position and influence on the Company and other shareholders through related party transactions. 3. If i violate the above representations and warrantee, i am willing to bear the actual economic bases caused to the Company. 4. During the period when I was the de facto controller of warrantee.	The shares issued shall not be transferred within 6 months from the listing date. Where laws, regulations and regulatory documents otherwise set provisions on the lock-up period, such provisions shall prevail. After the completion of the issuance, the shares of the Company increased due to borus issue, conversion of capital reserve into share capital and other reasons shall also comply with the above bock-up period arrangements. Any reduction of the shares by the target subscribes under the Issuance after the expiration of the lock-up period shall comply with the relevant provisions of the Company Law, the Securities Law, the SISTR Market Listing Rules and other laws, regulatory documents, relevant rules of the stock exchange and the Articles of Association of the Company.
Party providing undertakings	Controlling shareholder, de facto controller	Controlling shareholder, de facto controller	UBS, Beiqi New Kinetic Energy, JPMorgan, Morgan Stanley
Category of undertakings	Non-competition undertaking	No related party transactions	Restricted shares
Background of undertakings			Undertakings related Restricted shares to refinancing

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

Unit: RMB

Name of shareholder or related party	Affiliations	Occupancy time	Reason for occurrence	Opening balance	Amount of new occupied fund during the Reporting Period	Total amount reimbursed during the Reporting Period	Closing balance	Balance as at the date of disclosure of the annual report	Expected reimb ursement method	Expected repayment amount	UNIT: KIVIB Expected repayment date
Zhangjiakou Haiper New Energy Technology Co., Ltd.	Other related parties	Other related July 2019 to parties present	C urrent payments	38,321,389.29	0.00	10,364,696.86	29,708,400.39	30,072,105.08	Cash	31,183,424.97	2023.12.31
Total	/	/	/	38,321,389.29	00.0	10,364,696.86	29,708,400.39	30,072,105.08	/	31,183,424.97	/
Ratio of the total value at the end of the period to the latest audited net assets Decision-making procedures for occupation of funds by controlling shareholder and other related parties for non-operational purpose	e end of the peric for occupation o m-operational pu	od to the latest aud f funds by controllir Irpose	ited net assets ng shareholder and		etween the Compar was a secondary su d by the Company t ot provided any new	y and Zhangjiakou I osidiary of the Com o support its busine. r funds to it. The ch.	1.27% The fund transfer between the Company and Zhangjiakou Haiper was due to the change in the scope of the consolidated statements of the Company. Zhangjiakou Haiper was a secondary subsidiary of the Company's consolidated statements from its date of establishment to September 2019. The borrowings provided by the Company to support its business development were within the above consolidated statements period. Since September 2019, the Company has not provided any new funds to ft. The change in the balance of current accounts was due to the accrued interest on loans.	e change in the scop statements from its e within the above co	e of the consolidate late of establishmen nsolidated statemer vas due to the accru	d statements of the t to September 201 ts period. Since Sel ed interest on Ioan	Company. 9. The stember 2019,
Reasons for occupation of funds by new controlling shareholders and other related parties for non-operational purpose in the current period, investigation on accountability of responsible person and description of measures to be taken by the Board	nds by new conti erational purpose isible person and	rolling shareholders in the current perio description of mea	s and other od, investigation asures to be taken	ĨZ							
Reasons for the failure to settle the occupation of funds for non-operational purpose as planned, investigation on accountability of responsible person and description of measures to be taken by the Board	tle the occupatio igation on accour be taken by the	n of funds for non- ntability of respons. Board	operational ible person and	NI							
Special audit opinion on the occupation of funds by certified public accountants (if any) (if any) Explanation on the inconsistency between the occupation of funds by controlling shareholder and other related parties for non-operational purpose disclosed in the annual report and the special audit opinion (if any)	occupation of fui incy between the ted parties for no special audit opin	nds by certified put • occupation of func m-operational purp iion (if any)	olic accountants ds by controlling ose disclosed in	For details, please r Company. Nil	efer to the "Beijing	sinoHytec Co., Ltd	For details, please refer to the "Beijing SinoHytec Co., Ltd Occupation of funds by controlling shareholder and other related parties" disclosed by the Company. Nil	s by controlling shar	cholder and other re	ated parties" discl	sed by the
III. ILLEGAL GUARANTEE	- GUAR	ANTEE									

SECTION VI SIGNIFICANT EVENTS

Applicable Not Applicable

- IV. ANALYSIS AND EXPLANATION OF THE CAUSES AND EFFECTS OF CHANGES IN ACCOUNTING POLICIES, ACCOUNTING ESTIMATES OR CORRECTION OF MAJOR ACCOUNTING ERRORS
- (I) Analysis and explanation of the causes and effects of changes in accounting policies, accounting estimates by the company

For details, please refer to "Section X Financial Statements Prepared In Accordance with the PRC Accounting Standards for Business Enterprises – III. Significant accounting policies and accounting estimates – 44. Changes in significant accounting policies and accounting estimates".

(II) Analysis and explanation for corrections of significant accounting errors by the Company

□ Applicable ✔ Not Applicable

(III) Communication with the former accounting firm

 \Box Applicable \checkmark Not Applicable

(IV) Other explanations

Applicable Vot Applicable

V. APPOINTMENT AND DISMISSAL OF ACCOUNTING FIRMS

Unit: RMB0'000

	Appointed
Name of domestic accounting firm	Moore Stephens
	Da Hua Certified
	Public Accountants
	(Special General
	Partnership)
Remuneration of domestic accounting firm	100
Term of service of the domestic accounting firm	3 years
Name of certified public accountants of domestic accounting firm	Hu Xiaohui, Zhang Guole
Term of audit of certified public accountants of domestic accounting firm	3 years
Name of overseas accounting firm	-
Remuneration of overseas accounting firm	-
Term of audit of overseas accounting firm	-
Name of certified public accountants of overseas accounting firm	-
Term of audit of certified public accountants of overseas accounting firm	-

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

The Company has not changed its auditor in any of the preceding three years.

VI. EXPOSURE TO THE RISK OF DELISTING

During the Reporting Period, the Company did not suspend listing or terminate listing.

VII. MATERIAL LITIGATIONS AND ARBITRATION

During the Reporting Period, the Company had no material litigation or arbitration.

VIII. ALLEGED VIOLATIONS, PUNISHMENT AND RECTIFICATION IMPOSED ON THE LISTED COMPANY AND ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER

During the Reporting Period, no punishment and rectification was imposed on the Company and its Directors, Supervisors, senior management, controlling shareholder and de facto controller.

IX. EXPLANATION OF THE CREDIBILITY OF THE COMPANY, ITS CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER DURING THE REPORTING PERIOD

During the Reporting Period, the Company, its controlling shareholder and de facto controller operated in good faith in accordance with the law, and there were no bad credit conditions such as failure to perform the effective judgment of the court or failure to repay a relatively large amount of debts due.

X. MAJOR RELATED PARTY TRANSACTIONS

(I) Related party transactions arising from acquisition or disposal of assets or equity interests

1. Matters not disclosed in temporary announcements

Unit: RMB

					•	led to the listed o	company
Related parties	Affiliations	•	rovided to relate	d parties	-	related parties	
		Opening	Amount	Closing	Opening	Amount	Closing
		balance	incurred	balance	balance	incurred	balance
Zhangjiakou Haiper	Others	32,728,477.49	-8,481,498.16	24,246,979.33	0	0	0
Total		32,728,477.49	-8,481,498.16	24,246,979.33	0	0	0
Impact of related party debts	on the Company	consolidated stat Company to sup the completion of the change of ke statements. Song of such company Zhangjiakou Haip balance was RMB	ements from its da port its projects co of the capital incru y management pe Haiying, a Directo v, therefore, such ther has gradually re 224,246,979.33.	company. Zhangjiakou to of establishment to onstruction were with ease and share increa rsonnel, the Company, an company's outstandir epaid the borrowings.	o September 2019 in the above cons ise of Zhangjiakou y no longer includ d Kang Zhi, the se ng borrowings are As at the end of t	. The borrowings polidated statement a Haiper in Septer ed it in the scope cretary to the Boar recorded as relat he Reporting Perice	provided by the ts period. After nber 2019 and of consolidated rd, are directors ed party debts. rd, the principal
Impact of related party debts of	on the Company	Company would	charge interest on	t agreements with Zh the borrowings; the lo	5, 1, 1		
		total assets of the	e Company.				

2. Other related parties and related party transactions

Details of the significant related party transactions of the Group for the year ended December 31, 2022 are set out in Note "X. Related Parties and Related Party Transactions" to the Financial Statements. None of these related party transactions constitutes a connected transaction or continuing connected transaction which is required to be disclosed pursuant to Chapter 14A of the Listing Rules. The Company confirms that it has complied with the disclosure requirements under Chapter 14A of the Listing Rules.

XI. MATERIAL CONTRACTS AND ITS PERFORMANCE

(I) Entrusted management, subcontracting and leasing items

During the Reporting Period, the Company had no material trusteeship, contracting or leasing.

(II) Guarantee

Unit: RMB

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	Relationship												Whether	
	between the			Date of					Whether the	Whether			it is a	
	guarantor			guarantee	Commencement	t Maturity			guarantee	the	Overdue		related	
	and the listed Guaranteed	Guaranteed	Amount	(date of	date of	date of	Type of	Collateral	has been	guarantee	amount of	Counter-	party	
Guarantor	company	party	guaranteed	agreement)	guarantee	guarantee	guarantee	(if any)	fulfilled	is overdue	guarantee	guarantee	guarantee	Affiliations
al amount of guara	Total amount of guarantees incurred during the Reporting Period (excluding guar	the Reporting Perior	l (excluding guarar	rantees for subsidiaries	(2									0
al balance of guara	Total balance of guarantees at the end of the Reporting Period (A) (excluding gua	: Reporting Period (A) (excluding guara 	arantees for subsidiari	(Se									0

	Anv counter	guarantee	No	No	No	No	No	No	No	No
	Overdue	guarantee	0	0	0	0	0	0	0	0
	Whether the duarantee		No	No	No	No	No	No	No	No
	Whether the	been fulfilled	Yes	Yes	No	No	Yes	Yes	Yes	Yes
		Type of guarantee	Joint liability guarantee	Joint liability guarantee	Joint liability guarantee	Joint liability guarantee	Joint liability guarantee	Joint liability guarantee	Joint liability guarantee	Joint liability guarantee
ss to its subsidiaries	Maturity data of		2022/2/16	2022/12/29	2026/1/19	2026/1/18	2022/6/2	2022/6/16	2022/6/28	2022/7/26
Guarantees provided by the Company and its subsidiaries to its subsidiaries	ee Commencement	date of guarantee	2021/8/16	2022/1/1	2022/1/19	2022/1/18	2021/12/2	2021/12/16	2021/12/28	2022/1/26
wided by the Com	Date of guarantee (date of	agreement)	2021/8/16	2022/1/1	2022/1/19	2022/1/18	2021/12/2	2021/12/16	2021/12/28	2022/1/26
Guarantees pro	Amount	guaranteed	10,000,000.00	2,900,175.00	1,440,325.00	4,637,870.50	4,322,709.00	723,600.00	1,991,691.00	2,289,870.00
Relationship	between the guaranteed party and the listed		Wholly-owned	Wholly-owned	Wholly-owned	Wholly-owned	Wholly-owned subsidiary	Wholly-owned	Wholly-owned	Wholly-owned subsidiary
		Guaranteed party	SinoHytec Power	SinoHytec Power	SinoHytec Power	SinoHytec Power	chengdu SinoHytec Wholly-owned cubridian	Chengdu SinoHytec Wholly-owned	Chengdu SinoHytec Wholly-owned	Chengdu SinoHytec Wholly-owned subsidiary subsidiary
Relationship	between the guarantor and the listed	company	Headquarters of	Headquarters of	Headquarters of the Community	Headquarters of	Headquarters of the Company	Headquarters of the Company	Headquarters of	Headquarters of the Company
		Guarantor	The Company	The Company	The Company	The Company	The Company	The Company	The Company	The Company

Any counter 24,507,832.05 0.66 guarantee 15,555,467.01 15,555,467.01 ۶ N 2 2 ۶ N 2 ٩ N 0 0 0 Overdue C C C amount of guarantee guarantee has guarantee is overdue Whether the 2 2 2 2 2 2 been fulfilled Whether the Yes Yes Yes 2 R 2 Joint liability guarantee Type of guarantee Guarantees provided by the Company and its subsidiaries to its subsidiaries Maturity date of 2022/11/26 2022/12/27 guarantee 2022/9/28 2026/1/22 2026/2/10 2026/3/28 date of guarantee Commencement 2022/8/10 2022/9/28 2022/3/28 2022/5/26 2022/6/27 2022/7/22 Date of guarantee agreement) 2022/8/10 2022/9/28 2022/3/28 2022/5/26 2022/6/27 2022/7/22 (date of Amount 1,072,686.04 500,000.00 1,345,403.00 624,945.00 2,189,634.00 guaranteed 7,506,923.51 Total amount of guarantees provided by the Company (including guarantees for subsidiaries) Total balance of guarantees provided to subsidiaries at the end of the Reporting Period (B) guaranteed party and the listed Chengdu SinoHytec Wholly-owned between the Chengdu SinoHytec Wholly-owned Chengdu SinoHytec Wholly-owned Wholly-owned Wholly-owned Chengdu SinoHytec Wholly-owned Relationship subsidiary subsidiary subsidiary subsidiary subsidiary subsidiary Suaranteed party company Total amount of guarantees provided to subsidiaries during the Reporting Period Percentage of total guarantee amount to net assets of the Company (%) Chengdu SinoHytec Chengdu SinoHytec

0

0

15,555,467.01

15,555,467.01

Amount of debt guarantees directly or indirectly provided for guaranteed parties with gearing ratio over 70% (D)

Amount of total guarantee exceeding 50% of net assets (E) Total amount of the above three guarantees (C + D + E) Explanation on the potential joint and several liability for outstanding guarantees

Explanation on guarantee

Amount of guarantees provided for shareholders, de facto controllers and their related parties (C)

Fotal guarantee amount (A + B)

Including:

Ī Z

SECTION VI SIGNIFICANT EVENTS

and the listed

company

Relationship between the guarantor Headquarters of

The Company Guarantor

Headquarters of

The Company

the Company

the Company

Headquarters of

The Company

the Company

Headquarters of

The Company

the Company

Headquarters of the Company Headquarters of

The Company

The Company

the Company

(III) Entrusted cash asset management

1. Entrusted wealth management

(1) Overall situation of entrusted wealth management

Unit: RMB

Туре	Source of funds	Amount incurred	Outstanding balance	Overdue unrecovered amount
Wealth management	Internal funds	244,000,000.00	45,000,000.00	0.00
Wealth management	Proceeds raised	391,434,474.07	0.00	0.00
Broker products	Internal funds	2,000,000.00	0.00	0.00

(2) Individual entrusted wealth management □ Applicable ✓ Not Applicable

> Other circumstances □ Applicable ✓ Not Applicable

(3) Provision for impairment on entrusted loans□ Applicable ✓ Not Applicable

2. Entrusted loans

(1) General information of entrusted loans
 □ Applicable ✓ Not Applicable

Other circumstances □ Applicable ✓ Not Applicable

(2) Individual entrusted loans □ Applicable ✓ Not Applicable

> Other circumstances □ Applicable ✔ Not Applicable

(3) Provision for impairment on entrusted loans

3. Other circumstances □ Applicable ✓ Not Applicable

(IV) Other material contracts

□ Applicable
✓ Not Applicable

XII. PROGRESS OF USE OF PROCEEDS

(I) Overall use of proceeds

	Total proceeds	Net proceeds after deducting issuance	Total committed investment of	Total committed investment of proceeds after	Total amount of proceeds invested as at the end of the Reporting	Accumulated investment progress as at the end of the Reporting Period (%)	Amount invested during the	Proportion of investment amount for the year (%)
Source of proceeds	raised	expenses	proceeds	adjustment (1)	Period (2)	(3) = (2)/(1)	year (4)	(5) = (4)/(1)
IPO shares Issuance of shares to specific subscribers by simplified	1,351,379,587.95	1,224,669,320.50	1,200,000,000.00	1,200,000,000.00	789,482,042.60	65.79	74,297,550.74	6.19
procedure in 2021	199,999,904.82	195,233,253.97	199,999,904.82	199,999,904.82	53,654,361.91	26.83	8,400,910.76	4.20

(II) Breakdown of Investment Projects

🖌 Applicable 🛛 Not Applicable

Unit: RMB

						Accumulated							
						investment						Whether the	
						progress as at			Whether the	Specific reasons		feasibility of	
	Whether				Total amount of	the end of	Date when		progress of	for failure		the project	
	change of		Total committed	Total investment	proceeds invested	the Reporting	the project is	Whether	investment	to meet the	Realized benefits	has changed	
	investment		investment of	of proceeds after	as at the end of the	Period (%)	ready for its	the project meets the	meets the	investment	or R&D results of	significantly, if so, Amount of balance	Amount of balance
Project Name	is involved	Source of proceeds	proceeds	adjustment (1)	adjustment (1) Reporting Period (2)	(3)=(2)/(1)	intended use	is settled	schedule	schedule	the project	please specify	and reasons
Phase II of Fuel Cell Engine	No	IPO shares	600,000,000.00	600,000,000.00	226,620,385.61	37.77	2022	Yes	Yes	ı	Note 1	I	Please refer to Section
Production Base													(IV) 5. Others
Construction													
Fuel Cell Engine R&D Project	No	IPO shares	100,000,000.00	100,000,000.00	62,770,248.94	62.77	2021	Yes	Yes	ı	NA	ı	Please refer to Section
for Winter Olympics													(IV) 5. Others
Supplement working	No	IPO shares	500,000,000.00	500,000,000.00	500,091,408.05	100.02	I	Yes	Yes	ı	NA	I	
capital (IPO)													
Fuel Cell Comprehensive Test No	No	Issuance of shares to	150,000,000.00	150,000,000.00	8,400,910.76	5.60	2023	No	No	Please refer	NA	ı	
and Evaluation Centre		specific subscribers								to Section			
		by simplified								(IV) 5. Others			
		procedures in 2021											
Supplement working capital	No	Issuance of shares to	49,999,904.82	49,999,904.82	45,253,451.15	90.51	I	Yes	Yes	ı	NA	I	
(2021 simplified issuance)		specific subscribers											
		by simplified											
		procedures in 2021											

Note 1: This project has reached its usable status in August 2022, achieving an annual production capacity of 8,000 units. Due to the short period of time after completion and operation, this project has not yet achieved the expected revenue.

(III) Changes in investment projects during the Reporting Period

SECTION VI

SIGNIFICANT EVENTS

Applicable Not Applicable

(IV) Other circumstances of use of proceeds during the Reporting Period

1. Temporary replenishment of working capital with idle proceeds

On April 28, 2022, the Company convened the 33rd meeting of the second session of the Board and the 22nd meeting of the second session of the Supervisory Committee, at which the Proposal on the Use of Certain Idle Proceeds to Temporarily Supplement Working Capital was considered and approved, pursuant to which, the Company was approved to use the idle proceeds not exceeding RMB100 million to temporarily replenish working capital for a term of not more than 12 months from the date of consideration and approval by the Board of the Company, provided that the implementation of the investment projects and the use of the proceeds will not be affected. As of December 31, 2022, the Company has not used any idle proceeds to temporarily replenish working capital.

2. Cash management of idle proceeds and investment in related products

On October 15, 2021, the Company convened the 25th meeting of the second session of the Board and the 17th meeting of the second session of the Supervisory Committee, at which the Proposal on the Continuing Use of Certain Idle Proceeds for Cash Management was considered and approved, pursuant to which, the Company was approved to use the temporarily idle proceeds not exceeding RMB600 million (inclusive). The above funds include the idle proceeds from A Shares IPO and the issuance of shares to specific subscribers by simplified procedure. Cash management is conducted provided that the progress of the investment projects and the normal production and operation of the Company will not be affected and the safety of the funds will be ensured. To the extent of the above limit, the funds can be reused with a validity period of 12 months from the date of approval by the Board. As of October 14, 2022, the Company has returned all the proceeds from the previous temporary cash management to the special account for proceeds.

Cash management of idle proceeds of the Company are as follow:

		Investment		Whether it was
Trustee	Type of product	amount	Revenue	redeemed
Century City Sub-branch, Beijing Branch of China Merchants Bank	Certificates of deposit	10,000,000.00	298,450.00	Yes
The operation department of Beijing Branch of Bank of Ningbo	Structured deposits	100,000,000.00	798,356.17	Yes
The operation department of Beijing Branch of Bank of Ningbo	Structured deposits	50,000,000.00	284,474.85	Yes
The operation department of Beijing Branch of Bank of Ningbo	Structured deposits	50,000,000.00	259,479.48	Yes
The operation department of Beijing Branch of Bank of Ningbo	Time deposits	100,000,000.00	706,697.50	Yes
The operation department of Beijing Branch of Bank of Ningbo	Structured deposits	50,000,000.00	123,287.67	Yes
Beijing Muxidi Branch of Minsheng Bank	Structured deposits	50,000,000.00	365,683.56	Yes

				Whether
		Investment		it was
Trustee	Type of product	amount	Revenue	redeemed
The operation department of Beijing Branch of Bank of Ningbo	Call deposits	151,434,474.07	114,837.81	Yes
Century City Sub-branch, Beijing Branch of China Merchants Bank	Structured deposits	60,000,000.00	226,849.32	Yes
Century City Sub-branch, Beijing Branch of China Merchants Bank	Certificates of deposit	20,000,000.00	386,400.00	Yes
Century City Sub-branch, Beijing Branch of China Merchants Bank	Certificates of deposit	10,000,000.00	112,000.00	Yes
The operation department of Beijing Branch of Bank of Ningbo	Structured deposits	50,000,000.00	354,707.40	Yes
Total		701,434,474.07	4,031,223.76	

Note: Income from certificates of deposit of RMB10,000,000.00 from Century City Sub-branch Beijing Branch of China Merchants Bank (trustee) was RMB298,450.00, of which amount received in 2021 was RMB203,200.00.

3. Permanent replenishment of working capital or repayment of bank loans with excess proceeds

The Company held the 28th meeting of the second session of the Board and the 18th meeting of the second session of the Supervisory Committee on 30 November 2021, and the 2021 second extraordinary general meeting on December 16, 2021. The above meeting considered and approved the Resolution on the Use of Part of the Excess Proceeds for Permanent Replenishment of Working Capital, pursuant to which, the Company was approved to use RMB7.4 million of the excess proceeds for permanent replenishment of working capital, accounting for 29.9968% of the total excess proceeds, for the production and operation activities related to the principal business of the Company. As of December 31, 2022, the Company has used RMB7.4 million of the excess proceeds for permanent replenishment of working capital.

4. Others

1. The Company's investment project "Fuel Cell Engine R&D Project for Winter Olympics" has reached the established target and completed the final acceptance by the end of 2021. The balance of the proceeds from the project was RMB32.2663 million. The Company convened the 31st meeting of the second session of the Board and the 20th meeting of the second session of the Supervisory Committee on March 8, 2022, at which the above balance of the proceeds was approved to permanently replenish the working capital. The reasons for the balance are as follows: (1) the Company strengthened the management and control of various expenses in project implementation on the premise of ensuring project quality, and reduced project implementation costs through reasonable allocation and optimization of various resources. (2) Fuel cell technology is undergoing a rapid upgrade and iteration. Due to the long implementation cycle of the investment project, the relevant domestic industrial chain technology has been improved, and some production equipment has been localized instead of imported. The price of some equipment and materials required for the Company's project has been reduced compared with the budget price, and the cost of the investment project has been reduced accordingly. (3) The Company reasonably deposited the idle proceeds and generated interest income on deposit.

- 2. The Company has basically completed the construction of Phase II of Fuel Cell Engine Production Base Construction in August 2022, and the production lines and equipment are ready for use. The balance of the proceeds from the project was RMB380.1324 million. The Company held the fifth meeting of the third session of the Board and the fourth meeting of the third session of the Supervisory Committee on October 28, 2022, at which the above balance of the proceeds was approved to permanently replenish the working capital. The reasons for the balance are as follows: (1) The Company reasonably reduced part of the supporting GFA by optimizing the planning and design of project sites, and strengthened the control, supervision and management of project construction costs on the premise of ensuring project quality. (2) Certain equipment purchase expenses for the project was reduced due to domestic substitution and adjustment and optimization of production line layout and production process. (3) Some of the initial self-owned capital investment of the project was not included in the scope of replacement of proceeds. At the same time, the project received subsidy for special project from the government, and some of the project expenses were expensed from the special subsidy account. (4) The Company generated certain wealth management income from use of certain idle proceeds for cash management.
- 3. Upon completion of all the procedures for issuance of shares to specific subscribers by simplified procedures on August 11, 2021, the safety evaluation of the investment project of "Fuel Cell Comprehensive Test and Evaluation Center" did not go smoothly due to the impact of the COVID-19 pandemic in the project site. At the same time, the Company's lack of experience in construction of test center led to the progress of project design and selection of customized equipment being lower than expected. On July 19, 2022, the Company convened the second meeting of the third session of the Board and the second meeting of the third session of the Supervisory Committee, at which the Proposal on the Change of Implementation Entity and Implementation Location of Certain Investment Projects and the Use of Proceeds to Increase Capital Contribution to Wholly-owned Subsidiaries for Implementation of Investment Projects was considered and approved, pursuant to which, the Company was approved to change the implementation entity of the investment project of "Fuel Cell Comprehensive Test and Evaluation Center" under the issuance of shares to specific subscribers by simplified procedures in 2021 to Future Hydrogen Valley, a wholly-owned subsidiary of the Company, and also the implementation location of the project was changed to the place where Future Hydrogen Valley is located, Block F, Hongxianghong Industrial Park, Beigijia Town, Changping District, Beijing, and the Company was approved to use the proceeds to increase capital contribution to Future Hydrogen Valley in accordance with the progress of the investment project. During the Reporting Period, the implementation entity and implementation location of the above investment projects have been changed.

I. CHANGES IN SHARE CAPITAL

1. Table of changes in the number of shares

Unit: share

			Before th	e change		Chang	jes for the period (Capitalization	(+,-)		After the	change
			Number	Percentage	Issue of new shares	Bonus issue	of provident fund	Others	Sub-total	Number	Percentage
				(%)							(%)
I.	Shai	res subject to trading restrictions	21,133,145	29.62	-	-	5,587,860	-8,150,803	-2,562,943	18,570,202	18.59
	1.	State-owned shares	-	-	-	-	-	-	-	-	-
	2.	Shares held by state-owned									
		legal persons	705,221	0.99	-	-	282,088	-987,309	-705,221	-	-
	3.	Other domestic shares	19,874,779	27.85	-	-	5,305,772	-6,610,349	-1,304,577	18,570,202	18.59
		Including: Shares held by									
		domestic non-state-									
		owned legal persons	5,568,682	7.80	-	-	-	-5,568,682	-5,568,682	-	-
		Shares held by									
		domestic natural									
		persons	14,306,097	20.05	-	-	5,305,772	-1,041,667	4,264,105	18,570,202	18.59
	4.	Foreign shares	553,145	0.78	-	-	-	-553,145	-553,145	-	-
		Including: Shares held by									
		overseas legal									
		persons	553,145	0.78	-	-	-	-553,145	-553,145	-	-
		Shares held by									
		overseas natural									
		persons	-	-	-	-	-	-	-	-	-
∥.		lable shares not subject to									
		ading restrictions	50,217,846	70.38	-	-	22,952,536	8,150,803	31,103,339	81,321,185	81.41
	1.	RMB denominated ordinary									
		shares	50,217,846	70.38	-	-	22,952,536	8,150,803	31,103,339	81,321,185	81.41
	2.	Domestically listed foreign shares	-	-	-	-	-	-	-	-	-
	3.	Overseas listed foreign shares	-	-	-	-	-	-	-	-	-
	4.	Others	-	-	-	-	-	-	-	-	-
III.	Tota	I number of shares	71,350,991	100.00	-	-	28,540,396	-	28,540,396	99,891,387	100.00

2. Explanation on changes in shares

On January 27, 2022, the Company disclosed the Announcement on the Listing and Circulation of Restricted Shares under the Non-public Issuance of Beijing SinoHytec Co., Ltd. (Announcement No.: 2022–003) on the website of the SSE. The number of restricted shares listed and circulated was 850,991 shares and the listing date was February 11, 2022.

On April 9, 2022, the Company disclosed the Announcement on the Listing and Circulation of Certain Restricted Shares under the IPO of Beijing SinoHytec Co., Ltd. (Announcement No.: 2022–021) on the website of the SSE. The number of restricted shares listed and circulated was 6,312,503 shares and the listing date was April 18, 2022.

On June 2, 2022, the Company disclosed the Announcement on Implementation Results of 2021 Annual Equity Distribution and Listing of Shares of Beijing SinoHytec Co., Ltd. (Announcement No.: 2022–044) on the website of the SSE. Based on the total share capital of 71,350,991 shares of the Company before the implementation of the plan, 0.40 shares for every 1 share will be issued to all shareholders by way of conversion of capital reserve, totaling 28,540,396 shares. After the distribution, the total share capital was 99,891,387 shares. The listing date was June 6, 2022.

On August 2, 2022, the Company disclosed the Announcement on the Listing and Circulation of Restricted Shares under the Strategic Allotment under the IPO of Beijing SinoHytec Co., Ltd. (Announcement No.: 2022–047) on the website of the SSE. The number of restricted shares listed and circulated was 987,309 shares and the listing date was August 10, 2022.

3. Impact of changes in the number of shares on financial indicators such as earnings per share and net assets per share for the latest year and the latest period

During the Reporting Period, the Company issued 4 shares for every 10 shares to all shareholders by way of conversion of capital reserve, totaling 28,540,396 shares, and the total share capital of the Company after the conversion was 99,891,387 shares. Impact of changes in the number of ordinary shares on financial indicators such as earnings per share and net assets per share for the latest year and the latest period are as following:

		Unit: RMB/share
		2022
Item	2022	(on the same basis)
Basic earnings per share	-1.67	-2.33
Diluted earnings per share	-1.67	-2.33
Net assets per share attributable to ordinary shareholders of the		
listed company	23.45	32.83

Note: Basic earnings per share, diluted earnings per share and net assets per share attributable to ordinary shareholders of the listed company for 2022 on the same basis were calculated on the basis that no capital reserve would be capitalized in 2022.

(II) Changes in the number of restricted shares

Unit: share

Name of shareholder	Number of restricted shares at the beginning of the year	Number of restricted shares released during the year	Increase in number of restricted shares during the year	Number of restricted shares at the end of the year	Reason for restriction	Date of release from restriction
Zhang Guoqiang	13,264,430	0	5,305,772	18,570,202	Pre-IPO shares	2023/8/10
UBS AG	361,671	361,671	0	0	Non-public issuance of shares	2022/2/11
Beiqi New Kinetic Energy	297,846	297,846	0	0	Non-public issuance of shares	2022/2/11
JPMorgan	127,648	127,648	0	0	Non-public issuance of shares	2022/2/11
Morgan Stanley	63,826	63,826	0	0	Non-public issuance of shares	2022/2/11
Bai Wei	1,041,667	1,041,667	0	0	Pre-IPO shares	2022/4/18
Runwu Holdings	1,041,667	1,041,667	0	0	Pre-IPO shares	2022/4/18
Shenzhen Hanneng	1,041,667	1,041,667	0	0	Pre-IPO shares	2022/4/18
Changjiang Zhixin	625,000	625,000	0	0	Pre-IPO shares	2022/4/18
Henan Keyuan	625,000	625,000	0	0	Pre-IPO shares	2022/4/18
Shuimu Yuanjing	416,668	416,668	0	0	Pre-IPO shares	2022/4/18
Shenzhen Anpeng	416,666	416,666	0	0	Pre-IPO shares	2022/4/18
Anpeng Xingyuan	416,666	416,666	0	0	Pre-IPO shares	2022/4/18
Xinding Investment	270,834	270,834	0	0	Pre-IPO shares	2022/4/18
Suzhou Qingyan	208,334	208,334	0	0	Pre-IPO shares	2022/4/18
Qihang Industrial Investment	208,334	208,334	0	0	Pre-IPO shares	2022/4/18
Guotai Junan Zhengyu Investment Co., Ltd.	705,221	987,309	282,088	0	Pre-IPO shares	2022/8/10
Total	21,133,145	8,150,803	5,587,860	18,570,202	/	/

II. ISSUANCE AND LISTING OF SECURITIES

(I) Issuance of securities during the Reporting Period

□ Applicable
✔ Not Applicable

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

□ Applicable 🖌 Not Applicable

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

During the Reporting Period, the Company issued 4 shares for every 10 shares to all Shareholders by way of conversion of capital reserve, totaling 28,540,396 shares. The total share capital of the Company before the conversion was 71,350,991 shares, and the total share capital of the Company after the conversion was 99,891,387 shares. At the beginning of the Reporting Period, the total assets were RMB3,624,255,752.67 and the total liabilities were RMB731,377,829.50. At the end of the Reporting Period, the total assets were RMB3,778,976,563.77 and the total liabilities were RMB1,034,421,467.03.

III. SHAREHOLDERS AND DE FACTO CONTROLLERS

(I) Total number of shareholders

Total number of ordinary shareholders as at the end of the Reporting Period	14,228
Total number of ordinary shareholders as at the end of the month prior to the date of	
publication of the annual report	15,146
Total number of preference shareholders with restored voting rights as at the end of the	
Reporting Period	N/A
Total number of preference shareholders with voting rights restored at the end of the	
month prior to the date of publication of the annual report	N/A
Total number of shareholders with special voting rights as at the end of the	
Reporting Period	N/A
Total number of shareholders with special voting rights at the end of the month prior	
to the date of publication of the annual report	N/A

Number of depositary receipt holders

□ Applicable
✓ Not Applicable

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

Unit: share

		Shareh	oldings of the	top ten shareh	olders			
	Increase and decrease during the	Number of shares held at the end of the		Number of	Number of restricted shares including lending shares for	Shares p marked c	-	
Name of shareholder	Reporting Period	Reporting Period	Percentage (%)	restricted shares held	securities	Status of shares	Number	Nature of shareholder
Zhang Guoqiang	5,329,687	18,594,117	18.61	18,570,202	18,570,202	Nil	0	Domestic natural person
Yutong Bus	1,119,751	3,919,129	3.92	0	0	Nil	0	Domestic non- state-owned legal person
Tunghsu Optoelectronic Technology Co., Ltd.	1,025,642	3,589,746	3.59	0	0	Frozen	3,589,745	Domestic non- state-owned legal person
Zhang He	800,000	2,800,000	2.80	0	0	Nil	0	Domestic natural person
Shuimu Sail	743,100	2,620,100	2.62	0	0	Nil	0	, Others
Industrial and Commercial Bank of China Co., LtdLion Growth Stock Securities Investment Fund	-122,877	2,442,166	2.44	0	0	Nil	0	Others
Zhuque Fund–Shaanxi Coal Industry Co., Ltd.–Shaanxi Coal Zhuque New Material Industry Phase II Single Asset Management Plan	2,258,280	2,258,280	2.26	0	0	Nil	0	Others
Shuimu Changfeng	385,305	1,700,710	1.70	0	0	Nil	0	Others
Bai Wei	416,667	1,458,334	1.46	0	0	Nil	0	Domestic natural person
Zhou Pengfei	400,000	1,400,000	1.40	0	0	Pledge	840,000	Domestic natural person

Shareholdings of the top ten shareholders of non-restricted shares

Name of shareholder	Number of tradable non- restricted shares	Type and number of shares Type	Number
Yutong Bus	3,919,129	RMB-denominated ordinary shares	3,919,129
Tunghsu Optoelectronic Technology Co., Ltd.	3,589,746	RMB-denominated ordinary shares	3,589,746
Zhang He	2,800,000	RMB-denominated ordinary shares	2,800,000
Shuimu Sail	2,620,100	RMB-denominated ordinary shares	2,620,100
Industrial and Commercial Bank of China Co., LtdLion Growth Stock		-	
Securities Investment Fund	2,442,166	RMB-denominated ordinary shares	2,442,166
Zhuque Fund–Shaanxi Coal Industry Co., Ltd.–Shaanxi Coal Zhuque New			
Material Industry Phase II Single Asset Management Plan	2,258,280	RMB-denominated ordinary shares	2,258,280
Shuimu Changfeng	1,700,710	RMB-denominated ordinary shares	1,700,710
Bai Wei	1,458,334	RMB-denominated ordinary shares	1,458,334
Zhou Pengfei	1,400,000	RMB-denominated ordinary shares	1,400,000
Song Haiying	1,332,022	RMB-denominated ordinary shares	1,332,022
Explanation on buyback account among the top ten shareholders	N/A		
Explanation on the above shareholders' entrusting voting rights, entrusted voting rights and waiver of voting rights	N/A		
Explanation on connected relationship or acting in concert among the above shareholders	who are parties act Chuangxin Investm	y's shareholders Shuimu Sail and Shuimu ting in concert by virtue of having Beijing tent Management Center (G.P.) as the ger other shareholders is related to or acting	Shuimu neral partner,
Explanation on the preference shareholders with restored voting rights and the number of shares held	N/A		

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

Unit: share

			Listing and trading	of restricted shares Number of new	
No.	Name of shareholders of restricted shares	Number of restricted shares held	Time available for listing and trading	shares available for listing and trading	Restrictions
1	Zhang Guoqiang	18,570,202	2023/08/10	0	36 months from the listing date
	ion on connected relationship or acting in rt among the above shareholder	N/A			

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

□ Applicable ✔ Not Applicable

Number of restricted depository receipts and restrictions of top ten holders of depositary receipts

□ Applicable
✓ Not Applicable

(III) Table of top ten shareholders with voting rights as at the end of the Reporting Period

Applicable Vot Applicable

(IV) Strategic investors or general legal person who became top ten shareholders due to placing of new shares/depositary receipts

□ Applicable ✔ Not Applicable

(V) Strategic allotment under IPO

 Establishment of special asset management plan by senior management and core employees to participate in strategic allotment under IPO
 □ Applicable ✓ Not Applicable

2. Participation in strategic allotment under A-share IPO by relevant subsidiaries of the Sponsor

✓ Applicable □ Not Applicable

Unit: share

Name of shareholder	Relationship with the Sponsor	Number of shares/ depositary receipts allocated	Time available for listing and trading	Changes in number during the Reporting Period	Number of shares/depositary receipts including lending for securities financing as at the end of the Reporting Period
Guotai Junan Zhengyu Investment Co., Ltd.	A wholly-owned subsidiary of Guotai Junan Securities Co., Ltd.	987,309	August 10, 2022	-987,309	0

Note: Guotai Junan Zhengyu Investment Co., Ltd., a wholly-owned subsidiary of Guotai Junan Securities Co., Ltd., participated in the strategic placing under the Company's IPO and was allotted a total of 705,221 shares. As considered and approved at the 2021 Annual General Meeting of the Company held on May 20, 2022, the Company issued 0.40 conversion shares for every share to all registered shareholders of the Company by way of conversion of capital reserve on June 1, 2022 as the record date. After the implementation of the equity distribution, Guotai Junan Zhengyu Investment Co., Ltd. held 987,309 shares. On August 2, 2022, the Company disclosed the Announcement on the Listing and Circulation of Restricted Shares under the Strategic Allotment under the IPO of Beijing SinoHytec Co., Ltd. (Announcement No.: 2022–047) on the website of the SSE. As of August 10, 2022, all shares under the strategic allotment under the IPO of the Company had been listed and circulated.

- IV. INFORMATION ON CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER
- (I) Information on controlling shareholder
- 1. Legal person □ Applicable ✓ Not Applicable

2. Natural person

✓ Applicable □ Not Applicable

Name Nationality Whether right of abode of other countries or regions is obtained Main occupation and duties

Zhang Guoqiang PRC No Chairman of the Board, general manager

- 3. Special explanation on no controlling shareholder of the Company □ Applicable ✓ Not Applicable
- 4. Explanation on changes in controlling shareholder during the Reporting Period □ Applicable ✓ Not Applicable
- 5. Diagram of the ownership and controlling relationship between the Company and the controlling shareholder
 - ✓ Applicable □ Not Applicable



(II) De facto controller

1. Legal person

□ Applicable
✓ Not Applicable

2. Natural person

✓ Applicable □ Not Applicable

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

- 3. Special explanation on no de facto controller of the Company □ Applicable ✓ Not Applicable
- 4. Change in control of the Company during the Reporting Period □ Applicable ✓ Not Applicable
- 5. Diagram of the ownership and controlling relationship between the Company and the de facto controller
 - \checkmark Applicable \Box Not Applicable



6. The de facto controller controls the Company through trust or other asset management methods

□ Applicable ✔ Not Applicable

(III) Other information on controlling shareholder and de facto controller

□ Applicable ✔ Not Applicable

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

As the H Shares were not listed on the Hong Kong Stock Exchange on December 31, 2022, the SFO was not applicable to the Company during the Reporting Period.

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

Name of shareholder	Capacity/Nature of interest	Class of shares	Number of shares held	Approximate percentage of interest in the relevant class of shares (%) (Note 1)	Approximate percentage of interest in the total shares (%) (Note 1)
Xu Huini	Interest of spouse $^{(\text{Note 2})}$	A share	18,594,117	18.61	15.73
			(Long position)		
Cheng Wenhua	Interest of spouse (Note 3)	A share	5,634,115	5.64	4.77
			(Long position)		
Gongqingcheng Shuimuxin Venture	Interest of controlled	A share	5,634,115	5.64	4.77
Capital Investment Management Center (L.P.)	corporation $^{(Note 4)}$		(Long position)		
Beijing Shuimu Chuangxin Investment	Interest of controlled	A share	5,634,115	5.64	4.77
Management Center (G.P.)	corporation (Note 4)		(Long position)		
Astonish Investment Private Limited	Beneficial owner	H Shares	3,866,650	21.13	3.27
			(Long position)		
Apstar Investment Private Limited	Interest of controlled	H Shares	3,866,650	21.13	3.27
	corporation (Note 5)		(Long position)		
GIC (Ventures) Pte. Ltd.	Interest of controlled	H Shares	3,866,650	21.13	3.27
	corporation (Note 5)		(Long position)		

Name of shareholder	Capacity/Nature of interest	Class of shares	Number of shares held	Approximate percentage of interest in the relevant class of shares (%) (Note 1)	Approximate percentage of interest in the total shares (%) (Note 1)
GIC Special Investments Private Limited	Interest of controlled corporation (Note 5)	H Shares	3,866,650 (Long position)	21.13	3.27
GIC Private Limited	Interest of controlled corporation (Note 5)	H Shares	3,866,650 (Long position)	21.13	3.27
Huatai Securities Co., Ltd.	Interest of controlled corporation (Note 6)	H Shares	929,750 (Long position)	5.08	0.79
		H Shares	921,250 (Short position)	5.03	0.78
JPMorgan Chase & Co.	Interest of controlled corporation (Note 7)	H Shares	5,600 (Long position)	0.03	0.00
		H Shares	1,900 (Short position)	0.01	0.00
	Person having a security interest in shares	H Shares	921,250 (Long position)	5.03	0.78

Notes:

- 1. The percentage is calculated by dividing the number of relevant class of shares of the Company in issue as at the date of this annual report by the total number of shares.
- 2. Xu Huini is the spouse of Zhang Guoqiang, a director of the Company. By virtue of the SFO, she is deemed to be interested in the 18,594,117 A Shares held by Zhang Guoqiang.
- 3. Cheng Wenhua is the spouse of Wu Yong, a director of the Company. By virtue of the SFO, she is deemed to be interested in the 5,634,115 A Shares of the Company held by Wu Yong.
- 4. Beijing Shuimu Chuangxin Investment Management Center (G.P.) is the general partner of Shuimu Sail, Shuimu Changfeng and Shuimu Yuanjing. As of the date of this annual report, Shuimu Sail, Shuimu Changfeng and Shuimu Yuanjing held approximately 2.62%, 1.70% and 1.31% equity interest in our Company, respectively. Wu Yong, a director of the Company, is the general partner of Beijing Shuimu Chuangxin Investment Management Center (G.P.), which is owned as to 10% by Wu Yong and 80% by Gongqingcheng Shuimu Guoxin Venture Capital Management Center (L.P.). Gongqingcheng Shuimu Guoxin Venture Capital Management Center (L.P.) is owned as to approximately 54.55% by Wu Yong. Therefore, each of Gongqingcheng Shuimu Guoxin Venture Capital Management Center (L.P.) and Beijing Shuimu Chuangxin Investment Management Center (G.P.) is deemed to be interested in the shares held by Shuimu Sail, Shuimu Changfeng and Shuimu Yuanjing under the SFO.

- 5. Astonish Investment Private Limited is held as to 100% of the issued share capital by Apstar Investment Private Limited, Apstar Investment Private Limited is held as to 100% of the issued share capital by GIC (Ventures) Pte. Ltd., GIC (Ventures) Pte. Ltd., is held as to 100% of the issued share capital by GIC Special Investments Private Limited and GIC Special Investments Private Limited is held as to 100% of the issued share capital by GIC Private Limited. Therefore, each of Apstar Investment Private Limited, GIC (Ventures) Pte. Ltd., GIC Special Investments Private Limited, GIC Special Investments Private Limited and GIC Private Limited is deemed to be interested in the shares held by Astonish Investment Private Limited under the SFO.
- 6. Huatai Financial Holdings (Hong Kong) Limited is held as to 100% by Huatai International Financial Holdings Company Limited and Huatai International Financial Holdings Company Limited is held as to 100% by Huatai Securities Co., Ltd. Therefore, Huatai Securities Co., Ltd. is deemed to be interested in the Shares held by Huatai Financial Holdings (Hong Kong) Limited under the SFO.
- 7. J.P. MORGAN SECURITIES PLC is held as to 100% of the issued share capital by J.P. MORGAN CAPITAL HOLDINGS LIMITED, J.P. MORGAN CAPITAL HOLDINGS LIMITED is held as to 100% of the issued share capital by J.P. Morgan International Finance Limited, J.P. Morgan International Finance Limited is held as to 100% of the issued share capital by JPMorgan Chase Bank, National Association and J.P. Morgan International Finance Limited is held as to 100% of the issued share capital by JPMorgan Chase & Co. Therefore, JPMorgan Chase & Co. is deemed to be interested in the Shares held by J.P. MORGAN SECURITIES PLC under the SFO.

SECTION VIII INFORMATION ON PREFERENCE SHARES

The Company had no preference shares during the Reporting Period.

SECTION IX INFORMATION ON BONDS

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

I. Auditor's report

Auditor's Report

DHSZ [2023] No. 000074

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

1. OPINION

We have audited the financial statements of Beijing SinoHytec Co., Ltd. (hereafter referred to as "SinoHytec Company"), which comprise the consolidated and the listed company's balance sheets as at December 31, 2022, and the consolidated and the listed company's income statements, the consolidated and the listed company's statements of changes in shareholder's equity for the year then ended, and the notes to the relevant financial statements.

In our opinion, the financial statements give a true and fair view of the state of the consolidated and the listed company's financial position of SinoHytec Company as at December 31, 2022, and of their consolidated and the listed company's financial performance and cash flows for the year then ended in accordance with the Accounting Standards for Business Enterprises.

2. BASIS FOR OPINION

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

3. KEY AUDIT MATTERS

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

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

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

3. KEY AUDIT MATTERS (Continued)

(1) Revenue recognition

1. Audit matter

For details of the accounting policies for revenue recognition and analysis of revenue, please refer to the accounting policies stated in Note 38 in Section X "III. Significant Accounting Policies and Accounting Estimates" and Note 61 in "V. Notes to the Consolidated Financial Statements" of this report.

The operating revenue of SinoHytec Company was mainly derived from the sales of hydrogen fuel cell motor and related accessories. In 2022, the operating revenue of Yitonghua Company amounted to RMB738,116,580.20. As operating revenue is one of the key performance indicators of SinoHytec Company, there is inherent risks that the management of Yitonghua (hereinafter referred to as the management) may achieve specific goals or expectations through inappropriate revenue recognition. Therefore, we identified revenue recognition as a key audit matter.

2. Response measures in the audit

Our audit procedures for revenue recognition mainly include:

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

Based on the procedures performed above, we found the assumptions and methods adopted by management in the operating revenue to be acceptable, the overall assessment of the operating revenue made by management to be acceptable, and the relevant judgments and estimates of the operating revenue made by management to be reasonable.

3. KEY AUDIT MATTERS (Continued)

(2) Credit impairment on accounts receivable

1. Audit matter

For details of the accounting policies of accounts receivable and analysis of accounts receivable, please refer to the accounting policies stated in Note 12 in Section X "III. Significant Accounting Policies and Accounting Estimates" and Note 5 in "V. Notes to the Consolidated Financial Statements" of this report.

As at December 31, 2022, the carrying amount of accounts receivable of SinoHytec Company was RMB1,449,557,628.00, the provision for bad debts was RMB366,523,698.54 and the carrying amount was RMB1,083,033,929.46.

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

2. Response measures in the audit

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

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

Based on the procedures performed above, we found the assumptions and methods adopted by management in the accounts receivable to be acceptable, the overall assessment of the accounts receivable made by management to be acceptable, and the relevant judgments and estimates of the accounts receivable made by management to be reasonable.

3. KEY AUDIT MATTERS (Continued)

(3) Research and development expenses

1. Audit matter

For details of the accounting policies of R&D expenses and analysis of R & D expenses, please refer to the accounting policies stated in Note 29 in Section X "III. Significant Accounting Policies and Accounting Estimates" and Notes 27 and 65 in "V. Notes to the Consolidated Financial Statements" in this report.

The research and development expenses of SinoHytec Company for 2022 are RMB101,264,578.71, and the balance of research and development at the end of 2022 is RMB72,941,726.28.

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

2. Response measures in the audit

Our audit procedures for research and development expenses mainly include:

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

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

4. OTHER INFORMATION

The management of SinoHytec Company is responsible for the other information. The other information comprises all of the information included in the SinoHytec Company 2022 annual report other than the financial statements and our auditor's report thereon.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Da Hua Certified Public Accountants (Special General Partnership) Chinese Certified Public Accountant: (Partner) 胡曉輝

Beijing, China 27 April, 2023 Chinese Certified Public Accountant:

張國樂

II. Financial statements

Consolidated Statements of Balance Sheets

December 31, 2022

Prepared by: Beijing SinoHytec Co., Ltd.

Item	Notes	December 31, 2022	December 31, 2021
Current assets:			
Cash and cash equivalents	Note 1	649,887,994.07	856,284,428.74
Balance with clearing companies			
Placements with other financial institutions			
Financial assets held-for-trading	Note 2	25,165,123.28	222,170,136.99
Derivative financial assets			
Note receivables	Note 4	31,170,000.00	18,912,912.49
Account receivables	Note 5	1,083,033,929.46	719,778,554.39
Receivables financing	Note 6	21,990,000.00	105,677,473.37
Prepayments	Note 7	19,554,147.32	15,660,906.96
Premium receivables			
Reinsurance accounts receivable			
Provision for reinsurance contract receivable			
Other receivables	Note 8	26,271,763.46	33,220,631.67
Including: Interest receivables		-	-
Dividend receivable		-	-
Purchases of resold financial assets			
Inventories	Note 9	302,903,534.87	260,359,972.70
Contract assets	Note 10	33,719,757.81	25,785,026.01
Held-for-sale assets			
Non-current assets due within one year		-	-
Other current assets	Note 13	67,337,509.57	58,804,285.22
Total current assets		2,261,033,759.84	2,316,654,328.54

Consolidated Statements of Balance Sheets (Continued)

December 31, 2022 Prepared by: Beijing SinoHytec Co., Ltd.

		December 31,	December 31,
ltem	Notes	2022	2021
Non-current assets:			
Loans and advances to customers			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	Note 17	333,849,340.97	319,164,207.71
Other equity instrument investments	Note 18	173,500,000.00	170,900,000.00
Other non-current financial assets	Note 19	2,800,000.00	2,800,000.00
Investment properties			
Fixed assets	Note 21	478,969,668.22	229,531,339.34
Construction in progress	Note 22	14,446,330.11	191,330,385.42
Productive biological assets			
Oil and gas assets			
Right-of-use assets	Note 25	25,669,719.66	11,857,166.65
Intangible assets	Note 26	204,985,879.25	139,103,035.69
Development expenses	Note 27	72,941,726.28	92,751,442.77
Goodwill			
Long-term deferred expenditures	Note 29	27,933,004.82	28,681,178.09
Deferred income tax assets	Note 30	130,545,747.97	89,115,983.38
Other non-current assets	Note 31	52,301,386.65	32,366,685.08
Total non-current assets		1,517,942,803.93	1,307,601,424.13
Total assets		3,778,976,563.77	3,624,255,752.67

Consolidated Statements of Balance Sheets (Continued)

December 31, 2022 Prepared by: Beijing SinoHytec Co., Ltd.

		December 31,	December 31,
Item	Notes	2022	2021
Current liabilities:			
Short-term borrowings	Note 32	229,872,186.96	99,937,936.15
Borrowings from central bank			
Loans from other financial institutions			
Financial liabilities held-for-trading			
Derivative financial liabilities			
Note payables	Note 35	114,143,006.75	83,268,464.77
Accounts payable	Note 36	399,794,860.24	285,557,421.55
Advances from customers	Note 37	27,522.93	102,495.42
Contract liabilities	Note 38	5,532,261.91	5,669,490.72
Proceeds from disposal of repurchased financial assets			
Absorption of deposits and interbank deposits			
Acting sale of securities			
Acting underwriting of securities			
Accrued payroll	Note 39	49,339,486.30	37,772,846.57
Taxes payable	Note 40	7,929,205.25	5,125,439.69
Other payables	Note 41	1,612,717.10	1,277,740.91
Including: Interest payable		-	-
Dividend payable		-	-
Handling fee and commission payable			
Reinsurance accounts payable			
Held-for-sale liabilities			
Non-current liabilities due within one year	Note 43	9,113,362.44	24,963,462.69
Other current liabilities	Note 44	11,614,079.94	18,355,178.23
Total current liabilities		828,978,689.82	562,030,476.70

Consolidated Statements of Balance Sheets (Continued)

December 31, 2022 Prepared by: Beijing SinoHytec Co., Ltd.

		December 31,	December 31,
Item	Notes	2022	2021
Non-current liabilities:			
Reserve fund for insurance contracts			
Long-term borrowings	Note 45	19,417,783.33	-
Bonds payable			
Including: Preferred shares			
Perpetual bonds			
Lease liabilities	Note 47	14,299,147.15	3,506,163.10
Long-term payables		-	-
Long-term accrued payroll			
Accrued liabilities	Note 50	37,428,122.52	28,651,394.48
Deferred income	Note 51	109,666,422.97	112,267,784.78
Deferred income tax liabilities	Note 30	24,631,301.24	24,922,010.44
Other non-current liabilities		-	-
Total non-current liabilities		205,442,777.21	169,347,352.80
Total liabilities		1,034,421,467.03	731,377,829.50

Consolidated Statements of Balance Sheets (Continued)

December 31, 2022 Prepared by: Beijing SinoHytec Co., Ltd.

Unit: RMB

		December 31,	December 31,
Item	Notes	2022	2021
Owners' equity (or shareholders' equity):			
Paid-up capital (or share capital)	Note 53	99,891,387.00	71,350,991.00
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserve	Note 55	2,378,146,637.90	2,407,252,628.51
Less: Treasury shares			
Other comprehensive income	Note 57	94,682,771.34	92,472,771.34
Special reserve	Note 58	4,819,344.54	24,054.98
Surplus reserve	Note 59	9,216,035.02	9,216,035.02
Provision for general risk			
Undistributed profit	Note 60	-244,134,213.34	-77,679,952.68
Total equity attributable to shareholders of the listed company			
(or shareholders' equity)		2,342,621,962.46	2,502,636,528.17
Minority interests		401,933,134.28	390,241,395.00
Total owners' equity (or shareholders' equity)		2,744,555,096.74	2,892,877,923.17
Total liabilities and owners' equity (or shareholders' equity)	3,778,976,563.77	3,624,255,752.67

Zhang Guoqiang, the Person-in-charge of the Company, Song Haiying, the Chief Financial Controller, Zhang Hongli, the Head of the Finance Department

Balance Sheet of Listed Company

December 31, 2022

Prepared by: Beijing SinoHytec Co., Ltd.

December 31. December 31, Item Note 2022 2021 Current assets: Cash and cash equivalents 581,540,489.54 717,191,824.98 Financial assets held-for-trading 5,041,123.29 2,000,000.00 Derivative financial assets Note receivables 19,506,923.51 21,584,012.49 Account receivables 749,538,056.66 638,271,621.00 Receivables financing 6,000,000.00 52,461,673.50 Prepayments 3,658,154.85 2,937,266.24 Other receivables 407,178,851.58 378,344,313.89 Including: Interest receivables Dividend receivable 141,091,271.75 Inventories 158,030,422.78 Contract assets 5,021,802.66 4,495,141.44 Held-for-sale assets Non-current assets due within one year Other current assets 36,030,795.85 32,024,834.41 **Total current assets** 1,954,607,469.69 2,007,341,110.73

Balance Sheet of Listed Company (Continued)

December 31, 2022

Prepared by: Beijing SinoHytec Co., Ltd.

Item	Note	December 31, 2022	December 31, 2021
Non-current assets:			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments		669,940,185.41	575,313,846.32
Other equity instrument investments		173,500,000.00	170,900,000.00
Other non-current financial assets			
Investment properties			
Fixed assets		44,631,415.87	47,416,886.99
Construction in progress		761,033.06	824,264.38
Productive biological assets			
Oil and gas assets			
Right-of-use assets		7,913,842.22	10,153,935.72
Intangible assets		125,194,468.71	62,117,080.19
Development expenses		54,533,986.56	81,466,855.79
Goodwill			
Long-term deferred expenditures		1,375,223.92	146,928.46
Deferred income tax assets		38,470,303.81	16,752,439.72
Other non-current assets		19,188,679.85	20,188,407.94
Total non-current assets		1,135,509,139.41	985,280,645.51
Total assets		3,090,116,609.10	2,992,621,756.24

Balance Sheet of Listed Company (Continued)

December 31, 2022

Prepared by: Beijing SinoHytec Co., Ltd.

December 31, December 31, Item Note 2022 2021 **Current liabilities:** Short-term borrowings 157,151,523.51 26,876,102.26 Financial liabilities held-for-trading Derivative financial liabilities Note payables 60,058,438.55 60,082,820.77 Accounts payable 322,917,283.20 277,746,303.42 Advances from customers Contract liabilities 382,553.61 154,867.26 Accrued payroll 29,486,989.42 21,782,241.40 Taxes payable 6,565,480.31 1,599,008.47 Other payables 5,900,283.79 717,307.32 Including: Interest payable Dividend payable Held-for-sale liabilities Non-current liabilities due within one year 4,640,684.50 23,897,022.22 Other current liabilities 12,020,132.74 6,701,737.79 **Total current liabilities** 599,123,369.63 419,557,410.91

Balance Sheet of Listed Company (Continued)

December 31, 2022

Prepared by: Beijing SinoHytec Co., Ltd.

Unit: RMB

Item No	ote	December 31, 2022	December 31, 2021
Non-current liabilities:			
Long-term borrowings			
Bonds payable			
Including: Preferred shares			
Perpetual bonds			
Lease liabilities		3,457,379.82	3,506,163.10
Long-term payables			
Long-term accrued payroll			
Accrued liabilities		18,470,676.64	13,161,072.93
Deferred income		35,633,335.76	36,474,958.39
Deferred income tax liabilities		18,531,168.49	18,135,000.01
Other non-current liabilities			-
Total non-current liabilities		76,092,560.71	71,277,194.43
Total liabilities		675,215,930.34	490,834,605.34
Owners' equity (or shareholders' equity):			
Paid-up capital (or share capital)		99,891,387.00	71,350,991.00
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserve		2,245,122,960.59	2,264,182,401.02
Less: Treasury shares			
Other comprehensive income		94,682,771.34	92,472,771.34
Special reserve		1,510,395.34	
Surplus reserve		9,216,035.02	9,216,035.02
Undistributed profit		-35,522,870.53	64,564,952.52
Total owners' equity (or shareholders' equity)		2,414,900,678.76	2,501,787,150.90
Total liabilities and owners' equity (or shareholders' equity)		3,090,116,609.10	2,992,621,756.24

Zhang Guoqiang, the Person-in-charge of the Company, Song Haiying, the Chief Financial Controller, Zhang Hongli, the Head of the Finance Department

Consolidated Income Statement

January to December, 2022

Iter	n	Notes	Year 2022	Year 2021
Ι.	Total operating income		738,116,580.20	629,368,760.53
	Including: Operating income	Note 61	738,116,580.20	629,368,760.53
	Interest income			
	Premiums earned			
	Handling fee and comr	ission income		
ΙΙ.	Total operation costs		872,234,107.76	673,946,050.41
	Including: Operation costs	Note 61	454,677,279.82	390,949,856.80
	Interest expense			
	Handling fee and comm	ssion expenses		
	Surrenders value			
	Net expenditure for inst	rance claims settlement		
	Net drawing on provision	n for insurance contracts		
	Expenditures for policy	lividend		
	Reinsurance expenditur	S		
	Tax and surcharges	Note 62	4,187,960.36	2,388,994.20
	Selling expenses	Note 63	104,881,392.84	62,278,799.80
	Administrative expenses	Note 64	212,567,707.86	135,833,396.99
	Research and developm	ent expenses Note 65	101,264,578.71	92,772,753.76
	Financial expenses	Note 66	-5,344,811.83	-10,277,751.14
	Including: Interest expense		7,335,912.04	5,915,771.00
	Interest income		13,299,488.91	17,897,618.11
	Add: Other income	Note 67	35,719,082.79	29,327,705.67
	Investment income ("-"	for loss) Note 68	-13,176,079.55	-3,294,231.53
	Including: Investment i	come from associates and		
	joint ventu	res	-15,969,629.20	-6,478,583.40
	Gains from o	erecognition of financial		
	assets at a	mortized cost		
	Exchange ga	ns ("–" for losses)		
	Gains on ne	exposure hedges		
	(" - " for lo	sses)		
	Gains on cha	nge in fair value		
	("-" for lo	sses) Note 70	165,123.28	930,633.89
	Losses on cr	dit impairment		
	(" - " for lo	sses) Note 71	-30,797,642.94	-172,829,874.33
		osses on assets		
	(" - " for lo	sses) Note 72	-90,370,779.71	-51,188,562.74
	Gains from a	•		
	(" - " for lo	sses) Note 73	-107,378.93	-348,715.62

Consolidated Income Statement (Continued)

January to December, 2022

Unit: RMB

Iten	n	Notes	Year 2022	Year 2021
Ш.	Operating profits ("–" for losses)		-232,685,202.62	-241,980,334.54
	Add: Non-operating income	Note 74	828,692.90	1,642,316.04
	Less: Non-operating expenses	Note 75	4,460,603.57	1,530,244.79
IV.	Total profits ("–" for total losses)		-236,317,113.29	-241,868,263.29
	Less: Income tax expenses	Note 76	-41,591,258.82	-40,929,939.69
V.	 Net profits ("-" for net losses) (1) Classified by continuity of operations 1. Net profit from continuing operations ("-" for net loss) 		-194,725,854.47 -194,725,854.47	-200,938,323.60
	 Net profit from discontinued operations ("-" for net loss) Classified by ownership Net profit attributable to equity shareholders of the 			-200,938,323.60 –
	listed company ("-" for net loss)		-166,454,260.66	-161,924,124.12
	2. Minority interests ("-" for net losses)		-28,271,593.81	-39,014,199.48
VI.	Net amount of other comprehensive income after tax (1) Net amount of other comprehensive income after tax		2,210,000.00	92,472,771.34
	attributable to shareholders of the listed company 1. Other comprehensive income that cannot be reclassified to profit or loss		2,210,000.00	92,472,771.34
	 Re-measurement of changes under defined benefit plan Other comprehensive income which cannot be reclassified to profit or loss under equity method Change in fair value of other equity instrument 			92,472,771.34
	investments (4) Changes in fair value of the enterprise's own credit risk 2. Other comprehensive income that will be reclassified to profit or loss	I	2,210,000.00	92,472,771.34
	 Other comprehensive income that can be reclassified to profit or loss under equity method 			
	 (2) Changes in fair value of other debt investments (3) Amount included in other comprehensive incom on reclassification of financial assets (4) Credit immediate provision for other 	е		
	 (4) Credit impairment provision for other debt investments (5) Cash flow badding reserve 			
	 (5) Cash flow hedging reserve (6) Differences on translation of foreign currency statements (7) Others 			
	(7) Others(2) Net amount of other comprehensive income after tax attributable to minority shareholders			

Consolidated Income Statement (Continued)

January to December, 2022

Unit: RMB

Item	Notes	Year 2022	Year 2021
VII. Total comprehensive income		-192,515,854.47	-108,465,552.26
(1) Total comprehensive income attributable to owners of			
the listed company		-164,244,260.66	-69,451,352.78
(2) Total comprehensive income attributable to			
minority shareholders		-28,271,593.81	-39,014,199.48
VIII. Earnings per share:			
(1) Basic earnings per share (RMB/share)		-1.67	-1.63
(2) Diluted earnings per share (RMB/share)		-1.67	-1.63

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

Zhang Guoqiang, the Person-in-charge of the Company, Song Haiying, the Chief Financial Controller, Zhang Hongli, the Head of the Finance Department

Income Statement of Listed Company

January to December, 2022

Unit: RMB

Iter	m		Note	Year 2022	Year 2021
I.	Reve	nue		415,904,452.41	474,539,773.68
	Less:	Operation cost		256,495,570.73	324,638,985.13
		Tax and surcharges		1,575,608.72	1,277,728.23
		Selling expenses		57,548,468.62	37,829,951.45
		Administrative expenses		111,020,937.34	76,437,618.02
		Research and development expenses		54,364,989.52	35,790,940.14
		Financial expenses		-5,738,897.32	-15,854,011.03
		Including: Interest expense		4,165,027.22	2,060,986.26
		Interest income		10,330,173.18	18,583,170.19
	Add:	Other income		16,224,066.66	20,287,763.53
		Investment income ("-" for loss)		-11,460,047.08	-2,583,458.51
		Including: Investment income from associates and			
		joint ventures		-12,584,616.48	-5,821,198.24
		Gains from derecognition of financial assets			
		at amortized cost			-
		Gains on net exposure hedges			
		("-" for losses)			-
		Gains on change in fair value ("-" for losses)		41,123.29	-
		Losses on credit impairment ("-" for losses)		-14,176,430.77	-19,288,264.96
		Impairment losses on assets ("-" for losses)		-49,458,957.15	-35,818,213.05
		Gains from asset disposal ("-" for losses)		-68,509.41	_
п.	Oper	ating profit ("–" for loss)		-118,260,979.66	-22,983,611.25
	Add:	Non-operating income		633,592.45	229,766.83
	Less:	Non-operating expenses		4,172,131.45	873,762.49
ш.	Tota	profits ("–" for total losses)		-121,799,518.66	-23,627,606.91
		Income tax expenses		-21,711,695.61	-7,330,202.37
		profits ("–" for net losses)		-100,087,823.05	-16,297,404.54
	-	Net profit from continuing operations ("-" for net loss)		-100,087,823.05	-16,297,404.54
		Net profit from discontinued operations			10,237,404.34
	(~/ 1	("-" for net loss)			

Income Statement of Listed Company (Continued)

January to December, 2022

Item	1	Note	Year 2022	Year 2021
V. Net am	ount of other comprehensive income after tax		2,210,000.00	92,472,771.34
(1) Oth	er comprehensive income that cannot be			
r	eclassified into profit or loss		2,210,000.00	92,472,771.34
1.	Changes arising from re-measurement of defined benefit plans			
2.	Other comprehensive income which cannot be reclassified to profit or loss under equity method			
3.	Change in fair value of other equity instrument			
	investments		2,210,000.00	92,472,771.34
4.	Changes in fair value of the enterprise's own credit risk			
(2) Oth	er comprehensive income that will be reclassified to			
p	rofit or loss		-	-
1.	Other comprehensive income that can be reclassified			
	to profit or loss under equity method			
2.	Changes in fair value of other debt investments			
3.	Amount included in other comprehensive income on reclassification of financial assets			
4.	Credit impairment provision for other debt investments			
5.	Cash flow hedging reserve			
6.	Differences on translation of foreign currency statements			
7.	Others			
VI. Total co	omprehensive income		-97,877,823.05	76,175,366.80
VII. Earning	s per share:			
-	ic earnings per share (RMB/share)			
	ited earnings per share (RMB/share)			

Zhang Guoqiang, the Person-in-charge of the Company, Song Haiying, the Chief Financial Controller, Zhang Hongli, the Head of the Finance Department

Unit: RMB

Consolidated Statement of Cash Flows

Unit: RMB

January to December, 2022

Item	Notes	Year 2022	Year 2021
I. Cash flows from operating activities:			
Cash received from sales of goods and rendering of services		420,041,131.55	503,188,617.31
Net increase in customer deposits and interbank deposits			
Net increase in borrowings from central bank			
Net increase in placements from other financial institutions			
Cash received from premiums under original insurance contracts			
Net cash received from reinsurance business			
Net increase in deposits from policyholder and investment funds			
Cash received from interests, handling fees and commissions			
Net increase in capital borrowed			
Net increase in capital from repurchase business			
Net cash received from acting sale of securities			
Refund of taxes and levies		9,972,999.69	11,155,326.90
Cash received relating to other operating activities	Note 78	45,639,033.27	61,449,158.65
Sub-total of cash inflows from operating activities		475,653,164.51	575,793,102.86
Cash paid for the purchase of goods and the acceptance			
of services		438,014,959.39	411,347,057.18
Net increase in loans and advances to customers			
Net increase in deposits with central bank and			
interbank deposits			
Cash paid for compensation payments under original insurance contracts			
Net increase in placements with other financial institutions			
Cash paid for interests, handling fees and commissions			
Cash paid for policyholder dividend			
Cash paid to and for employees		262,623,683.38	177,501,102.18
Payments of all types of taxes		21,165,597.09	25,548,219.25
Cash payments relating to other operating activities	Note 78	85,960,658.61	82,704,255.16
Sub-total of cash outflows from operating activities		807,764,898.47	697,100,633.77
Net cash flows from operating activities		-332,111,733.96	-121,307,530.91

Consolidated Statement of Cash Flows (Continued) January to December, 2022

lter	n	Notes	Year 2022	Year 2021
11.	Cash flows from investing activities: Cash received from disposal of investments Cash received from investment income Net cash received from disposal of fixed assets,		1,024,000,000.00 8,389,850.41	500,000,000.00 3,237,739.73
	intangible assets and other long-term assets Net cash received from disposal of subsidiaries and other operating units Cash received relating to other investing activities		108,310.00	116,550.00
	Sub-total of cash inflows from investing activities		1,032,498,160.41	503,354,289.73
	Cash paid for acquisition of fixed assets, intangible assets and other long-term assets Cash paid for investments Net increase in pledged loans Net cash paid for acquisition of subsidiaries and other operating units Cash paid relating to other investing activities		164,118,555.42 872,000,000.00	227,402,963.26 868,517,720.00
	Sub-total of cash outflows from investing activities		1,036,118,555.42	1,095,920,683.26
	Net cash flows from investing activities		-3,620,395.01	-592,566,393.53
III.	Cash flows from financing activities: Cash received from capital contributions Including: Cash received by subsidiaries from investment of minority shareholders		29,384,448.00 29,384,448.00	579,999,906.72 384,000,000.00
	Cash received from borrowings		299,703,399.26	95,825,293.83
	Cash received from other financing activities	Note 78	105,303,464.39	55,888,061.75
	Sub-total of cash inflows from financing activities		434,391,311.65	731,713,262.30
	Cash paid for repayment of debts Cash payments for distribution of dividends, profits or		167,024,759.85	152,381,791.45
	interest expenses Including: Dividends and profits paid to minority shareholders by subsidiaries		6,361,551.17	4,874,015.26
	Cash paid relating to other financing activities	Note 78	113,449,211.28	21,545,875.47
	Sub-total of cash outflows from financing activities		286,835,522.30	178,801,682.18
	Net cash flows from financing activities		147,555,789.35	552,911,580.12

Unit: RMB

Consolidated Statement of Cash Flows (Continued)

January to December, 2022

			Unit: RMB
Iter	n Notes	Year 2022	Year 2021
IV.	Effect of exchange rate changes on cash and cash equivalents		
V.	Net increase in cash and cash equivalents Add: Balance of cash and cash equivalents at the	-188,176,339.62	-160,962,344.32
	beginning of the period	804,966,776.35	965,929,120.67
VI.	Balance of cash and cash equivalents at the		
	end of the period	616,790,436.73	804,966,776.35

Zhang Guoqiang, the Person-in-charge of the Company, Song Haiying, the Chief Financial Controller, Zhang Hongli, the Head of the Finance Department

Cash Flow Statement of Listed Company

January to December, 2022

Ite	n	Note	Year 2022	Year 2021
Ι.	Cash flows from operating activities:			
	Cash received from sales of goods and rendering of services		340,561,511.55	362,829,472.56
	Refund of taxes and levies		8,707,242.50	9,327,696.13
	Cash received relating to other operating activities		31,771,938.67	37,576,674.71
	Sub-total of cash inflows from operating activities		381,040,692.72	409,733,843.40
	Cash paid for the purchase of goods and			
	the acceptance of services		252,161,517.63	248,616,805.18
	Cash paid to and for employees		139,072,992.12	100,147,666.76
	Payments of all types of taxes		14,148,168.33	16,304,843.37
	Cash payments relating to other operating activities		76,300,724.67	237,992,632.71
	Sub-total of cash outflows from operating activities		481,683,402.75	603,061,948.02
	Net cash flows from operating activities		-100,642,710.03	-193,328,104.62
п.	Cash flows from investing activities:			
	Cash received from disposal of investments		550,000,000.00	500,000,000.00
	Cash received from investment income		4,698,053.17	3,237,739.73
	Net cash received from disposal of fixed assets,			
	intangible assets and other long-term assets		108,310.00	23,600.00
	Net cash received from disposal of subsidiaries and			
	other operating units			
	Cash received relating to other investing activities			
	Sub-total of cash inflows from investing activities		554,806,363.17	503,261,339.73
	Cash paid for acquisition of fixed assets, intangible assets			
	and other long-term assets		20,072,518.76	65,872,349.54
	Cash paid for investments		650,730,000.00	665,917,720.00
	Net cash paid for acquisition of subsidiaries and			
	other operating units			
	Cash paid relating to other investing activities			
	Sub-total of cash outflows from investing activities		670,802,518.76	731,790,069.54
	Net cash flows from investing activities		-115,996,155.59	-228,528,729.81

Unit: RMB

Cash Flow Statement of Listed Company (Continued)

Unit: RMB

January to December, 2022

Iter	n Note	Year 2022	Year 2021
III.	Cash flows from financing activities:		
	Cash received from capital contributions	-	195,999,906.72
	Cash received from borrowings	207,090,053.76	26,845,293.83
	Cash received from other financing activities	68,533,971.71	52,688,061.75
	Sub-total of cash inflows from financing activities	275,624,025.47	275,533,262.30
	Cash paid for repayment of debts	94,944,584.85	48,381,791.45
	Cash payments for distribution of dividends,		
	profits or interest expenses	3,509,196.29	1,445,753.14
	Cash paid relating to other financing activities	69,861,193.56	12,498,954.97
	Sub-total of cash outflows from financing activities	168,314,974.70	62,326,499.56
	Net cash flows from financing activities	107,309,050.77	213,206,762.74
IV.	Effect of exchange rate changes on cash and		
	cash equivalents	-	-
۷.	Net increase in cash and cash equivalents	-109,329,814.85	-208,650,071.69
	Add: Balance of cash and cash equivalents at the		
	beginning of the period	671,656,515.75	880,306,587.44
VI.	Balance of cash and cash equivalents at the		
	end of the period	562,326,700.90	671,656,515.75

Zhang Guoqiang, the Person-in-charge of the Company, Song Haiying, the Chief Financial Controller, Zhang Hongli, the Head of the Finance Department

Consolidated Statements of Changes in Owner's Equity

Unit: RMB

								Year 2022							
						Equity attributa	Equity attributable to owners of listed company	d company							
	hite	Other et	Other equity instruments		Carried	_	Other		e de la compañía	- the second	ل مغربال مذال ما ا			Ministra	144.4
Item	raid-up capital (or share capital)	rreterred shares	Perpetual bonds	Others	reserve	Less: Treasury shares	comprenensive income	special	surpius reserve	Provision for general risk	unaistributea profit	Others	Subtotal	interests	owners' equity
 Balance at the end of last year Add: Charges in accounting policies Correction of encos in prior period Business combination under common control Others 	71,350,991.00			2,40	2,407,252,628.51		92,472,771.34	24,054.98	9,216,035.02		-77,679,952.68	2,	2,502,636,528.17	390,241,395.00 2,892,877,923.17	2,892,877,923.17
 Balance at the beginning of the year Increase/decrease for the period ("-" for decrease) (1) Total comprehensive income 	71,350,991.00 28,540,396.00			2,40 -2	2,407,252,628.51 -29,105,990.61		92,472,771.34 2,210,000.00 2,210,000.00	24,054.98 4,795,289.56	9,216,035.02		-77,679,952.68 -166,454,260.66 -166,454,260.66	2	2,502,636,528.17 -160,014,565.71 -164,244,260.66	390,241,395.00 11,691,739.28 -27,918,442.06	2,892,877,923.17 -148,322,826.43 -192,162,702.72
 (2) Capital contribution and reduction by owners 1. Ordinary shares contribution by owners 2. Capital contribution by holders of other equity instruments 3. Share-based payment recorded in owner's security 	28,540,396,00 28,540,396,00			<i>₽</i>	-29,105,990.61 -28,540,396.00								-565,594.61	39,610,181.34 39,610,181.34	39,044,586.73 39,610,181.34
 Others Profit distribution Appropriation of suplus reserve Appropriation to general risk reserve Appropriation to owner/shareholder Others Others Transfer of surplus reserve to capital (or share capital) Transfer of surplus reserve to capital (or share capital) Transfer of surplus reserve to capital (or share capital) Transfer of changes in defined benefit plan to retained earnings Other comprehensive income carried forward to retained earnings Other some carried forward Conteal reserve 					-265,594,61			4.795.289.56					-565,594,61		-565,594,61 4,795,289,56
								6,554,375.66 -1,759,086.10					6,554,375.66 -1,759,086.10		6,554,375.66 -1,759,086.10
IV. Balance at the end of the period	99,891,387.00			2,37	2,378,146,637.90		94,682,771.34	4,819,344.54	9,216,035.02		-244,134,213.34	2,	2,342,621,962.46	401,933,134.28 2,744,555,096.74	2,744,555,096.74

SECTION X FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH THE PRC ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES

	January to December, 2022														
								1000						Unit	Unit: RMB
						Equity attributa	Year 20 Equity attributable to owners of listed company	Year 2021 company							
(o	Paid-up capital Prefe (or share capital) s	Other equity instruments Preferred Perpetual shares bonds	y instruments Perpetual bonds	Others	C apital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Provision for general risk	Undistributed profit	Others	Subtotal	Minority interests	Total owners' equity
e end of last year s in accounting policies on of enors in prior period combination under common control	70,500,000.00			2,10	2,109,762,960.91				9,216,035.02		84,865,158.91 -620,987.47	2,274,344,154,84 -620,987,47		147,406,609.36 2,4 7,463.52	2,421,750,764.20 -613,523.95
(se)	70,500,000.00 850,991.00			2,10 29	2,109,762,960.91 297,489,667.60		92,472,771.34	24,054.98	9,216,035.02		84,244,171.44 -161,924,124.12	2,273,723,167.37 228,913,360.80			2,421,137,240.25 471,740,682.92
 Total competense increme Capital combuttion and read-tion by owners Capital combuttion by holders of other and combuttion by holders of other equity instruments Share-based payment recorded in 	850,991,00 850,991,00			19	297,489,667,60 194,382,262.98		92,472,771.34				-161,924,124.12	-69.451,352.78 298,340,658.60 195,233,253.98		-39,014,199.48 281,841,521.60 281,841,521.60 4	-108,465,552.26 580,182,180.20 477,074,775.58
ower's equity 4. Others (3) Profit distribution 1. Appropriation of surplus reserve 2. Appropriation or surplus reserve 3. Distribution to owner/shareholder				10	103, 107,404.62							103,107,404,62	404.62	-	103, 107, 404. 62
 4. Others (4) Tancfer within owner's equity 1. Capitalization of capital resene (or share capital) 2. Transfer of singula resene to capital 															
 Surplus reserve made up for losses Surplus reserve made up for losses Transfer of changes in defined heneith plan to relained earnings Other competensions 															
to clashed earnings 6 Others 1. Agnophation for the period 2. Unitization for the period								24,054.98 112,471.29 -88,416.31				24, 112, 88,	24,054.98 112,471.29 -88,416.31		24,054.98 112,471.29 -88,416.31
 (6) Others (7) Balance at the end of the period 	71,350,991.00			2,40	2,407,252,628.51		92,472,771.34	24,054.98	9,216,035.02		-77,679,952.68	2,502,636,528.17		390,241,395.00 2,8	2,892,877,923.17

Zhang Guoqiang, the Person-in-charge of the Company, Song Haiying, the Chief Financial Controller, Zhang Hongli, the Head of the Finance Department

Consolidated Statements of Changes in Owner's

Statement of C January to December, 2022		nges	in E	hanges in Equity of the Listed Company	of t	he L	isted	U U U	du	any
										Unit: RMB
					Year 2022					
Item	Paid-up capital (or share capital)	Other equity instruments Preferred Perpetual shares bonds		Capital Others reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Total owners' equity
 Balance at the end of last year Add: Changes in accounting policies Correction of errors in prior period Others 	71,350,991.00			2,264,182,401.02		92,472,771.34		9,216,035.02	64,564,952.52	2,501,787,150.90
	71,350,991.00 28,540,396.00			2,264,182,401.02 -19,059,440.43		92,472,771.34 2,210,000.00	1,510,395.34	9,216,035.02		2,501,787,150.90 -86,886,472.14
pit al				9,480,955.57		00'000'01.7'7			c0.£28,/80,001-	-91,817,825.57 9,480,955.57
				9,480,955.57						9,480,955.57
 Unters Transfer within owner's equity Capitalization of capital reserve (or share capital) Transfer of surplus reserve to capital (or share capital) Surplus reserve made up for losses Transfer of changes in defined benefit plan to retained earmings Other comprehensive income carried forward to retained earmings 	28,540,396.00 28,540,396.00			-28,540,396.00 -28,540,396.00						
 o. Unles (5) Special reserve 1. Appropriation for the period 2. Utilization for the period (6) Others 							1,510,395.34 1,972,392.33 -461,996.99			1,510,395.34 1,972,392.33 -461,996.99
IV. Balance at the end of the period	99,891,387.00			2,245,122,960.59		94,682,771.34	1,510,395.34	9,216,035.02	-35,522,870.53 2,414,900,678.76	2,414,900,678.76

sted Company	
Equity of Liste	
of Changes in	
Statement o	(Continued) anuary to December, 2022

Unit: RMB

						Year 2021					
		Other eq	Other equity instruments				Other				
Item	Paid-up capital (or share capital)	Preferred shares	Perpetual bonds	Others	Capital reserve	Less: Treasury shares	compre he nsive income	Special reserve	Surplus reserve	Undistributed profit	Total owners' equity
 Balance at the end of last year Add: Changes in accounting policies Correction of errors in prior period Others 	70,500,000.00			2,0	2,054,261,715.73				9,216,035.02	81,011,937.76 -149,580.70	2,214,989,688.51 -149,580.70
 Balance at the beginning of the year Increase/decrease for the period (" for decrease) Increase/decrease for the period (" for decrease) 	70,500,000.00 850,991.00			2,0 2	2,054,261,715.73 209,920,685.29		92,472,771.34 92,472,771.34		9,216,035.02	80,862,357.06 -16,297,404.54 -16.297,404.54	2,214,840,107.81 286,947,043.09 76.175,366.80
 (2) Capital contribution and reduction by owners 1. Ordinary shares contributed by owners 2. Capital contribution by holders of other equity instruments 	850,991.00 850,991.00			1 2	209,920,685.29 194,382,262.98						210,771,676.29 195,233,253.98
 Share-based payment recorded in owner's equity Others Profit distribution 					15,538,422.31						15,538,422.31
 (4) Transfer within owner's equity 1. Capitalization of capital reserve (or share capital) 2. Transfer of curvius reserves to a reserve or share capital) 											
 Intarties of support sectors to copient you share capitaly. Surplus reserve made up for losses Transfer of changes in defined benefit plan to 											
retained earnings 5. Other comprehensive income carried forward to retained earnings											
6. Others (5) Special reserve											
 Appropriation for the period Utilization for the period Others 											
IV. Balance at the end of the period	71,350,991.00			2,2	2,264,182,401.02		92,472,771.34		9,216,035.02	64,564,952.52	2,501,787,150.90

Zhang Guoqiang, the Person-in-charge of the Company, Song Haiying, the Chief Financial Controller, Zhang Hongli, the Head of the Finance Department

I. BASIC INFORMATION OF THE COMPANY

1. Company profile

✓ Applicable □ Not Applicable

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

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

After years of bonus share distribution, placing of new shares, conversion of share capital and issuance of new shares, as of December 31, 2022, the Company has issued a total of 99,891,387 shares, with a registered capital of RMB99,891,387.00. Its registered address is Room C701, 7th Floor, Block C, Building B-6, Dongsheng Science Park, Zhongguancun, No. 66, Xixiaokou Road, Haidian District, Beijing. Its address of head office is Room C701, 7th Floor, Block C, Building B-6, Dongsheng Science Park, Zhongguancun, No. 66, Xixiaokou Road, Haidian District, Beijing. Its address of head office is Room C701, 7th Floor, Block C, Building B-6, Dongsheng Science Park, Zhongguancun, No. 66, Xixiaokou Road, Haidian District, Beijing. Its address of head office is Room C701, 7th Floor, Block C, Building B-6, Dongsheng Science Park, Zhongguancun, No. 66, Xixiaokou Road, Haidian District, Beijing. The de facto controller of the Company is Zhang Guoqiang.

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

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

Business scope within the Company's business license: technology development, technology transfer, technology consulting, technology services; computer technology training; basic software training; application software services; computer system services; data processing; assembly of computers; sales of automotive parts; conference services; import and export of goods, import and export agency, technology import and export; technology testing; product design; production of spare parts for new energy vehicles. (The market entity shall discretionally choose its business projects and conduct its business activities according to the law; conduct its business activities regarding business items that may only be conducted with such approval according to the law; and may not engage in business activities of projects that are prohibited or restricted by the national and municipal industrial policies.)

(III) Approval of financial statements

The financial statements were approved for presentation by the Board of Directors of the Company on April 27, 2023.

2. Scope of consolidated financial statements

✓ Applicable □ Not Applicable

The Company has 15 subsidiaries included in the scope of consolidation in the current period. For details, please refer to Note VII. Interests in other entities. The number of entities included in the scope of consolidated financial statements for the current period increased by 2 compared with the previous period. Details of entities with changes in the scope of consolidation are set out in Note VI. Changes in the scope of consolidation.

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

1. Basis of preparation

The financial statements of the Company have been prepared on a going concern basis. Based on the transactions and events incurred, recognition and measurement shall be carried out in accordance with the Enterprise Accounting Standards – Basic Standards and Specific Enterprise Accounting Standards promulgated by the Ministry of Finance, the Guidelines for the Application of Enterprise Accounting Standards, the Interpretation of Enterprise Accounting Standards and other relevant provisions (hereinafter collectively referred as "**ASBEs**"). On this basis, we prepare financial statements in accordance with the provisions of Regulations on the Compilation Rules of Information Disclosure of Public Securities Companies No. 15 – General Provisions on Financial Reporting (Amended in 2014) promulgated by China Securities Regulatory Commission.

2. Going concern

 \checkmark Applicable \Box Not Applicable

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

Specific accounting policies and accounting estimates:

✓ Applicable □ Not Applicable

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

1. Statement of compliance with Accounting Standards for Business Enterprises

The financial statements prepared by the Company are in compliance with the ASBEs, and truly and completely present the financial position, operating results and cash flows of the Company during the Reporting Period.

2. Accounting period

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

3. Operating cycle

 \checkmark Applicable \Box Not Applicable

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

4. Functional currency

The functional currency of the Company is RMB.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

5. Accounting treatment for business combination under common control and not under common control

 \checkmark Applicable \Box Not Applicable

1. To take many transactions as a package transaction for accounting treatment, the terms, conditions, and economic effects of each transaction in a step by step process conform to one or more of the following cases:

- (1) These transactions are occurred at the same time or have considered the impact of each other.
- (2) All these transactions together can achieve a complete business result.
- (3) The occurrence of a transaction depends on the occurrence of at least one other transaction.
- (4) A deal alone is not economical, but it is economic when considering together with other transactions.

2. Enterprise merger under common control

The assets and liabilities acquired by the Company during business combination shall be measured according to the book value of the assets and liabilities of the merged party, including the final controlling party's acquisition of the merged party, in the consolidated financial statements of the final controlling party. The difference between the net assets book value acquired in the merger and the book value of the combined consideration value (or the total value of the issued shares) should be adjusted by the equity premium in the capital surplus, if it is not enough, adjust retained earnings.

If there exist contingent consideration which need to confirm the estimated liabilities or assets, the difference between the estimated liabilities or the amount of assets and the price of subsequent contingent consideration, we should adjust the capital surplus (capital premium or equity premium). When the capital surplus is insufficient, adjust the retained earnings.

As enterprise merger realized by multiple transactions which belong to a package transaction, considering these transactions as a control transaction when carrying out accounting method. In the case of non-package transactions, on the day of gaining control day, the difference between the initial investment cost of long-term equity investment and the book value of the new payment consideration with the sum of the book value of the new payment consideration with the sum of the book value of the new share price before the merger should be adjusted by adjusting capital surplus. If the capital stock is not enough to be reduced, the retained earnings will be adjusted. Accounting treatment would not be carried out for equity investment which measured by equity method or identification and measurement criteria for financial instruments before merger until disposing of the investment based on the same assets or liabilities that are directly disposed of with the invested unit. Changes in the owner's equity exclude net profit and loss, other comprehensive income and profit distribution would not be processed until the changes is transferred into the current profits and losses.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

5. Accounting treatment for business combination under common control and not under common control (Continued)

3. Enterprise merger not under common control

The purchase date refers to the date that the Company actually obtains the control right of the buyer, that is, the date of transfer of the net assets of the buyer or the control right of production and operation decision to the Company. The Company generally believes that the transfer of control is realized when the following conditions are met:

- ① An enterprise merger contract or agreement has been approved by the internal authority of the Company.
- ② The merger of enterprises should be approved by the relevant competent authorities of the state and has been approved.
- ③ The necessary transfer procedures for property rights have been carried out.
- ④ The Company has paid most of the consolidated price and has the ability and plan to pay the surplus.
- ⑤ The Company has actually controlled the financial and operating policies of the acquiree and has the corresponding interest and the corresponding risk.

The difference between the fair value and the book value when the assets, liabilities incurred or incurred on the purchase date are is included in the profits and losses of the current period.

When the cost of the merger is larger than the fair value share of the recognizable net assets obtained by the purchaser, the difference between these two is confirmed as the goodwill. When cost of the merger is less than the fair value of the recognizable net assets obtained by the purchase, the difference shall be counted into the profit and loss of the current period after the review.

The merger of enterprises under different control, which is realized step by step through multiple exchange transactions, belongs to a package transaction, and each transaction is treated as a transaction that gains control. When it does not belong to a package deal, the equity investments held before the merger date are accounted for by the equity method, the initial cost of investment is the sum of the book value of the equity investment held by the purchaser before the purchase date and the additional investment cost on the purchase date. When disposing the equity investment whose other comprehensive income recognized by equity method for equity investment hold before purchase date shall be conducted on the same basis as direct disposal of related assets or liabilities by the invested entity. The initial investment cost of equity investment accounting by financial instrument recognition and measurement standards on merger date is the sum of the fair value on the date of merger and the additional investment cost. The difference between the fair value and the book value of the original ownership, as well as the changes in the accumulated fair value originally included in other comprehensive gains, shall all be transferred to the investment income of the current period on the merger date.

4. The costs of merger

Intermediary costs and other direct related expenses, such as audit, legal service, evaluation and consultation, and other direct related expenses, are included in the current profit and loss at the time of occurrence. The transaction costs for the issue of equity securities for an enterprise which could be directly attributable to the rights and interests can deduct from rights and interests.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

6. Preparation of consolidated financial statements

✓ Applicable □ Not Applicable

1. Scope of the merger

The consolidation scope of the Company includes all subsidiaries controlled.

2. Consolidated procedures

Based on the financial statements of their own and each subsidiary, the Company prepare the consolidated financial statements refer to other relevant information. The Company consider the entire enterprise group as an accounting entity when preparing the consolidated financial statements. In accordance with the relevant accounting standards of measurement and reporting requirements, unified accounting policies reflect the enterprise overall financial status, operating results and cash flow.

All subsidiaries included in the consolidated financial statements are consistent with accounting polices. When the accounting policies adopted by the subsidiaries inconsistent with the Group, the necessary adjustment period according to the Group's accounting policies and accounting is needed.

The consolidated financial statements set off the internal transactions between the Group and its subsidiaries which affect the consolidated balance sheet, the consolidated income statement, the consolidated cash flow statement and the consolidated shareholders' equity change statement. When the opinion of the Group consolidated financial statements and the subsidiaries are different for the same transactions, the transitions should be adjusted from the perspective of enterprise group.

The share of minority shareholders in the owner's equity, current net profit and loss and current comprehensive income is separately shown under the owner's equity item of the consolidated balance sheet, the net profit item and the total income of the consolidated income statement and the total income item. The current share losses shared by minority shareholders exceed the balance formed by the minority shareholders' share in the initial owner's equity, then deduct the imbalance between these two from minority shareholders' rights and interests.

When the subsidiary which was under the same control acquired through business combination, the financial statements should be adjusted based on the book value of its assets and liabilities in the final control party's financial statements (including the goodwill caused by the final controlling party's acquisition of the subsidiary).

When the subsidiary which was not under the same control acquired through business combination, the financial statements should be adjusted which was based on fair value of the identifiable net assets at the acquisition date.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

6. Preparation of consolidated financial statements (Continued)

2. Consolidated procedures (Continued)

(1) Add a subsidiary or business

During the Reporting Period, if a subsidiary or business is added as a result of a business combination under the same control, the opening amount of the consolidated balance sheet is adjusted; Include the income, expenses and profits of subsidiaries or business combinations from the beginning of the current period to the end of the Reporting Period in the consolidated income statement; The cash flows from the beginning of the current period to the end of the Reporting Period of a subsidiary or business combination are included in the consolidated cash flow statement, and the related items in the comparative statements are adjusted as if the consolidated reporting entity has been in existence since the point when the ultimate controlling party begins to control.

Where control can be exercised over the investee under the same control due to additional investment and other reasons, it shall be deemed that the parties participating in the merger have made adjustments in their current status when the ultimate controlling party begins to control. Equity investments held before control of the consolidated party are recognised for profit or loss, other comprehensive income and other changes in net assets between the later of the date on which the original equity interest is acquired and the date on which the combined party and the consolidated party are under the same control and the date of consolidation, which are offset against the opening retained earnings or current profit or loss, respectively, in the period of the comparative statements.

During the Reporting Period, if a subsidiary or business is added as a result of a business combination that is not under the same control, the opening amount of the consolidated balance sheet is not adjusted; Include in the consolidated income statement the income, expenses and profits of the subsidiary or business from the date of purchase to the end of the Reporting Period; The cash flows of the subsidiary or business from the date of purchase to the end of the Reporting Period are included in the consolidated statement of cash flows.

Where control can be exercised over an investee that is not under the same control due to additional investment or other reasons, the Company remeasures the equity interest of the investee held before the purchase date based on the fair value of the equity interest at the purchase date, and the difference between the fair value and its carrying amount is included in the current investment income. Where the equity interest in the acquiree held before the purchase date relates to other comprehensive income under the equity method and other changes in owner's equity other than net profit or loss, other comprehensive income and profit distribution, other comprehensive income and other changes in owner's equity relating thereto are transferred to investment income of the current period as at the purchase date, except for other comprehensive income arising from the remeasurement of net liabilities or changes in net assets of defined benefit plans by the investee.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

6. Preparation of consolidated financial statements (Continued)

2. Consolidated procedures (Continued)

(2) Dispose of a subsidiary or business

1) General treatment

During the Reporting Period, when the Company disposes of a subsidiary or business, the income, expenses and profits of that subsidiary or business from the beginning of the period to the date of disposal are included in the consolidated income statement; The cash flows from the beginning of the period to the disposal date of the subsidiary or operation are included in the consolidated statement of cash flows.

When control over the investee is lost due to the disposal of part of the equity investment or other reasons, the Company remeasures the remaining equity investment after disposal at its fair value at the date when control is lost. The difference between the sum of the consideration obtained on disposal of the equity interest and the fair value of the remaining equity interest, less the sum of the share of the net assets of the original subsidiary calculated based on the original shareholding ratio and goodwill calculated on a continuing basis from the date of purchase or consolidation, is included in investment income in the period in which control is lost. Other comprehensive income or changes in owner's equity other than net profit or loss, other comprehensive income and profit distribution relating to the equity investment in the original subsidiary is converted to investment income in the current period when control is lost, except for other comprehensive income arising from the remeasurement by the investee of net defined benefit plans liabilities or changes in net assets.

2) Disposal of subsidiaries in stages

Where the equity investment in a subsidiary is disposed of in stages through multiple transactions until control is lost, the terms, conditions and economic impact of each transaction that disposes of the equity investment in a subsidiary meet one or more of the following conditions, which generally indicate that multiple transactions should be accounted for as a single transaction:

- A. The transactions were entered into simultaneously or with mutual influence in mind;
- B. The transactions as a whole are capable of achieving a complete commercial outcome;
- C. The occurrence of one transaction depends on the occurrence of at least one other transaction;
- D. The transaction is uneconomical by itself but economic when considered in conjunction with other transactions.

Where each transaction that disposes of an equity investment in a subsidiary until control is lost is a blanket transaction, the Company accounts for each transaction as a transaction that disposes of the subsidiary and loses control; However, the difference between each disposal price before the loss of control and the share of net assets of the subsidiary corresponding to the disposal of the investment is recognised as other comprehensive income in the consolidated financial statements and is transferred to profit or loss in the period in which control is lost.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

6. Preparation of consolidated financial statements (Continued)

2. Consolidated procedures (Continued)

- (2) Dispose of a subsidiary or business (Continued)
 - 2) Disposal of subsidiaries in stages (Continued) Where each transaction that disposes of an equity investment in a subsidiary until the loss of control is not a blanket transaction, the relevant policy for partial disposal of an equity investment in a subsidiary without loss of control is accounted for before the loss of control; When control is lost,

accounting is performed in the same manner as would be done for a disposal subsidiary.

(3) Purchase of minority interests in subsidiaries

The difference between the Company's newly acquired long-term equity investment resulting from the purchase of minority interests and the share of net assets attributable to the subsidiary calculated on an ongoing basis from the date of purchase (or the date of consolidation) based on the newly increased shareholding ratio, the equity premium in the capital reserve in the consolidated balance sheet is adjusted, and if the equity premium in the capital reserve is insufficient to offset, the retained earnings is adjusted.

(4) Partial disposal of equity investments in subsidiaries without loss of control

Adjust the equity premium in the capital reserve in the consolidated balance sheet for the difference between the disposal price obtained from the partial disposal of the long-term equity investment in the subsidiary without loss of control and the share of the net assets of the subsidiary that would continue to be calculated from the purchase date or the consolidation date corresponding to the disposal of the long-term equity investment, or adjust the retained earnings if the equity premium in the capital reserve is insufficient to offset.

7. Classification of joint arrangements and accounting treatment for joint operations

 \checkmark Applicable \Box Not Applicable

1. Classification of joint arrangement

According to the structural and legal form of the joint arrangement, the Company divides joint arrangements into joint operations, and joint ventures in the light of the terms agreed in the joint arrangement and other situations. Joint arrangements which are reached without the involvement of separate vehicles are regarded as joint operation.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

7. Classification of joint arrangements and accounting treatment for joint operations (Continued)

1. Classification of joint arrangement (Continued)

Joint arrangements involving separate vehicles are regarded as joint ventures. However, there is concrete evidence showing that joint arrangements which meet any one of the following conditions and comply with laws and regulations are also regarded as joint operation:

- (1) The legal form of the joint arrangement shows that parties to a joint arrangement shall enjoy the rights and assume the obligations in respect of the arrangement's assets and liabilities.
- (2) The structural form of the joint arrangement shows that parties to a joint arrangement shall enjoy the rights and assume the obligations in respect of the assets and liabilities of the arrangement.
- (3) Other facts and situations show that parties to a joint arrangement shall enjoy the rights and assume the obligations in respect of the assets and liabilities of the arrangement, such as the parties to a joint arrangement shall enjoy almost all the outputs related to the joint arrangement and the liabilities of the joint arrangement shall be paid off with the sustaining support of the parties.

2. Accounting treatment for joint operation

The Company confirms the following items in its interest share of joint operation that relate to the Company and will handle accounting treatment in accordance with the ASBEs:

- (1) Confirming the assets owned privately and the assets shared in the joint operation according to its share;
- (2) Confirming the liabilities undertook privately and the liabilities jointly assumed in the joint operation according to its share;
- (3) Confirming the income achieved by selling the shared outputs of the joint operation;
- (4) Confirming the income achieved in the joint operation by selling the outputs according to its share;
- (5) Confirming the costs incurred privately and the costs incurred in the joint operation according to its share.

For injection to or disposal of assets of joint operations (other than those assets constituting business operation), the gain or loss arising from the transaction is only recognised to the extent that it is attributable to other parties to the joint operation before those assets are sold by joint operation to any third party. In case those assets injected to or disposed of satisfy the requirements for asset impairment loss under ASBEs No. 8 – Impairment of Assets, the Company recognises the loss in full.

For the acquisition of assets from joint operations (other than those assets constituting business operation), the gain or loss arising from the transaction is only recognised to the extent that it is attributable to other parties to the joint operation before the relevant assets are sold to any third party. In case that the acquired assets satisfy the condition for asset impairment loss under ASBEs No. 8 – Impairment of Assets, the Company recognises the relevant loss according to the proportion it assumes.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

7. Classification of joint arrangements and accounting treatment for joint operations (Continued)

2. Accounting treatment for joint operation (Continued)

The Company exercises no common control over joint operations. If the Company is entitled to relevant assets of the joint operation and assumes relevant liabilities, it shall be accounted for under the above principle. Otherwise, it would be accounted for under the relevant business accounting principles.

8. Recognition criteria of cash and cash equivalents

Cash in the cash flow statement of the Company indicates both cash on hand and the deposit held in bank which are available for payment at any time. Cash equivalents are held less than 3 months, highly liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of value change.

9. Foreign currency transactions and translation of foreign currency financial statements

✓ Applicable □ Not Applicable

Foreign currency transactions of the Group are recognized and are translated into RMB at the spot exchange rate on the date of the transaction.

The monetary items in foreign currency are translated into RMB at the spot exchange rate of the balance date. Except for the exchange difference caused by specific foreign currency loans made to purchase or manufacture assets which will be capitalized, the exchange difference is accounted into current profit or loss. For non-monetary items measured in foreign currency under historical cost method, the exchange rate on the date when the cost is recognized is applied and the amount in RMB is consistent.

When convert non-monetary items into foreign currency by the fair value of the spot exchange rate, the exchange difference is counted as the profits and losses of the current period as the fair value change (including exchange rate change) or recognized as other comprehensive income.

10. Financial instruments

✓ Applicable □ Not Applicable

A financial asset or financial liability is recognized when the company becomes a party to a financial instrument contract.

The actual interest rate method refers to the method of calculating the amortized cost of financial assets or financial liabilities and amortizing interest income or interest expenses into each accounting period.

The actual interest rate refers to the interest rate used to discount the estimated future cash flow of a financial asset or financial liability over the expected lifetime to the book balance of the financial asset or the amortized cost of the financial liability. When determining the actual interest rate, the expected cash flow is estimated on the basis of considering all contractual terms of financial assets or financial liabilities (such as early repayment, rollovers, call options or other similar options, etc.), but the expected credit losses are not considered.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

10. Financial instruments (Continued)

The amortized cost of a financial asset or financial liability is amount of the financial asset or financial liability minus the principal repaid, plus or minus the actual interest rate method between the initial recognition amount and the amount due the accumulated amortization amount formed by the difference is amortized, and then the accumulated loss provision is deducted (only applicable to financial assets).

1. Classification, confirmation and measurement of financial instruments

The Company classifies financial assets into the following three categories based on the characteristics of business model of the financial assets under management and the contractual cash flow of financial assets management:

- (1) Financial assets measured at amortized cost.
- (2) Financial assets measured at fair value and its changes are accounted in other comprehensive income.
- (3) Financial assets measured at fair value and its changes are accounted in loss and profit in the current period.

Financial assets are measured at fair value at the time of initial recognition, but accounts receivable or notes receivable result from the sale of goods or the provision of services which do not have significant financing factor or do not take into account the financing factor for no more than one year, the initial measurement shall be made at the transaction price.

For financial assets measured at fair value are accounted in loss and profit in the current period, the relevant transaction costs are directly accounted in loss and profit, and the relevant transaction costs of other types of financial assets are accounted in the initially recognized amount.

The subsequent measurement of financial assets depends on their classification. If and only if the company changes the business model of managing financial assets, all the affected related financial assets will be reclassified.

(1) Financial assets classified as measured at amortized cost

The contract terms of financial assets stipulate that the cash flow generated on a specific date is only the payment of the principal and the interest based on the outstanding principal amount, and the business mode of managing the financial assets is to collect the contract cash flow, then the Company classifies the financial assets into financial assets measured at amortized cost. The Company financial assets classified as measured at amortized cost include monetary capital, certain notes receivable, accounts receivable, other receivables at amortized cost and so on.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

10. Financial instruments (Continued)

1. Classification, confirmation and measurement of financial instruments (Continued)

(1) Financial assets classified as measured at amortized cost (Continued) The Company adopts the effective interest rate method to recognize the interest income of such financial assets, and subsequent measurement based on the amortized cost. The gains or losses from impairment or derecognition or modification are accounted in the current profit and loss. Except for the following situations, the Company calculates and determines the interest income based on the book balance of financial assets multiplied by the actual interest rate:

- 1) For the purchased or original financial assets with credit impairment, the company shall calculate and determine the interest income based on the amortized cost of the financial assets and the actual interest rate adjusted by credit as the initial recognition.
- 2) For the financial assets that have no credit impairment when purchased or initially but have credit impairment in the subsequent period, the Company will calculate and determine the interest income based on the amortized cost and actual interest rate of the financial assets in the subsequent period. If the financial instrument no longer has credit impairment due to the improvement of its credit risk in the subsequent period, the Company will calculate and determine the interest income by multiplying the actual interest rate by the book balance of the financial asset.

(2) Financial assets classified as those measured at fair value with changes and its changes are accounted in other comprehensive income

The contract terms of financial assets stipulate that the cash flow generated on a specific date is only the payment of the principal and the interest based on the outstanding principal amount, and the business mode of managing the financial assets is to receive the contract cash flow and sell the financial assets, then the company classifies the financial assets as financial assets classified as those measured at fair value with changes and its changes are accounted in other comprehensive income.

The Company adopts the effective interest rate method to recognize the interest income of such financial assets. Except that interest income, impairment loss and exchange difference are accounted in loss and profit in current period, other changes in fair value are accounted in other comprehensive income. When the financial asset is derecognized, the accumulated gains or losses previously accounted in other comprehensive income are transferred out and accounted in the current profit and loss.

Notes receivable and accounts receivable measured at fair value with changes accounted in other comprehensive income are presented as receivables financing, and other financial assets are presented as other debt investment. In which, other debt investment due within one year from the balance sheet date is presented as non-current assets due within one year, and other debt investment originally due within one year is presented as other current assets.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

10. Financial instruments (Continued)

1. Classification, confirmation and measurement of financial instruments (Continued)

(3) Financial assets designated at fair value and its changes are accounted in other comprehensive income

At initial recognition, the Company can irrevocably designate non-tradable equity instrument investment as a financial asset designated at fair value and its changes are accounted in other comprehensive income.

Changes in the fair value of this kind of financial assets are accounted in other comprehensive income, and no provision for impairment is required. When the financial asset is derecognized, the accumulated gains or losses previously accounted in other comprehensive income are transferred out and are accounted in retained earnings. During the period when the company holds the equity instrument investment, when the Company's right to receive dividends has been established, the economic benefits related to dividends are likely to flow into the Company, and the amount of dividends can be reliably measured, the dividend income shall be recognized and accounted in loss and profit in current period. The Company's investment in such financial assets are presented in other equity instruments.

An equity instrument investment that meets one of the following conditions is a financial asset measured at fair value and its changes are accounted in loss and profit in current period: The purpose of acquiring the financial assets is mainly to sell them in short-term. At the time of initial recognition, it is part of the identifiable financial asset portfolio under centralized management, and there is objective evidence that there is a short-term profit model in short term. Derivative instruments (excluding derivatives that meet the definition of financial guarantee contract and are designated as effective hedging instruments).

(4) Financial assets classified as measured at fair value and its changes are accounted in loss and profit in current period

Financial assets that do not meet the conditions of being classified as financial assets measured at amortized cost or fair value and its changes are accounted in other comprehensive income, or are not designated as financial assets measured at fair value and its changes are accounted in other comprehensive income are classified as financial assets measured at fair value and its ralue and its changes are accounted in loss and profit in current period.

The Company adopts fair value for subsequent measurement of such financial assets, and the gains or losses from changes in fair value and dividends and interest income related to such financial assets are accounted in profit and loss in current period.

The Company presents such financial assets in trading financial assets and other non-current financial assets as their liquidity.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

10. Financial instruments (Continued)

1. Classification, confirmation and measurement of financial instruments (Continued)

(5) Financial assets designated to be measured at fair value and its changes are accounted in loss and profit in current period

At initial recognition, in order to eliminate or significantly reduce accounting mismatch, the company can irrevocably designate financial assets as financial assets designated to be measured at fair value and its changes are accounted in loss and profit in current period.

If the mixed contract includes one or more embedded derivatives and its main contract does not belong to the above financial assets, the Company can designate it as a financial assets designated to be measured at fair value and its changes are accounted in loss and profit in current period. Except for:

- 1) Embedded derivatives will not significantly change the cash flow of mixed contracts.
- 2) When determining whether a similar mixed contract needs to be split for the first time, it is almost unnecessary to analyze whether the embedded derivatives it contains should not be split. If the prepayment right of the embedded loan allows the holder to prepay the loan in an amount close to the amortized cost, the prepayment right does not need to be split.

The Company adopts fair value for subsequent measurement of such financial assets, and the gains or losses from changes in fair value and dividends and interest income related to such financial assets are accounted in loss and profit in current period.

The Company presents such financial assets in trading financial assets and other non-current financial assets based on their liquidity.

2. Classification, confirmation and measurement of financial liabilities

The Company classifies the financial instrument or its components as financial liabilities or equity instruments at the initial recognition based on the contract terms of the issued financial instruments and the economic substance reflected, rather than in legal form only, in combination with the definition of financial liabilities and equity instruments. Financial liabilities are classified as financial liabilities measured at fair value and its changes are accounted in loss an profit in current period, other financial liabilities, and derivatives designated as effective hedging instruments.

Financial liabilities are measured at fair value at initial recognition. For financial liabilities measured at fair value and its changes are accounted in loss and profit in current periods, relevant transaction costs are directly accounted in current profit and loss. For other types of financial liabilities, relevant transaction costs are accounted in the initially recognized amount.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

10. Financial instruments (Continued)

2. Classification, confirmation and measurement of financial liabilities (Continued) Subsequent measurement of financial liabilities depends on their classification:

(1) Financial liabilities measured at fair value and its changes are accounted in loss and profit in current period

Such financial liabilities include trading financial liabilities (including derivatives belonging to financial liabilities) and financial liabilities designated to be measured at fair value at the time of initial recognition and its changes are accounted in loss and profit in current period.

If one of the following conditions is met, it belongs to trading financial liabilities: I. The purpose of undertaking related financial liabilities is mainly to sell or repurchase in the short term. II. It is part of the identifiable financial instrument portfolio under centralized management, and there is objective evidence that the enterprise adopts the short- term profit mode in short term. III. It is a derivative instrument, except for the derivative instrument designated as an effective hedging instrument and the derivative instrument conforming to the financial guarantee contract. Trading financial liabilities (including derivatives belonging to financial liabilities) are subsequently measured at fair value. Except for those related to hedge accounting, all changes in fair value are accounted in loss and profit in current period.

At initial recognition, in order to provide more relevant accounting information, the Company irrevocably designates financial liabilities that meet one of the following conditions as financial liabilities measured at fair value and its changes are accounted in loss and profit in current period:

- 1) Can eliminate or significantly reduce accounting mismatches.
- 2) According to the enterprise risk management or investment strategy stated in the formal written document, manage and evaluate the financial liabilities portfolio or financial assets and financial liabilities portfolio on the basis of fair value, and report to the key management personnel within the enterprise on this basis.

The Company adopts fair value for subsequent measurement of such financial liabilities. Except for the changes in fair value caused by changes in the Company's own credit risk, other changes in fair value are accounted in loss and profit in current period. Unless changes in fair value caused by changes in the Company's own credit risk are accounted in other comprehensive income, which will cause or expand accounting mismatch in profit and loss, the Company will account all changes in fair value (including the impact amount of changes in its own credit risk) in loss and profit in current period.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

10. Financial instruments (Continued)

2. Classification, confirmation and measurement of financial liabilities (Continued)

(2) Other financial liabilities

In addition to the following items, the Company classifies financial liabilities as financial liabilities measured at amortized cost. For such financial liabilities, the effective interest method is adopted, and subsequent measurement is carried out based on amortized cost. Gains or losses arising from derecognition or amortization are accounted in loss and profit in current period:

- 3) Financial liabilities measured at fair value and its changes are accounted in loss and profit in current period.
- 4) Financial liabilities formed by transfer of financial assets that do not meet the conditions for derecognition or continue to be involved in the transferred financial assets.
- 5) Financial guarantee contracts that do not belong to the first two categories of this article, and loan commitments that do not belong to the first category of this article, and loans at lower than market interest rates.

Financial guarantee contract refers to a contract that requires the issuer to pay a specific amount to the contract holder who has suffered losses when a specific debtor fails to pay its debts in accordance with the terms of the original or modified debt instrument when contract due. Financial guarantee contracts that are not designated as financial liabilities measured at fair value and its changes are accounted in loss and profit in current period shall be measured after initial recognition based on the higher of the amount of loss reserves and the balance of initially recognized amount after deducting the accumulated amortization within the guarantee period.

3. The confirmation of termination of financial instruments

- (1) When a financial asset satisfies one of the following conditions, it shall be terminated:
 - 1) Termination of the contractual right to collect cash flow from the financial asset.
 - 2) The financial assets have been transferred, meanwhile, the transfer satisfies the requirements of financial assets termination.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

10. Financial instruments (Continued)

3. The confirmation of termination of financial instruments (Continued)

(2) Conditions for the confirmation of termination of financial liabilities If the current obligation of the financial liability (or part of it) has been discharged, the financial liability (or part of the financial liability) is derecognised.

If the Company and the lender sign an agreement to replace the original financial liabilities with new financial liabilities, and the new financial liabilities are substantially different from the original financial liabilities or a substantial change is made to the contractual terms of the original financial liability (or part thereof), the original financial liabilities will be terminated and new financial liabilities will be confirmed, the difference between the carrying amount and the consideration paid (including the transferred non-cash assets or liabilities assumed) is accounted in profit or loss in current period.

If the Company repurchases part of the financial liabilities, the book value of the financial liabilities as a whole is allocated based on the proportion of the fair value of the continuing recognition portion and the derecognised portion on the repurchase date. The difference between the book value assigned to the derecognised portion and the consideration paid (including the transferred non-cash assets or liabilities assumed) shall be included in the current profit and loss.

4. Recognition and measurement of financial assets transfer

When the financial assets transfer occurs, the Company assesses the extent of the risks and rewards of retaining the ownership of financial assets, and handles the following situations:

- (1) If almost all risks and rewards of ownership of financial assets are transferred, the financial assets are derecognised and the rights and obligations arising or retained in the transfer are separately recognized as assets or liabilities.
- (2) If retain almost all the risks and rewards of ownership of financial assets, continue to confirm the financial assets.
- (3) If there is neither transfer nor retention of almost all risks and rewards of ownership of financial assets (i.e, other than paragraphs I and II), then according to whether or not they retain control over financial assets, the following situations are dealt with respectively:
 - 1) If the financial assets are not retained, the financial assets are derecognised and the rights and obligations arising or retained in the transfer are separately recognized as assets or liabilities.
 - 2) If the control of the financial assets is retained, the relevant financial assets shall continue to be recognized according to the extent to which they continue to be involved in the transferred financial assets, and the related liabilities are recognized accordingly. The extent of continuing involvement in the transferred financial assets refers to the extent to which the Company assumes the risk or reward of changes in the value of the transferred financial assets.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

10. Financial instruments (Continued)

4. Recognition and measurement of financial assets transfer (Continued)

When judging whether the transfer of financial assets meets the above conditions for termination of recognition of financial assets, the principle of substance over form is adopted. the Company divides the transfer of financial assets into the overall transfer of financial assets and the partial transfer of financial assets:

- (1) If the overall transfer of financial assets meets the conditions for derecognition, the difference between the following two amounts is included in the current profit and loss:
 - 1) The book value of the transferred financial assets on the date of termination confirmation.
 - 2) The consideration received for the transfer of financial assets is the sum of the amount corresponding to the termination confirmation in the cumulative amount of changes in fair value that was originally recognised directly in other comprehensive income. (The financial assets involved in the transfer are financial assets measured at fair value through other comprehensive income.)
- (2) If part of the financial assets is transferred and the transferred part as a whole meets the conditions for derecognition, the book value of the financial assets as a whole will be transferred between the derecognised part and the continuation confirmation part (in this case, the retained service assets shall be deemed to be part of the continuing recognition of the financial assets. They shall be apportioned according to their respective fair values on the transfer date, and the difference between the following two amounts shall be included in the current profit and loss:
 - 1) The book value of the derecognised part on the date of termination confirmation.
 - 2) The consideration received by the derecognised part is the sum of the amount corresponding to the derecognised part of the cumulative amount of changes in fair value previously included in other comprehensive income. (The financial assets involved in the transfer are financial assets measured at fair value through other comprehensive income.)

If the transfer of financial assets does not meet the conditions for derecognition, the financial assets are continually recognized and the consideration received is recognized as a financial liability.

5. The method of determining the fair value of financial assets and financial liabilities Financial assets or financial liabilities in an active market are determined by quoted prices in active markets, unless the financial asset has a restricted period for the asset itself. For the financial assets limited to sale for the asset itself, the compensation amount required by the market participants for bearing the risk that the financial assets cannot be sold on the open market within the specified period shall be deducted from the quotation of the active market. Quoted prices in active markets include easy and regularly available from exchanges, dealers, brokers, industry groups, pricing agencies or regulatory agencies. A quote for an asset or liability that represents a market transaction that actually and frequently occurs on the basis of fair trade.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

10. Financial instruments (Continued)

5. The method of determining the fair value of financial assets and financial liabilities (Continued)

Financial assets initially acquired or derived or financial liabilities assumed are based on market transaction prices as the basis for determining their fair value.

There are no financial assets or financial liabilities in an active market, and valuation techniques are used to determine their fair value. At the time of valuation, the Company adopts valuation techniques that are applicable in the current circumstances and that are sufficient to support the use of data and other information, and are selected to be consistent with the characteristics of assets or liabilities considered by market participants in transactions in related assets or liabilities. Enter values and use the relevant observable input values as much as possible. Unobservable input values are used where the relevant observable input values are not available or are not practicable.

6. Impairment on financial instruments

The Company conducts impairment accounting for financial assets measured at amortized cost, financial assets classified as measured at fair value and its changes are accounted in loss and profit in current period and contract assets based on expected credit losses and recognizes loss provisions.

Expected credit loss refers to the weighted average of the credit losses of financial instruments weighted by the risk of default. Credit loss refers to the difference between all contractual cash flows receivable under the contract and all expected cash flows discounted by the Company at the original effective interest rate, that is, the present value of all cash shortages. Among them, the financial assets purchased or originated by the Company that have suffered credit impairment should be discounted at the credit-adjusted actual interest rate of the financial asset.

For all the contract assets, note receivables and account receivables formed by transactions regulated by the income standard, the Company uses a simplified measurement method to measure the loss provision according to the amount equivalent to the expected credit loss throughout the lifetime.

For financial assets purchased or originated that have suffered credit impairment, on the balance sheet date, only the cumulative changes in expected credit losses for the entire duration of the period since initial recognition are recognized as loss provisions. On each balance sheet date, the amount of change in expected credit losses throughout the lifetime is included in the current profit and loss as an impairment loss or gain. Even if the expected credit loss for the entire duration determined on the balance sheet date is less than the amount of expected credit loss reflected in the estimated cash flow at initial recognition, the favorable change in expected credit loss is recognized as an impairment gain.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

10. Financial instruments (Continued)

6. Impairment on financial instruments (Continued)

In addition to the above-mentioned simplified measurement methods and other financial assets that have been purchased or originated from credit impairment, the company assesses on each balance sheet date whether the credit risk of relevant financial instruments has increased significantly since initial recognition, and according to The following circumstances measure their loss reserves, confirm expected credit losses and their changes:

- (1) If the credit risk of the financial instrument has not increased significantly since the initial confirmation and is in the first stage, then the financial instrument shall be measured for its loss allowance at an amount equivalent to the expected credit loss of the financial instrument within the next 12 months, and shall be based on the book balance and the actual interest rate to calculate interest income.
- (2) If the credit risk of the financial instrument has increased significantly since initial recognition but no credit impairment has occurred, it is in the second stage, and its loss reserve is measured by the amount equivalent to the expected credit loss of the financial instrument throughout its life-time, and calculate the interest income according to the book balance and the actual interest rate.
- (3) If the financial instrument has undergone credit impairment since initial recognition, it is in the third stage. The company measures its loss reserve at an amount equivalent to the expected credit loss for the entire lifetime of the financial instrument, and at amortized cost and the actual interest rate to calculate interest income.

The increase or reversal of the credit loss provision for financial instruments is included in the current profit and loss as an impairment loss or gain. Except for financial assets that are classified as fair value and whose changes are included in other comprehensive income, credit losses are provided to offset the book balance of financial assets. For financial assets classified as measured at fair value and whose changes are included in other comprehensive income, the company recognizes its credit loss provisions in other comprehensive income and does not reduce the book value of the financial asset listed in the balance sheet.

In the previous accounting period, the Company has measured the loss provision according to the amount of expected credit losses for the entire duration of the financial instrument, but on the balance sheet date of the current period, the financial instrument is no longer a significant increase in credit risk since initial recognition In the case of the current situation, the company measures the loss reserve of the financial instrument at the current balance sheet date according to the amount of expected credit losses in the next 12 months, and the resulting amount of the loss reserve is included in the current period as an impairment gain. profit and loss.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

10. Financial instruments (Continued)

6. Impairment on financial instruments (Continued)

(1) Credit risk increased significantly

The Company uses the available reasonable and evidence-based forward-looking information to determine whether the credit risk of financial instruments defaults on the balance sheet date and the default risk on the initial confirmation date to determine whether the credit risk of the financial instrument has been since the initial confirmation Has increased significantly. For financial guarantee contracts, when the company applies the financial instrument impairment provisions, the day when the company becomes the party making the irrevocable commitment is used as the initial confirmation date.

The Company will consider the following factors when assessing whether the credit risk has increased significantly:

- 1) Whether the actual or expected operating results of the debtor have changed significantly;
- 2) Whether the regulatory, economic or technical environment of the debtor has undergone significant adverse changes;
- 3) Whether there have been significant changes in the value of the collateral used as debt collateral or the quality of the guarantee or credit enhancement provided by a third party. These changes are expected to reduce the debtor's economic motivation to repay the debt within the specified period of the contract or affect the probability of default;
- 4) Whether the expected performance and repayment behavior of the debtor has changed significantly;
- 5) Whether the Company's credit management methods for financial instruments have changed, etc.

On the balance sheet date, if the company judges that a financial instrument has only a low credit risk, the Company assumes that the credit risk of the financial instrument has not increased significantly since initial recognition. If the default risk of financial instruments is low, the borrower's ability to fulfill its contractual cash flow obligations in the short term is strong, and even if there are adverse changes in the economic situation and operating environment in a longer period of time, it may not necessarily reduce the borrower's performance of its contractual cash The capacity of the flow obligation, the financial instrument is considered to have lower credit risk.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

10. Financial instruments (Continued)

(2)

6. Impairment on financial instruments (Continued)

Financial assets that have suffered credit impairment When one or more events that adversely affect the expected future cash flow of a financial asset occur, the financial asset becomes a financial asset that has suffered credit impairment. Evidence of credit impairment of financial assets includes the following observable information:

- 1) The issuer or debtor has major financial difficulties;
- 2) The debtor violates the contract, such as default or overdue payment of interest or principal;
- 3) Creditors give concessions that the debtor will not make under any other circumstances out of economic or contractual considerations related to the debtor's financial difficulties;
- 4) The debtor is likely to go bankrupt or other financial restructuring;
- 5) The financial difficulties of the issuer or the debtor cause the active market of the financial asset to disappear;
- 6) Purchase or source a financial asset at a substantial discount, the discount reflects the fact that credit losses have occurred.

Credit impairment of financial assets may be caused by the joint action of multiple events, not necessarily by individually identifiable events.

(3) Determination of expected credit losses

The Company assesses the expected credit losses of financial instruments based on individual items and portfolios. When evaluating expected credit losses, it considers reasonable and well-founded information about past events, current conditions, and predictions of future economic conditions.

The Company divides financial instruments into different combinations based on common credit risk characteristics. The common credit risk characteristics adopted by the Company include: types of financial instruments, credit risk ratings, aging portfolios, contract settlement cycles, and the debtor 's industry. For the individual evaluation criteria of the relevant financial instruments and the characteristics of the combined credit risk, please refer to the accounting policies of the relevant financial instruments.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

10. Financial instruments (Continued)

6. Impairment on financial instruments (Continued)

(3) Determination of expected credit losses (Continued) The Company determines the expected credit losses of related financial instruments according to the following methods:

- 1) For financial assets, the credit loss is the present value of the difference between the contractual cash flow that the company should charge and the expected cash flow.
- 2) For lease receivables, the credit loss is the present value of the difference between the contractual cash flow that the company should receive and the expected cash flow.
- 3) For a financial guarantee contract, the credit loss is the company's estimated payment to the contract holder for the credit loss, minus the company's expected receivables to the contract holder, debtor or any other party. And the difference above is the present value.
- 4) For financial assets that are credit-impaired on the balance sheet date rather than the financial assets are not purchased or originated from credit-impaired, the credit loss is the difference between the financial asset's book balance and the present value of the estimated future cash flows discounted at the original effective interest rate.

The Company's method of measuring the expected credit loss of financial instruments reflects the following factors: the unbiased probability weighted average amount determined by evaluating a series of possible results; the time value of money; no unnecessary additional costs or efforts on the balance sheet date You can obtain reasonable and evidence-based information about past events, current conditions, and future economic conditions.

(4) Write-down of financial assets

When the Company no longer reasonably expects that the contractual cash flow of financial assets can be fully or partially recovered, the book balance of the financial asset is directly written down. Such writedowns constitute the derecognition of related financial assets.

7. Offset of financial assets and financial liabilities

Financial assets and financial liabilities are presented separately in the balance sheet and are not offset. However, if the following conditions are met, the net amount offset by each other is listed in the balance sheet:

- (1) The Company has a statutory right to offset the confirmed amount, and such legal right is currently enforceable;
- (2) The Company plans to settle the net assets or realize the financial assets and liquidate the financial liabilities at the same time.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

11. Note receivables

Recognitions and accounting treatment of expected credit losses of bills receivable ✓ Applicable □ Not Applicable

Please refer to Note (10) 6. Impairment of financial instruments for the determination method and accounting treatment of expected credit losses of notes receivable of the Company.

When it is impossible to assess the sufficient evidence of expected credit loss at a reasonable cost at the level of a single instrument, the Company refers to the historical credit loss experience, combined with the current situation and the judgment of future economic conditions, divides the notes receivable into several groups based on the characteristics of credit risk, and calculates the expected credit loss on a portfolio basis. The basis for determining the group is as follows:

Name of group	Basis for determining the group	Method of provision
Bank acceptance bills	The issuer has a high credit rating, has not defaulted on bills in the past, has a very low credit loss risk, and has a strong ability to meet its contractual cash flow obligations in the short term	loss experience, combined with the current situation and the forecast
Commercial acceptance bills	Age	With reference to the historical credit loss experience, combined with the current situation and the forecast of future economic conditions, prepare the comparison table of the aging of notes receivable and the lifetime expected credit loss rate to calculate the expected credit loss

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

12. Account receivables

Recognitions and accounting treatment of expected credit losses of accounts receivable ✓ Applicable □ Not Applicable

Please refer to Note (10) 6. Impairment of financial instruments for the determination method and accounting treatment of expected credit loss of accounts receivable of the Company.

The Company separately determines the credit loss of accounts receivable that are individually significant and have incurred credit impairment after initial recognition.

When it is impossible to assess the sufficient evidence of expected credit loss at a reasonable cost at the level of a single instrument, the Company refers to the historical credit loss experience, combined with the current situation and the judgment of future economic conditions, divides the accounts receivable into several groups based on the characteristics of credit risk, and calculates the expected credit loss on a portfolio basis. The basis for determining the group is as follows:

Name of group	Basis for determining the group	Method of provision
Aging group	Account receivables with the same aging beyond the scope of consolidation have similar credit risk characteristics	
Related party group within the scope of consolidation	Related parties amount within the scope of consolidation	With reference to the historical credit loss experience, combined with the current situation and the forecast of future economic conditions, the credit loss rate is forecasted through risk exposure and the lifetime.

13. Receivables financing

 \checkmark Applicable \Box Not Applicable

Notes receivable classified as at fair value through other comprehensive income are presented as receivables financing if the maturity period is within one year (inclusive) from the initial recognition date; and as other debt investments if the maturity period is more than one year from the initial recognition date. Please refer to note (10) for the relevant accounting policies.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

14. Other receivables

Recognitions and accounting treatment of expected credit losses of other receivables ✓ Applicable □ Not Applicable

Please refer to Note (10) 6. Impairment of financial instruments for the determination method and accounting treatment of expected credit loss of other receivables of the Company.

When it is impossible to assess the sufficient evidence of expected credit loss at a reasonable cost at the level of a single instrument, the Company refers to the historical credit loss experience, combined with the current situation and the judgment of future economic conditions, divides the other receivables into several groups based on the characteristics of credit risk, and calculates the expected credit loss on a portfolio basis. The basis for determining the group is as follows:

Name of group	Basis for determining the group	Method of provision
Aging group	Other receivables with the same aging beyond the scope of consolidation have similar credit risk characteristics	
Nature of receivables	Staff reserve funds and deposits and security deposits placed with other entities	
Related party group within the scope of consolidation	Related parties amount within the scope of consolidation	With reference to the historical credit loss experience, combined with the current situation and the forecast of future economic conditions, the credit loss rate is forecasted through risk exposure and the lifetime.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

15. Inventories

✓ Applicable □ Not Applicable

1. Classification of inventories

Inventories are products that the Company holds for sale in daily activities, materials consumed in the production process, materials in the process of providing services, in the production process. The inventories of the Group include raw material, packing materials, low-valued consumables, work-in-process, finished goods, and projects costs etc.

2. Method of valuation of inventory

Inventories are initially measured at cost, including purchase cost, processing cost and other costs when acquired. Inventories delivered are recognized on an individual basis when specific to individual business; for non-specific business, the weighted average method is adopted.

3. The basis for determining the net realizable value of inventory and the accrual method for the stock price drop preparation

After a thorough inventory check at the end of the period, provision for decline in value of inventories is made or adjusted at the lower of cost and net realizable value. The estimated sales price of the inventories, such as finished products, inventory commodities and materials directly used for sale is deducted from the estimated sales cost and the amount after the relevant taxes and fees, and the net realizable value is determined during the normal operation. The net realizable value of inventory which require processes is determined by the estimated selling price of finished products deducting the estimated cost, estimated sales cost and related taxes and fees after completion during the normal operation. To execute sales contracts or labour contracts, the net realizable value is measured by the contract price. If the quantity of stock held is more than that of the sales contract, the net realizable value of the excess part will be measured by the general selling price.

Inventories provision accrues individually at the end of term. If a large stock has a lower unit price, provision for decline in inventory is prepared in accordance with the inventory category. If the inventory is related to a series of products that are produced which sold in the same area and have the same or similar end uses or purposes and it is difficult to separate the items from other items, the provision for decline in inventory will be combined.

If the reduction factors of inventory value have disappeared in the past, the reduced amount shall be recovered. Meanwhile, reserving the original provision for inventory, reversal of the amount count in the current profits and losses.

4. Inventory system

Adopting the perpetual inventory system.

5. Amortization method of low-value consumption goods and packaging

- (1) Low-value consumption goods are amortized using one-off writing-off method.
- (2) Packaging are amortized using one-off writing-off method.
- (3) Other turnover materials are amortized using one-off write-off method

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

16. Contract assets

(1). Recognitions and criteria for contract assets

 \checkmark Applicable \Box Not Applicable

If the Company has transferred the goods to the customer and has the right to receive consideration, and the right depends on factors other than the passage of time, it is recognized as a contract asset. The company's unconditional (i.e. depends only on the passage of time) right to collect consideration from customers is separately presented as receivables.

(2). Recognitions and accounting treatment of expected credit losses of contract assets ✓ Applicable □ Not Applicable

Please refer to Note (10) 6. Impairment of financial instruments for the determination method and accounting treatment of expected credit losses of contract assets of the Company.

17. Held-for-sale assets

🗆 Applicable 🖌 Not Applicable

18. Debt investments

(1). Recognitions and accounting treatment of expected credit losses of debt investments
 □ Applicable ✓ Not Applicable

19. Other debt investments

 (1). Recognitions and accounting treatment of expected credit losses of other debt investments

 □ Applicable ✓ Not Applicable

20. Long-term receivables

(1). Recognitions and accounting treatment of expected credit losses of long-term receivables

□ Applicable ✔ Not Applicable

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

21. Long-term equity investments

✓ Applicable □ Not Applicable

1. Determination of initial investment cost

- (1) For the long-term equity investment formed by a business combination, see Note (5) Accounting Methods for Business Combinations under Same Control and under Non-same Control for specific accounting policies.
- (2) Long-term equity investments acquired by other means.

Long-term equity investments acquired by cash payments are initially invested at the purchase price actually paid. Initial investment costs include expenses, taxes and other necessary expenses that are directly related to obtaining a long-term equity investment.

Long-term equity investments made by issuing equity securities, with the fair value of the issued equity securities as the initial investment cost; Transaction costs incurred in issuing or obtaining their own equity instruments are deducted from equity if they are directly attributable to equity transactions.

The initial investment cost of a long-term equity investment in a non-monetary asset exchange is determined on the basis of the fair value of the asset transferred, unless there is conclusive evidence that the fair value of the asset transferred is more reliable, to the extent that the nonmonetary asset exchange has commercial substance and the fair value of the asset transferred or the asset transferred can be measured reliably; For the exchange of non-monetary assets that do not meet the above premise, the carrying amount of the assets exchanged and the relevant taxes payable are taken as the initial investment cost of the long-term equity investment.

Initial investment costs for long-term equity investments acquired through debt restructuring are determined on a fair value basis.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

21. Long-term equity investments (Continued)

2. Subsequent measurement and profit or loss recognition

(1) Cost approach

Long-term equity investments over which the Company is able to exercise control are accounted for using the cost method, and are measured at the initial investment cost, and the cost of long-term equity investments is adjusted by the addition or recovery of investments.

Except for cash dividends or profits declared but not yet distributed that are included in the price or consideration actually paid upon acquisition of the investment, the Company recognizes the cash dividends or profits declared to be distributed by the investee as investment income for the current period.

(2) Equity method

The Company's long-term equity investments in associates and joint ventures are accounted for using the equity method; Some of the equity investments in associates that are indirectly held through venture capital institutions, mutual funds, trust companies or similar entities, including investment linked insurance funds, are measured at fair value through profit or loss.

The difference between the initial investment cost of the long-term equity investment and the fair value share of the identifiable net assets of the investee at the time of investment, and the initial investment cost of the long-term equity investment is not adjusted; The difference between the initial investment cost and the fair value share of the identifiable net assets of the investee at the time of investment is included in the profit or loss of the current period.

After the Company obtains the long-term equity investment, it shall recognize the investment income and other comprehensive income respectively according to the share of net profit or loss and other comprehensive income realized by the investee that shall be enjoyed or shared, and adjust the book value of the long-term equity investment; The carrying amount of the long-term equity investment shall be reduced accordingly by calculating the share according to the profit or cash dividend declared to be distributed by the investee; For changes in owner's equity other than net profit or loss, other comprehensive income and profit distribution of the investee, the carrying amount of the long-term equity investment is adjusted and included in owner's equity.

The Company recognises its share of the net profit or loss of the investee by adjusting the net profit of the investee based on the fair value of each identifiable asset of the investee at the time of investment. Profit or loss on unrealised internal transactions between the Company and associates, joint ventures are offset by the share attributable to the Company on a pro rata basis, on which basis investment profit or loss is recognised.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

21. Long-term equity investments (Continued)

2. Subsequent measurement and profit or loss recognition (Continued)

(2) Equity method (Continued)

When the Company recognises the share of losses incurred by the investee, it is dealt with in the following order: First, the carrying amount of the long-term equity investment is written down. Secondly, if the book value of the long-term equity investment is offset, the investment loss shall be continuously recognised to the extent of the book value of other long-term equity which in substance constitutes a net investment in the investee, and the book value of long-term receivable items shall be offset. Finally, after the above treatment, if the enterprise still assumes additional obligations according to the investment contract or agreement, the expected liabilities shall be recognized according to the expected obligations and included in the current investment loss.

Where the investee achieves profit in a subsequent period, the Company shall, after deducting the unrecognised loss contribution, proceed in the reverse order as described above, and after deducting the book balance of the recognised expected liabilities and restoring the book value of other long-term interests and long-term equity investments which in substance constitute a net investment in the investee, the Company shall resume the recognition of investment income.

3. Conversion of accounting method for long-term equity investment

(1) Fair value measurement transferred to equity method

For equity investments that were previously held by the Company and are not subject to control, joint control or significant influence over the investee and are subject to accounting under the Financial Instrument Recognition and Measurement Standards, but are capable of exerting significant influence over the investee or exercising joint control over the investee but do not constitute control due to reasons such as additional investment, the sum of the fair value of the equity investment originally held and the cost of the additional investment determined in accordance with IAS 22– Recognition and Measurement of Financial Instruments shall be regarded as the initial cost of investment accounted for under the equity method instead.

The initial investment cost calculated under the equity method is less than the difference between the fair value shares of the identifiable net assets of the investee at the date of the additional investment calculated and determined based on the brand-new shareholding ratio after the additional investment, and the book value of the long-term equity investment is adjusted and included in the current non-operating income.

(2) Fair value measurement or transfer of equity method to cost method

When preparing individual financial statements, the Company's original equity investment that does not have control, joint control or significant impact on the investee and is accounted for in accordance with the Financial Instrument Recognition and Measurement Standards, or its original long-term equity investment in an associate or joint venture that is able to control the investee that is not under the same control due to additional investment and other reasons, shall be calculated as the initial cost of investment by adding the carrying amount of the equity investment that was originally held to the cost of the additional investment in the preparation of individual financial statements.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

21. Long-term equity investments (Continued)

3. Conversion of accounting method for long-term equity investment (Continued)

(2) Fair value measurement or transfer of equity method to cost method (Continued) Other comprehensive income recognised for equity investments held prior to the purchase date that are accounted for using the equity method is accounted for on the same basis as if the investee had directly disposed of the related assets or liabilities.

If the equity investment held before the purchase date is accounted for in accordance with the relevant provisions of Accounting Standard for Enterprises No.22–Recognition and Measurement of Financial Instruments, the change in the accumulated fair value originally included in other comprehensive income is transferred to the current profit or loss when it is accounted for by the cost method instead.

(3) From equity method to fair value measurement

Where the Company loses joint control or significant influence over the investee due to the disposal of part of the equity investment, the remaining equity after disposal shall be accounted for in accordance with Accounting Standard for Enterprises No.22–Recognition and Measurement of Financial Instruments, and the difference between the fair value and the carrying value on the date when the joint control or significant influence is lost shall be included in the current profit or loss.

Other comprehensive income recognised from an original equity investment that is accounted for using the equity method is accounted for on the same basis as the related assets or liabilities directly disposed of by the investee when the equity method is discontinued.

(4) Transfer of cost method to equity method

Where the Company has lost control over the investee due to the disposal of part of the equity investment or other reasons, in the preparation of individual financial statements, if the remaining equity after disposal can exercise joint control or exert significant influence on the investee, the accounting shall be changed to the equity method, and the accounting shall be adjusted by the equity method as soon as the remaining equity is deemed to have been acquired.

(5) Transfer of cost method to fair value measurement

Where the Company has lost control over the investee due to the disposal of part of the equity investment or other reasons, and the remaining equity after disposal cannot exercise joint control or exert significant influence on the investee in the preparation of individual financial statements, the accounting treatment shall be carried out in accordance with the relevant provisions of Accounting Standards for Enterprises No.22–Recognition and Measurement of Financial Instruments, and the difference between fair value and carrying value on the date of loss of control shall be included in the current profit or loss.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

21. Long-term equity investments (Continued)

4. Disposal of long-term equity investments

For the disposal of long-term equity investment, the difference between the book value and the actual purchase price shall be included in the current profit or loss. Long-term equity investments that are accounted for using the equity method are disposed of on the same basis as the investee's direct disposal of the related assets or liabilities, accounting for the portion originally included in other comprehensive income in a corresponding proportion.

The terms, conditions and economic impact of each transaction that disposes of an equity investment in a subsidiary meet one or more of the following conditions, and multiple transactions are accounted for as a single transaction:

- (1) These transactions were entered into simultaneously or with mutual influence in mind;
- (2) These transactions as a whole can achieve a complete commercial outcome;
- (3) The occurrence of one transaction depends on the occurrence of at least one other transaction;
- (4) A transaction is uneconomical on its own, but economic when considered in conjunction with other transactions.

If the Company loses control of the original subsidiary due to the disposal of part of the equity investment or other reasons, which is not a blanket transaction, the relevant accounting treatment shall be conducted separately from the individual financial statements and the consolidated financial statements:

- (1) In the individual financial statements, the difference between the carrying amount of the equity disposed of and the actual purchase price is included in the current profit or loss. If the remaining equity after disposal can exercise joint control or exert significant influence on the investee, it shall be accounted for using the equity method instead, and the remaining equity shall be deemed to have been acquired and adjusted using the equity method; Where the remaining equity after disposal cannot exercise joint control or exert significant influence on the investee, it shall be accounted for in accordance with the relevant provisions of Accounting Standard for Enterprises No.22–Recognition and Measurement of Financial Instruments, and the difference between its fair value and carrying value on the date of loss of control shall be included in the profit or loss of the current period.
- (2) In the consolidated financial statements, for each transaction before the loss of control over the subsidiary, the capital reserve (equity premium) is adjusted for the difference between the disposal price and the corresponding share of the net assets of the entitled subsidiary calculated continuously from the date of purchase or the date of consolidation for the disposal of the long-term equity investment, or the retained earnings if the capital reserve is insufficient to offset; When control of a subsidiary is lost, the remaining equity is remeasured to its fair value at the date of loss of control. The difference between the sum of the consideration obtained on disposal of the equity interest and the fair value of the remaining equity interest, less the share of the net assets of the original subsidiary calculated on a pro rata basis from the date of purchase, is included in the investment income in the period in which control is lost and goodwill is written off. Other comprehensive income relating to the equity investment of the original subsidiary is lost.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

21. Long-term equity investments (Continued)

4. Disposal of long-term equity investments (Continued)

Where each transaction involving the disposal of an equity investment in a subsidiary until the loss of control is a blanket transaction, each transaction is accounted for as a transaction involving the disposal of an equity investment in a subsidiary and the loss of control, and the related accounting is performed separately from the individual financial statements and the consolidated financial statements:

- (1) In individual financial statements, the difference between the price of each disposal before the loss of control and the carrying amount of the long-term equity investment corresponding to the equity disposed of is recognised as other comprehensive income and is transferred to profit or loss in the period in which control is lost when control is lost.
- (2) In the consolidated financial statements, the difference between the price of each disposal before the loss of control and the share of the net assets of the subsidiary that corresponds to the disposal of the investment is recognised as other comprehensive income and is transferred to profit or loss in the period in which control is lost when control is lost.

5. Criteria for common control and significant impact

An arrangement is considered to be jointly controlled by the Company and the other participants if the Company controls the arrangement collectively in accordance with the relevant agreement and the decision on activities that have a significant impact on the return on the arrangement exists only with the unanimous consent of the participants sharing control.

Where a joint arrangement is made through a separate entity, and it is judged according to the relevant agreement that the Company has rights to the net assets of that separate entity, the separate entity is accounted for as a joint venture using the equity method. When it is determined in accordance with the relevant agreements that the Company does not have a right to the net assets of the separate entity, the separate entity operates as a joint operation, the Company recognises items relating to the share of common operating benefits and performs accounting in accordance with the relevant accounting standards for enterprises.

Significant impact refers to the investor's power to participate in the decision-making of the financial and operating policies of the investee, but is unable to control or jointly control the formulation of these policies with other parties. The Company determines that it has significant influence on the investee by considering all facts and circumstances under one or more of the following circumstances: (1) it is represented on the board of directors or a similar authority of the investee; (2) to participate in the financial and operating policy formulation process of the investee; (3) significant transactions with the investee; (4) sending management personnel to the investee; (5) providing key technical information to the investee.

22. Investment properties

N/A

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

23. Fixed assets

(1). Recognitions

✓ Applicable □ Not Applicable

1. Recognition of fixed assets

Fixed assets are tangible assets that are held for use in the production of goods, rendering of services, leasing or for administrative purposes, and have useful lives of more than one accounting year. Fixed assets are recognized when all the following conditions are satisfied:

- (1) it is probable that the economic benefits associated with the fixed asset will flow to the enterprise;
- (2) The cost of the fixed asset can be measured reliably.

2. Initial measurement of fixed assets

Fixed assets of the Company are initially measured at cost.

- (1) The cost of a purchased fixed asset comprises the purchase price, import tax and other relevant taxes and fees, and other expenses directly attributable to the asset incurred before the fixed asset is ready for its intended use.
- (2) The cost of a self-constructed fixed asset comprises the necessary expenses incurred before the asset is ready for its intended use.
- (3) Fixed assets invested by investors are recorded at the value agreed in the investment contract or agreement, but if the value agreed in the contract or agreement is not fair, it is recorded at fair value.
- (4) If the payment for the purchase of fixed assets is delayed beyond the normal credit conditions and is in substance of financing nature, the cost of fixed assets is determined based on the present value of the purchase price. The difference between the actual payment and the present value of the purchase price is included in the current profit or loss during the credit period, except for those that should be capitalized.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

23. Fixed assets (Continued)

(1). Recognitions (Continued)

3. Subsequent measurement and disposal of fixed assets

(1) Depreciation of fixed assets

Depreciation is recognized so as to write off the cost of assets less their residual values over their estimated useful lives. For fixed assets that have been provided for impairment, the amount of depreciation is determined based on the book value after deducting the impairment provision in the future period and the remaining useful life; fixed assets that have been fully depreciated but still in use are not depreciated.

Fixed assets formed by special reserve expenditure shall be offset against special reserve according to the cost of the fixed assets formed, and the accumulated depreciation of the same amount shall be recognized. The fixed assets shall not be depreciated in the future.

The Company determines the useful life and estimated net residual value of fixed assets based on the nature and use of fixed assets. At the end of the year, the useful life, estimated net residual value of a fixed asset and the depreciation method are reviewed, and adjusted if there is any difference from the original estimate.

(2) Subsequent expenditure of fixed assets

Subsequent expenditures incurred for a fixed asset are included in the cost of the fixed asset if it meets the recognition criteria of the fixed asset. If it does not meet the recognition criteria for fixed assets, the expenditures are recognized in profit or loss for the current period when incurred.

(3) Disposal of fixed assets

A fixed asset is derecognised when it is disposed of or no economic benefits are expected to be generated from its use or disposal. When a fixed asset is sold, transferred, retired or damaged, the amount of any proceeds on disposal of the asset net of the carrying amount and related taxes is recognized in profit or loss for the current period.

(2). Depreciation methods

✓ Applicable □ Not Applicable

Category	Depreciation methods	Depreciation life (years)	Residual value rate	depreciation rate
Buildings and structures	Average age method	20-30	5.00	3.17-4.75
Specialized equipment	Average age method	5-10	5.00	9.50-19.00
Electronic equipment	Average age method	5	5.00	19.00
Transportation equipment	Average age method	5	5.00	19.00
Mold	Workload method	-	-	-
Office equipment and others	Average age method	5	-	20.00

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

23. Fixed assets (Continued)

(3). Recognition, measurement and depreciation of fixed assets held under finance leases ✓ Applicable □ Not Applicable

Fixed assets acquired under finance leases are recognized when one or more of the following criteria are met:

- (1) At the end of the lease term, the ownership of the leased assets is transferred to the Company.
- (2) The Company has the option to purchase the leased assets. The purchase price is expected to be significantly lower than the fair value of the leased assets when the option is exercised. Therefore, it can be reasonably determined that the Company will exercise such option at the inception date of the lease.
- (3) The lease term accounts for the majority of the useful life of the leased asset, even if the ownership of the asset is not transferred.
- (4) The present value of the minimum lease payments at the inception of the lease is almost equivalent to the fair value of the leased assets at the inception date of the lease.
- (5) The leased assets are of a special nature and can only be used by the Company without major modifications.

Fixed assets held under finance leases are recognized at the lower of the fair value of the leased assets at the inception date of the lease and the present value of the minimum lease payments. Minimum lease payments are recorded as long-term payables, and the difference is recorded as unrecognized finance charges. Initial direct costs such as handling fees, legal fees, travel expenses and stamp duties attributable to the lease project incurred during the lease negotiation and signing of the lease contract are included in the value of the leased assets. Unrecognized finance charges are amortized using the effective interest method over the lease term.

The Company adopts a depreciation policy consistent with its own fixed assets for fixed assets held under finance leases. Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying assets at the end of the lease term is depreciated over the underlying asset's useful life. Otherwise, right-of-use assets are depreciated over the shorter of the lease term and their useful lives.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

24. Construction in progress

✓ Applicable □ Not Applicable

1. Initial measurement of construction in progress

The Company's own construction in progress is valued at the actual cost, which comprises the necessary expenses incurred before the asset is constructed to its intended serviceable condition, including the cost of materials used for the project, labour costs, related taxes and fees paid, borrowing costs to be capitalised and indirect costs to be apportioned.

2. The standard and time point at which construction in progress is carried forward as fixed assets

Construction-in-progress projects are accounted for as the value of fixed assets on the basis of all expenditures incurred before the asset is ready for use. If the construction-in-progress project has reached its scheduled serviceable condition but has not yet completed the final accounts, from the date when it reaches its scheduled serviceable condition, it is transferred to the fixed assets based on the estimated value according to the project budget, cost or actual cost of the project, etc., and the depreciation of the fixed assets is accrued in accordance with the Company's fixed assets depreciation policy, after the final accounts are completed, the original provisional value is adjusted based on the actual cost, but the original accrued depreciation amount is not adjusted.

25. Borrowing costs

✓ Applicable □ Not Applicable

1. Principles for recognition of capitalisation of borrowing costs

Borrowing costs incurred by the Company that are directly attributable to the acquisition, construction or production of assets that meet the conditions for capitalization are capitalised and included in the cost of the related assets; Other borrowing costs are recognised as an expense when incurred based on the amount incurred and credited to profit or loss in the current period.

Assets eligible for capitalization are assets such as fixed assets, investment real estate and inventories that require a significant period of time to acquire, build or produce before they are ready for use or sale.

Borrowing costs are capitalised when both of the following conditions are met:

- Expenditure on assets has been incurred, Expenditure on assets includes expenditure incurred in the form of payment of cash, transfer of non-cash assets or assumption of interest-bearing liabilities for the purchase, construction or production of assets that meet the conditions for capitalization;
- (2) borrowing costs have been incurred;
- (3) the purchase, construction or production activities necessary to bring the asset to its intended use or sale have commenced.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

25. Borrowing costs (Continued)

2. Period in which borrowing costs are capitalised

The period of capitalisation refers to the period from the point when the capitalisation of borrowing costs begins to the point when the capitalisation ceases, excluding the period when the capitalization of borrowing costs is suspended.

Capitalization of borrowing costs ceases when the acquisition, construction or production of an asset that meets the conditions for capitalization reaches its intended use or sale.

Capitalisation of borrowing costs for assets that qualify for capitalisation ceases when some of the items in the asset that qualify for capitalisation are completed separately and can be used separately.

Where each part of an asset that is purchased, constructed or produced is completed separately, but cannot be used or sold to the outside world until it is completed in its entirety, the capitalization of borrowing costs ceases when the asset is completed in its entirety.

3. Suspension period

If the acquisition, construction or production of an asset that meets the conditions for capitalization is interrupted abnormally for more than 3 consecutive months, the capitalization of borrowing costs is suspended; Borrowing costs continue to be capitalised if the interruption is a process necessary to bring the qualifying assets acquired, constructed or produced to their intended use or sale. Borrowing costs incurred in the period of interruption are recognised in profit or loss until the acquisition, construction or resumption of production activities of the asset.

4. The method of calculating the capitalised amount of borrowing costs

Interest expense on special borrowings (net of interest income earned on deposits of unused borrowing funds with banks or investment income from temporary investments) and ancillary expenses are capitalised before the qualifying assets acquired, constructed or produced are ready for use or sale.

The amount of interest to be capitalised on general borrowings is determined by multiplying the weighted average of the asset expenditures for the portion of the accumulated asset expenditures that exceeds the specific borrowings by the capitalisation rate of the general borrowings occupied. The capitalisation rate is calculated based on the weighted average interest rate on general borrowings.

Where there is a discount or premium on the borrowing, the amount of discount or premium to be amortised in each accounting period shall be determined in accordance with the effective interest method, and the amount of interest per period shall be adjusted.

26. Biological assets

 \Box Applicable \checkmark Not Applicable

27. Oil and gas assets

Applicable Not Applicable

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

28. Right-of-use assets

 \checkmark Applicable \Box Not Applicable

The Company initially measures the right-of-use assets at cost, which includes:

- 1. Initial measurement amount of lease liabilities.
- 2. For the lease payment paid on or before the lease term, if there is a lease incentive, the relevant amount of the enjoyed lease incentive shall be deducted.
- 3. Initial direct expenses incurred by the Company.
- 4. The Company's estimated costs (excluding costs incurred for the production of inventories) for the purpose of dismantling and removing the leased assets, restoring the site where the leased assets are located or restoring the leased assets to the status agreed in the lease terms.

After the start date of the lease term, the Company adopts the cost mode to carry out subsequent measurement on the right-of-use assets.

If the ownership of the leased asset can be reasonably determined at the end of the lease term, the Company shall accrue depreciation within the remaining service life of the leased asset. If it is impossible to reasonably determine that the ownership of the leased asset can be obtained at the end of the lease term, the Company shall accrue depreciation within the lease term or the remaining service life of the leased asset, whichever is shorter. For the right-of-use assets with provision for impairment, depreciation shall be made in the future according to the book value after deducting the provision for impairment with reference to the above principles.

29. Intangible assets

(1). Measurement, useful life and impairment test

✓ Applicable □ Not Applicable

Intangible assets are identifiable non-monetary assets with no physical form owned or controlled by the Company, including land use rights, patent rights and non-patented technology etc.

1. Initial measurement of intangible assets

The cost of outsourcing an intangible asset includes the purchase price, related taxes and other expenses that are directly attributable to the intended use of the asset. Where the purchase price of an intangible asset is deferred beyond normal credit conditions and is essentially of a financing nature, the cost of the intangible asset is determined based on the present value of the purchase price.

Debt restructuring obtains intangible assets used by the debtor to settle debts, determines their entry value based on the fair value of the intangible assets, and records the difference between the book value of the restructured debt and the fair value of the intangible assets used to settle debts in the current profit or loss.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

29. Intangible assets (Continued)

(1). Measurement, useful life and impairment test (Continued)

1. Initial measurement of intangible assets (Continued)

Intangible assets exchanged for non-monetary assets are accounted for on the basis of the fair value of the exchanged assets, provided that the exchange of non-monetary assets is of commercial substance and the fair value of the exchanged assets can be measured reliably, unless there is conclusive evidence that the fair value of the exchanged assets is more reliable; For the exchange of non-monetary assets that do not meet the above prerequisites, the carrying amount of the assets exchanged and the related taxes payable are used as the cost of the intangible assets, and no profit or loss is recognised.

Intangible assets acquired by means of absorption and combination of enterprises under the same control are accounted for at the carrying value of the combined parties; Intangible assets acquired through mergers and acquisitions of enterprises not under the same control are valued at fair value.

The cost of an internally self-developed intangible asset includes: materials used in the development of the intangible asset, labour costs, registration fees, amortisation of other patents and concessions used in the development process and interest charges that meet the conditions for capitalisation, as well as other direct costs incurred before the intangible asset is ready for its intended use.

2. Subsequent measurement of intangible assets

When the Company obtains intangible assets, it analyzes and judges their useful lives and classifies them into intangible assets with finite useful lives and indefinite useful lives.

(1) Intangible assets with finite useful lives

Intangible assets with finite useful lives are amortised on a straight-line basis over the period that brings economic benefits to the enterprise. The expected life of intangible assets with finite useful lives and the basis are as follows:

Items	Estimated useful life	Basis
Software	3–10 years	Term agreed or expected to bring economic benefits to the Company
Land use right	40-50 years	Term agreed or expected to bring economic benefits to the Company
Patent rights	10 years	Term agreed or expected to bring economic benefits to the Company
Copyrights	10 years	Term agreed or expected to bring economic benefits to the Company
Others	3–10 years	Term agreed or expected to bring economic benefits to the Company

At the end of each period, the useful life and amortisation method of intangible assets with finite useful lives are reviewed and adjusted accordingly if there are differences from the original estimates.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

29. Intangible assets (Continued)

- (1). Measurement, useful life and impairment test (Continued)
 - 2. Subsequent measurement of intangible assets (Continued)
 - Intangible assets with finite useful lives (Continued)
 Upon review, the useful lives and amortisation method of intangible assets at the end of the current period are not different from previous estimates.

(2). Accounting policy for internal research and development expenditure

✓ Applicable □ Not Applicable

3. Specific criteria for dividing the research phase and development phase of research and development projects within the Company Research stage: The stage of original and planned investigation and research activities to acquire and

Research stage: The stage of original and planned investigation and research activities to acquire and understand new scientific or technological knowledge.

Development phase: the phase in which research results or other knowledge are applied to a plan or design to produce new or substantially improved materials, devices, products, etc, before commercial production or use.

Expenditures incurred in the research phase of internal research and development projects are included in profit or loss as incurred.

4. Specific criteria for development phase qualified for capitalization

Expenditures incurred during the development phase of internal research and development projects are recognised as intangible assets when the following conditions are met:

- (1) it is technically feasible to complete the intangible asset so that it can be used or sold;
- (2) has the intention to complete the intangible asset and use or sell it;
- (3) the way in which the intangible asset generates economic benefits, including the ability to prove the existence of a market for the products produced using the intangible asset or the existence of a market for the intangible asset itself, and the usefulness of the intangible asset if it is to be used internally;
- (4) having sufficient technical, financial and other resources to support the development of the intangible asset and the ability to use or sell the intangible asset;
- (5) Expenditure attributable to the development phase of the intangible asset can be measured reliably.

Expenditures for the development phase that do not meet the above conditions are included in profit or loss as incurred. Development expenditures charged to profit or loss in prior periods are not recognised as assets in subsequent periods. Expenditures for the development phase that have been capitalised are shown as development expenditures on the balance sheet and are transferred to intangible assets from the date the item reaches its intended use.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

30. Impairment of long-term assets

✓ Applicable □ Not Applicable

At the balance sheet date, the Company determines whether there is any indication that a long-term asset may be impaired. If there is an indication of impairment of a long-term asset, the recoverable amount is estimated on a single asset basis; Where it is difficult to estimate the recoverable amount of a single asset, the recoverable amount of the asset group is determined based on the asset group to which the asset belongs.

The recoverable amount of an asset is estimated based on the higher of its fair value less disposal costs and the present value of the estimated future cash flows of the asset.

If the measurement result of recoverable amount indicates that the recoverable amount of the long-term asset is lower than its carrying amount, the carrying amount of the long-term asset is written down to the recoverable amount, and the written down amount is recognized as an asset impairment loss and included in the current profit or loss, and the corresponding asset impairment reserve is withdrawn. Once an impairment loss on an asset is recognised, it is not reversed in subsequent accounting periods.

Subsequent to the recognition of an impairment loss on an asset, the depreciation or amortisation expense of the impaired asset is adjusted in future periods so that the adjusted carrying amount of the asset (net of expected net residual value) is allocated on a systematic basis over the remaining useful life of the asset.

Goodwill and intangible assets with indefinite useful lives arising from business combinations are tested for impairment annually, regardless of whether there is any indication of impairment.

In the impairment test of goodwill, the carrying amount of goodwill is allocated to the asset group or group of assets that is expected to benefit from the synergies of the business combination. When performing impairment test on the relevant asset group or combination of asset groups containing goodwill, if there is any indication of impairment on the asset group or combination of asset groups related to goodwill, the impairment test shall be performed on the asset group or combination of asset groups not containing goodwill, the recoverable amount shall be calculated and compared with the relevant book value to confirm the corresponding impairment loss. An impairment test is then performed on the asset groups or combination of asset groups containing goodwill, the carrying value of these related asset groups or combination of asset groups (including the carrying value portion of goodwill allocated) is compared with its recoverable amount, if the recoverable amount of the related asset group or combination of asset groups, an impairment loss of goodwill is recognised.

31. Long-term deferred expenditures

\checkmark Applicable \Box Not Applicable

Long-term deferred expenditures of the Company refer to expenses that already been spent and the benefit period is over 1 year. Long-term deferred expenditures are amortized on a straight-line basis over the useful life.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

32. Contract liabilities

(1). Recognitions of contract liabilities

 \checkmark Applicable \Box Not Applicable

The Company recognises the portion of the obligation to transfer goods to customers for consideration received or receivable from customers as a contract liability.

33. Employee benefits

(1). Accounting treatment of short-term employee benefits

 \checkmark Applicable \square Not Applicable

Short-term employee benefits represent the emoluments of employees, other than post-employment benefits and termination benefits, that the Company is required to pay in full within twelve months after the end of the annual reporting period in which the employees render the related services. The Company recognises short-term employee benefits payable as a liability in the accounting period in which the employees render the services and includes them in the cost and expense of the related assets based on the beneficiaries of the services rendered by the employees.

(2). Accounting treatment of post-employment benefits

✓ Applicable □ Not Applicable

Post-employment benefits refer to various forms of remuneration and benefits provided by the Company after the employees retire or terminate the labor relationship with the enterprise in order to obtain the services provided by the employees, except for Short-term employee benefits and dismissal benefits.

The Company's post-employment benefit plans are all defined contribution plans.

The defined contribution plan for after-service benefits is mainly to participate in social basic old-age insurance and unemployment insurance organized and implemented by local labor and social security institutions. During the accounting period in which the employees render services to the Company, the amount payable in accordance with the defined contribution plan is recognised as a liability and included in the current profit or loss or the related cost of assets.

The Company has no further payment obligations after making the above payments regularly in accordance with the standards stipulated by the state.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

33. Employee benefits (Continued)

(3). Accounting treatment of termination benefits

✓ Applicable □ Not Applicable

Termination benefits refer to the Company's termination of labor relations with employees before their labor contracts expire, or compensation given to employees in order to encourage employees to voluntarily accept the layoff, When the Company cannot unilaterally withdraw the plan for termination of labor relations or the layoff proposal, or when the Company recognizes the earlier of the two, the liability arising from compensation given for termination of labor relations with employees is recognized and included in the current profit or loss.

The Company provides retirement benefits to employees who accept internal retirement arrangements. Internal retirement benefits refer to the salaries paid to employees who have not reached the retirement age stipulated by the state and have voluntarily retired from their jobs with the approval of the Company's management, and social insurance premiums paid for them. The Company pays internal retirement benefits to retired employees from the date of commencement of internal retirement arrangements until the employees reach normal retirement age. For the retirement benefits, the Company performs accounting treatment by referring to the dismissal benefits, when the relevant recognition conditions for the dismissal benefits are met, the salaries and social insurance premiums of the retired employees to be paid during the period from the date when the employees stop providing services to the normal retirement date are recognized as liabilities and included in the current profit or loss in a lump sum. Differences arising from changes in actuarial assumptions and adjustments to benefit standards for retirement benefits are included in profit or loss as they arise.

(4). Accounting treatment of other long-term employee benefits

✓ Applicable □ Not Applicable

Other long-term employee benefits are all employee benefits other than short-term salary, post-employment benefits and termination benefits.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

34. Lease liabilities

✓ Applicable □ Not Applicable

The Company's initial measurement of the lease liability is based on the present value of the lease payments that have not been paid on the beginning of the lease period. When calculating the present value of the lease payment, the Company uses the interest rate implicit in the lease as the discount rate; if the interest rate implicit in the lease cannot be determined, the Company uses the incremental borrowing rate as the discount rate. Lease payments include:

- 1. The fixed payment amount and the actual fixed payment amount after deducting the leasing incentive related amount;
- 2. Variable lease payments depending on index or ratio;
- 3. When the Company reasonably determines that the option will be exercised, the lease payment includes the exercise price of the purchase option;
- 4. When the lease term reflects that the Company will exercise the option to terminate the lease, the lease payment includes the amount to be paid for the exercise of the option to terminate the lease;
- 5. The expected payment due to the residual value of the guarantee provided by the Company.

The Company calculates the interest expense of the lease liability in each period of the lease term according to a fixed discount rate, and it is included into the current profit and loss or related asset costs.

Variable lease payments that are not included into the measurement of lease liabilities should be included into current profit or loss or related asset costs when they actually occur.

35. Accrued liabilities

✓ Applicable □ Not Applicable

1. Criteria for recognition of accrued liabilities

The Company recognises accrued liabilities when the obligations associated with the contingency simultaneously meet the following conditions:

The obligation is a present obligation of the Company;

Fulfilment of this obligation is likely to result in outflow of economic benefits from the Company;

The amount of the obligation can be measured reliably.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

35. Accrued liabilities (Continued)

2. Measurement of accrued liabilities

The Company's accrued liabilities are initially measured using the best estimate of the expenditure necessary to meet the relevant present obligations.

In determining the best estimate, the Company considers factors such as risks, uncertainties and time value of money relating to contingencies. Where the effect on the time value of money is material, the best estimate is determined by discounting the related future cash outflows.

The best estimates are dealt with as follows:

Where there is a continuous range (or interval) of expenditures required and the probabilities of various outcomes within that range are the same, the best estimate is determined based on the median of that range, which is the average of the upper and lower amounts.

There is no continuous range (or interval) of required expenditures, or there is a continuous range but the probability of occurrence of various results within the range is different, if the contingency involves a single item, the best estimate is determined based on the most probable amount; If the contingency involves more than one item, the best estimate is determined by calculating the various possible outcomes and the associated probabilities.

Where all or part of the expenses required by the Company to settle the accrued liabilities are expected to be compensated by a third party, the amount of compensation is recognised separately as an asset when it is substantially certain that it will be received, and the amount of compensation recognised does not exceed the carrying amount of the accrued liabilities.

36. Share-based payments

 \checkmark Applicable \Box Not Applicable

1. Category of share-based payment

The Company's share-based payments included equity-settled share-based payments and cash settled share-based payments.

2. Recognition method of fair value of equity instrument

For the existence of an active market for options and other equity instruments granted by the Company, the fair value is determined at the active market quotations. For options and other equity instruments with no active market, option pricing model shall be used to estimate the fair value of the equity instruments. Factors as follows shall be taken into account using option pricing models:(1) the exercise price of the option; (2) the validity of the option; (3) the current market price of the share; (4) the expected volatility of the share price; (5) predicted dividend of the share; (6) risk-free rate of the option within the validity period.

In determining the fair value at the date of grant of the equity instruments, the Company shall consider the impact of market conditions in the vesting conditions and non-vesting conditions stated in the share-based payment agreement. If there are no vesting conditions in the share-based payments, as long as the employees or other aspects satisfy the non- market conditions in all the vesting conditions (such as term of service), the Company shall recognize the services rendered as an expense accordingly.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

36. Share-based payments (Continued)

3. Recognition basis for the best estimate of exercisable equity instruments

On each balance sheet date within the vesting period, the estimated number of exercisable equity instruments is amended based on the best estimate made by the Company according to the latest available subsequent information as to changes in the number of employees with exercisable rights. As at the exercise date, the final estimated number of exercisable equity instruments should equal the actual number of exercisable equity instruments.

4. Accounting treatment

Equity-settled share-based payment is measured at the fair value of the equity instruments granted to employees. For the shares exercise immediately after the grant, the fair value of equity instrument at the grant date included in the relevant costs or expenses and increase in capital reserve accordingly. Within the vesting period, it will recognise the received service-related costs or expense and capital reserves for each reporting date based on the best estimate of the number of vested equity instruments on the grant date of the equity instruments value. After the vesting period, relevant costs or expenses and total shareholders' equity has been confirmed and will not be adjusted.

Cash-settled share-based payment is calculated by the fair value of liabilities assumed in accordance with the Company's shares or other equity instruments. For those exercised immediately after the grant, the fair value of the liability included in the relevant costs or expenses cause a corresponding increase in liabilities. For each reporting date in the vesting period, the best estimate of the vesting conditions in accordance with the Company is committed to the fair value of the amount of debt service will recognise the received costs or expenses and the corresponding liabilities. At each reporting date and the settlement date prior to the settlement of liabilities, the fair value of the liability is re-measured through profit or loss.

During the vesting period, if the equity instruments granted are cancelled, the Company will treat the cancelled equity instruments granted as accelerated vesting, and the amount within the remaining period should be recognised immediately in profit or loss while recognizing the capital reverses. If employees or other parties can meet non-vesting conditions but do not meet within the vesting period, the Company will treat it as cancelled equity instruments granted.

37. Preferred shares, perpetual bonds and other financial instruments

 \Box Applicable \checkmark Not Applicable

38. Revenue

(1). Accounting policies for revenue recognition and measurement

 \checkmark Applicable \square Not Applicable

The Company's revenue is mainly derived from the following types of business:

- (1) Revenue from sales of goods
- (2) Technical service income

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

38. Revenue (Continued)

(1). Accounting policies for revenue recognition and measurement (Continued)

1. General principles for revenue recognition

The Company assesses a contract at the commencement date of the contract, identifies each individual performance obligation contained in the contract, and determines whether each individual performance obligation is performed over time or at a point in time.

A performance obligation that is performed within over time if one of the following conditions is met, otherwise, it is performed at a point in time: (1) the customer obtains and consumes the economic benefits brought about by the Company's performance while the Company performs; (2) the customer is able to control the goods under construction during the Company's performance; (3) commodities produced in the course of the Company's performance have an irreplaceable use and the Company is entitled to payment for the performance completed to date accumulated throughout the contract period.

For performance obligations satisfied over time, the Company recognizes revenue over time by measuring the progress towards complete satisfaction of that performance obligation. When the performance progress cannot be reasonably determined, if the costs incurred are expected to be compensated, the revenue shall be recognized according to the amount of costs incurred until the performance progress can be reasonably determined. For performance obligations satisfied at a point in time, revenue is recognized at the point in time when the customer obtains control of the relevant goods or services. In determining whether the customer has obtained control of the goods, the Company considers the following indications: (1) the Company has a present right to payment for the goods, that is, the customer has a present obligation to pay for the goods; (2) the Company has transferred the legal title of the goods; (3) the Company has transferred physical possession of the goods to the customer, that is, the customer has obtained the legal title of the goods; (3) the Company has transferred physical possession of the goods; (4) the Company has transferred the significant risks and rewards of ownership of the goods; (5) the customer has accepted the goods; (6) other indications that the customer has obtained control of the significant risks and rewards of ownership of the goods; (5) the customer has accepted the goods; (6) other indications that the customer has obtained control of the goods; (6) other indications that the customer has obtained control of the goods; (6) other indications that the customer has obtained control of the goods; (6) other indications that the customer has obtained control of the goods; (6) other indications that the customer has obtained control of the goods; (6) other indications that the customer has obtained control of the goods; (6) other indications that the customer has obtained control of the goods; (6) other indications that the customer has obtained control of the goods; (6) other indication

2. Detailed method for revenue recognition

The Company is principally engaged in the development and industrialization of fuel cell power systems, and its main products are fuel cell power systems and related technology development and technical services. The specific principles of the Company's revenue recognition are as follows:

- (1) Revenue from sales of goods: revenue is recognized when the products are delivered and the customer has confirmed acceptance.
- (2) Technical service income: revenue is recognized when the technical services provided have passed customer acceptance, or in the period in which the services are rendered.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

38. Revenue (Continued)

(1). Accounting policies for revenue recognition and measurement (Continued)

- 3. Revenue treatment principles for specific transactions
 - (1) Contracts with quality assurance provisions

The Company assesses whether a separate service is rendered in respect of the quality assurance besides guaranteeing the sales of goods to customers are in line with the designated standards. When additional service is provided by the Company, it is considered as a single performance obligation and under accounting treatment according to the standards on revenue; otherwise, quality assurance obligations will be under accounting treatment according to the accounting standards on contingent matters.

(2). Differences in accounting policies for revenue recognition due to different business models adopted by similar businesses

Applicable Not Applicable

39. Contract costs

✓ Applicable □ Not Applicable

1. Contract performance cost

The Company recognises as an asset the cost of performing a contract that it incurs to perform the contract that is outside the scope of accounting standards for enterprises other than revenue standards and that simultaneously meets the following conditions:

- (1) the cost is directly related to a current or expected contract, including direct labor, direct materials, manufacturing costs (or similar), costs that are clearly attributable to the customer, and other costs that are incurred solely as a result of the contract;
- (2) The cost increases the resources that the enterprise will use to fulfill its performance obligations in the future;
- (3) The cost is expected to be recovered.

The asset is presented in inventory or other non-current assets based on whether the amortization period at initial recognition exceeds a normal operating cycle.

2. Contract acquisition cost

Incremental costs incurred by the Company in obtaining a contract that are expected to be recovered are recognised as contract acquisition costs as an asset. Incremental costs are costs that the Company would not have incurred without obtaining a contract, such as sales commissions. Where the amortisation period does not exceed one year, it is included in the current profit or loss when incurred.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

39. Contract costs (Continued)

3. Amortisation of contract costs

The above assets relating to contract costs are amortised at the point in time when the performance obligation is satisfied or in accordance with the progress of the performance obligation, on the same basis as the recognition of income from goods or services relating to the asset, and are included in the profit or loss of the current period.

4. Impairment of contract costs

Where the carrying value of the above assets relating to contract costs is higher than the difference between the remaining consideration expected to be obtained by the Company from the transfer of the commodities related to the assets and the cost estimated to be incurred for the transfer of the related commodities, the excess shall be provided for impairment and recognised as an asset impairment loss.

After the provision for impairment is made, if the difference between the above two items is higher than the carrying amount of the asset due to changes in the factors of impairment in previous periods, the original provision for impairment of the asset is reversed and included in the current profit or loss, but the carrying amount of the asset after the reversal does not exceed the carrying amount of the asset on the reversal date assuming no provision for impairment is made.

40. Government grants

✓ Applicable □ Not Applicable

1. Type

Government grants are monetary assets and non-monetary assets obtained by the Company from the government free of charge. Government grants are divided into asset-related government grants and revenue-related government grants based on the recipients of grants as specified in the relevant government documents.

Government grants relating to assets represent government grants obtained by the Company to purchase, build or otherwise form long-term assets. Revenue-related government grants are government grants other than those relating to assets.

2. Recognition of government grants

At the end of the period, if there is evidence that the company can meet the relevant conditions stipulated in the financial support policy and is expected to receive financial support funds, the government subsidy is recognised at the amount receivable. In addition, government grants are recognised when actually received.

Government grants that are monetary assets are measured at the amount received or receivable. Government grants that are non-monetary assets are measured at fair value; Where the fair value cannot be reliably obtained, it is measured at nominal amount (RMB1.00). Government grants measured at nominal amounts are credited directly to profit or loss for the current period.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

40. Government grants (Continued)

3. Accounting treatment

Government grants relating to assets should be written down against the carrying amount of the related assets or recognised as deferred revenue. Government grants relating to assets that are recognized as deferred revenue are credited to profit or loss in a reasonable and systematic manner over the useful lives of the assets constructed or purchased.

Government grants relating to revenue that are used to compensate an enterprise for related expenses or losses in subsequent periods are recognised as deferred revenue and are included in the current profit or loss or charged to related costs in the period in which the related expenses or losses are recognised; Those used to compensate the related expenses or losses incurred by the enterprise are directly included in the current profit or loss or related costs when obtained.

Government grants relating to the day-to-day activities of the enterprise are included in other income or offset against related costs and expenses; Government grants that are not related to the daily activities of the enterprise are included in the non-operating income and expenses.

Receiving government subsidies related to preferential policy loan interest discounts to offset the related borrowing costs; Where a loan is obtained at a preferential policy interest rate provided by the lending bank, the recorded value of the loan shall be the amount of the loan actually received, and the relevant borrowing costs shall be calculated based on the principal of the loan and the preferential policy interest rate.

If the recognised government grants need to be returned, the carrying amount of the relevant assets is written down on initial recognition, and the carrying amount of the assets is adjusted; Where there is a relevant deferred revenue balance, the relevant deferred revenue book balance is written down, and the excess is included in the current profit or loss; If there is no relevant deferred revenue, it is directly included in the current profit or loss.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

41. Deferred income tax assets/deferred income tax liabilities

✓ Applicable □ Not Applicable

Deferred income tax assets and deferred income tax liabilities are recognised on the basis of the difference (temporary difference) between the tax basis of the assets and liabilities and their carrying amounts. At the balance sheet date, deferred income tax assets and deferred income tax liabilities are measured at the tax rates that apply in the period in which the asset is expected to be recovered or the liability is settled.

1. Basis for recognition of deferred income tax assets

The Company recognises deferred income tax assets arising from deductible temporary differences to the extent that it is probable that taxable income will be available against which deductible temporary differences can be utilised and deductible losses and tax deductions can be carried forward to future years. However, deferred income tax assets that arise from the initial recognition of an asset or liability in a transaction that simultaneously: (2) When the transaction occurs, neither accounting profit nor taxable income nor deductible losses will be affected.

Deferred income tax assets are recognised for deductible temporary differences associated with investments in associates that meet the following conditions: it is probable that the temporary differences will reverse in the foreseeable future and it is probable that taxable income will be available against which the deductible temporary differences can be utilised.

2. Basis for recognition of deferred income tax liabilities

Deferred income tax liabilities are recognised for taxable temporary differences that are due and unpaid between the current and prior periods. But does not include:

- (1) temporary differences arising from the initial recognition of goodwill;
- (2) a temporary difference arising from a transaction or event that is not a business combination and that affects neither accounting profit nor taxable income (or deductible losses) when the transaction or event occurs;
- (3) For taxable temporary differences associated with investments in subsidiaries and associates, the timing of reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

42. Leases

(1). Accounting treatment of operating leases

✓ Applicable □ Not Applicable

On the commencement date of the contract, the Company evaluates whether the contract is a lease or includes a lease. If one party in a contract gives up the right to control the use of one or more identifiable assets for a period of time in exchange for consideration, the contract is a lease or includes a lease.

1. Spin off of lease contracts

When the contract contains a number of separate leases, the Company will split the contract and separate leases for accounting.

When the contract contains both leasing and non-leasing parts, the Company will split the leasing and non-leasing parts. The leasing part shall be accounted for in accordance with the leasing standards, and the non-leasing part shall be accounted for in accordance with other applicable accounting standards for enterprises.

2. Consolidation of lease contracts

When two or more lease-containing contracts concluded by the Company with the same trader or its related parties at the same time or at a similar time meet one of the following conditions, the Company shall merge them into one contract for accounting:

- (1) The two or more contracts are concluded for general commercial purposes and constitute a package of transactions. If these are not considered as a whole, these overall commercial purposes cannot be recognized.
- (2) The amount of consideration for a contract in two or more contracts depends on the pricing or performance of other contracts.
- (3) The right-to-use assets transferred by the two or more contracts together constitutes a separate lease.

3. Accounting for the Company as lessee

On the commencement date of leasing, the Company recognizes the right-to-use assets and lease liabilities for leases, in addition to short-term leases and low-value assets leases with simplified treatment.

(1) Short-term leases and low-value assets leases Short-term lease refers to a lease that does not include purchase options and has a lease term not exceeding 12 months. Low-value asset lease refers to the lease with lower value when a single leased asset has low value when it is new.

The Company recognizes the right-to-use assets and lease liabilities for short-term leases and low-value assets other than those mentioned above.

(2) Please refer to this Note (28) and (34) to the financial statements for accounting policies of rightof-use assets and lease liability.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

42. Leases (Continued)

(1). Accounting treatment of operating leases (Continued)

4. Accounting for the Company as Lessor

(1) Classification of Leases

The Company divides the lease into financing lease and operating lease on the start date of the lease. Financial lease refers to a lease that essentially transfers almost all the risks and rewards related to the ownership of leased assets. Its ownership may or may not be transferred eventually. Operational lease refers to leases other than financial leases.

If a lease has one or more of the following characteristics, the Company usually classifies it as a financial lease:

- 1) At the end of the lease term, the ownership of the leased assets is transferred to the lessee.
- 2) The lessee has the option to purchase the leased assets, and the purchase price set by the lessee is low enough compared with the expected fair value of the leased assets when exercising the option. Therefore, it can be reasonably determined on the lease start date that the lessee will exercise the option.
- 3) Although the ownership of the assets is not changed, the lease period accounts for the majority of the life of the leased assets.
- 4) At the beginning of the lease, the present value of the rental fee is almost equal to the fair value of the leased assets.
- 5) The nature of leased assets is special. If there is no major transformation, only the lessee can use them.

If one or more of the following conditions exist in a lease, the Company may also be classified as a financial lease:

- 1) If the lessee ends the lease, the lessee shall bear the losses caused by the termination of the lease to the lessor.
- 2) The profits or losses caused by the fluctuation of the fair value of the balance of assets belong to the lessee.
- 3) The lessee can continue to lease far below the market level for the next period.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

42. Leases (Continued)

(1). Accounting treatment of operating leases (Continued)

Accounting for the Company as Lessor (Continued)

(2) Accounting for financial lease

At the beginning of the lease term, the Company confirms the financial lease receivable on the financial lease and terminates the recognition of the financial lease assets.

When the initial measurement of the financial lease receivable is made, the present value of the financial lease receivable is the sum of the unsecured balance and the amount of the lease receivable that has not yet been received at the beginning of the lease term and the present value discounted at the interest rate included in the lease. The amount of rental receipts includes:

- 1) Fixed payment and substantive fixed payment after deducting the relevant amount of lease incentive;
- 2) Variable rental payments depending on index or ratio;
- 3) In the case of reasonably determining that the lessee will perform the right of purchase option, the amount of rental receipt includes the right price of purchase option;
- 4) The lease term reflects that the lessee will perform the option to terminate the lease. The lease receipt includes the amount to be paid by the lessee in exercising the option to terminate the lease;
- 5) Guarantee residual value provided by the lessee to the lessor, the party concerned with the lessee and an independent third party with financial capacity to fulfil the guarantee obligation.

The Company calculates and confirms the interest income for each period of the lease period abased on the fixed rental interest rate, and the variable rental payments which are not included in the net rental investment amount are included in the profits and losses of the current period when they actually occur.

(3) Accounting for operating lease

The Company adopts the straight line method or other systematic and reasonable method to recognize the rental receipts from operating leases as rental income during each period of the lease period. Capitalization of the initial direct expenses incurred in connection with operating leases shall be apportioned on the same basis as the recognition of rental income during the lease period, and shall be recorded in the profits and losses of the current period. Variable rental payments obtained in connection with operating leases that are not incorporated in the rental receipts shall be incorporated in the profits and losses of the current period when they actually occur.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

42. Leases (Continued)

(2). Accounting treatment of finance lease

 \checkmark Applicable \Box Not Applicable

If a lease has one or more of the following characteristics, the Company usually classifies it as a financial lease:

- 1) At the end of the lease term, the ownership of the leased assets is transferred to the lessee;
- 2) The lessee has the option to purchase the leased assets, and the purchase price set by the lessee is low enough compared with the expected fair value of the leased assets when exercising the option. Therefore, it can be reasonably determined on the lease start date that the lessee will exercise the option;
- 3) Although the ownership of the assets is not changed, the lease period accounts for the majority of the life of the leased assets;
- 4) At the beginning of the lease, the present value of the rental fee is almost equal to the fair value of the leased assets;
- 5) The nature of leased assets is special. If there is no major transformation, only the lessee can use them.

If one or more of the following conditions exist in a lease, the Company may also be classified as a financial lease:

- 1) If the lessee ends the lease, the lessee shall bear the losses caused by the termination of the lease to the lessor.
- 2) The profits or losses caused by the fluctuation of the fair value of the balance of assets belong to the lessee.
- 3) The lessee can continue to lease far below the market level for the next period.

At the beginning of the lease term, the Company confirms the financial lease receivable on the financial lease and terminates the recognition of the financial lease assets.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

42. Leases (Continued)

(2). Accounting treatment of finance lease (Continued)

When the initial measurement of the financial lease receivable is made, the present value of the financial lease receivable is the sum of the unsecured balance and the amount of the lease receivable that has not yet been received at the beginning of the lease term and the present value discounted at the interest rate included in the lease. The amount of rental receipts includes:

- 1) Fixed payment and substantive fixed payment after deducting the relevant amount of lease incentive;
- 2) Variable rental payments depending on index or ratio;
- 3) In the case of reasonably determining that the lessee will perform the right of purchase option, the amount of rental receipt includes the right price of purchase option;
- 4) The lease term reflects that the lessee will perform the option to terminate the lease. The lease receipt includes the amount to be paid by the lessee in exercising the option to terminate the lease;
- 5) Guarantee residual value provided by the lessee to the lessor, the party concerned with the lessee and an independent third party with financial capacity to fulfil the guarantee obligation.

The Company calculates and confirms the interest income for each period of the lease period abased on the fixed rental interest rate, and the variable rental payments which are not included in the net rental investment amount are included in the profits and losses of the current period when they actually occur.

(3). Recognitions and accounting treatment of leases under the New Lease Standard □ Applicable ✓ Not Applicable

43. Other significant accounting policies and accounting estimates

□ Applicable ✔ Not Applicable

(I) Discontinued operation

It can be recognized as an integral part of discontinued operation when the component has been disposed of or classified as a component that can be separately classified for sale and meet one of the following requirements:

- (1) The component represents an independent major business or a separate major operating area.
- (2) This component is part of a related plan to be disposed of an independent major business or a separate major operating area.
- (3) The component is a subsidiary made for resale.

Operating profit and loss and dispose profit and loss as the terminated profit and loss in the profit statement.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

43. Other significant accounting policies and accounting estimates (Continued)

(II) Safety production cost

The Company accrues safety production cost and records it to the cost of related products or in the profit or loss and transferred to special reserve based on state regulations. The Company shall directly reduce special reserve if the safety production cost is belonging to expense. If fixed asset is arising in using safety production cost, all expenditures are recorded in construction in progress and recognized as fixed asset when the safety project is finished and ready for its intended use; meanwhile, the Company shall reduce special reserve based on the cost of the fixed asset and recognize the accumulated depreciation in the same amount. No deprecation shall be recognised in for this fixed asset in following periods.

44. Changes in significant accounting policies and accounting estimates

(1). Changes in significant accounting policies

Details of and reasons for the changes in accounting policies	Approval procedures	Notes (Financial statement items and amounts materially affected)
On December 31, 2021, the Ministry of Finance issued the Accounting Standards for Business Enterprises Interpretation No. 15 (Cai Kuai [2021] No. 35, hereinafter referred to as the " Interpretation No. 15 "), "the accounting treatment of external sales of products or by-products produced before the fixed assets are ready for their intended use or during the research and development process (hereinafter referred to as 'Trial Sales')" and "the judgment of loss-making contracts" under the Interpretation No. 15 will come into effect from January 1, 2022.	No approval procedures required	There is no significant impact on the Company's 2022 financial statements.
On December 13, 2022, the Ministry of Finance issued the Accounting Standards for Business Enterprises Interpretation No. 16 (Cai Kuai [2022] No. 31, hereinafter referred to as " Interpretation No. 16 "), among which, "deferred income tax related to assets and liabilities arising from a single transaction is not applicable to the accounting treatment of the initial recognition exemption" will come into effect from January 1, 2023, enterprises are permitted to apply early in the year of publication, and the Company did not implement the accounting treatment related to this matter early in this year; "accounting treatment of income tax impact of dividends related to financial instruments classified as equity instruments by the issuer" and "accounting treatment of modification of cash-settled share-based payment to equity-settled share-based payment" will come into effect from the date of publication. The Company is not involved in the accounting treatment of the above two matters.	No approval procedures required	There is no significant impact on the Company's 2022 financial statements.

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

44. Changes in significant accounting policies and accounting estimates (Continued)

- (1). Changes in significant accounting policies (Continued) Other explanations: Nil
- (2). Changes in significant accounting estimates □ Applicable ✓ Not Applicable
- (3). Adjustments to the financial statements as at the beginning of the year relating to the initial application of the new accounting standards or interpretations of standards since 2022

 \Box Applicable \checkmark Not Applicable

45. Others

Applicable Not Applicable

IV. TAXATION

1. Main taxes and tax rates

Main taxes and tax rates

✓ Applicable □ Not Applicable

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

Disclosure of entities subject to different enterprise income tax rates

 \checkmark Applicable \Box Not Applicable

Name of taxpayer	Income tax rate (%)
The Company	15%
SinoHytec Power Technology Co., Ltd.	15%
Shanghai SinoFuelCell Co., Ltd.	15%
Shanghai Shenrong New Energy Technology Co., Ltd.	25%
Beijing Qinggu Technology Co., Ltd.	25%
Beijing Future Hydrogen Valley Technology Co., Ltd.	25%
Guochuang Hebei Hydrogen Energy Industry Innovation Center Co., Ltd.	25%
Chengdu SinoHytec Power Technology Co., Ltd.	15%
Chengdu Guoqinghuatong Technology Co., Ltd.	15%
Beijing Juxinghuatong Hydrogen Energy Technology Co., Ltd.	25%
Shandong Huaqing Dongli Technology Co., Ltd.	25%
Hubei Guochuang Hydrogen Power Technology Co., Ltd.	25%
Tangshan Qianchen New Energy Development Co., Ltd.	25%
Beijing Shenchuan Technology Co. Ltd.	25%
Tangshan SinoFuelCell Co., Ltd.	25%
Zhengzhou SinoHytec Power Technology Co., Ltd.	25%

IV. TAXATION (Continued)

2. Tax preference

✓ Applicable □ Not Applicable

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

3. Others

□ Applicable ✓ Not Applicable

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and cash equivalents

✓ Applicable □ Not Applicable

Unit: RMB

Item	Closing balance	Opening balance
Cash on hand	125,469.76	109,011.49
Bank deposits	598,380,828.34	808,583,773.25
Other monetary funds	51,381,695.97	47,591,644.00
Total	649,887,994.07	856,284,428.74
Including: Total amount deposited overseas		
Deposits in finance company		

Other explanations:

Breakdown of restricted monetary funds are as follows:

Item	Closing balance	Opening balance
Deposits for bank acceptance bills	29,303,973.61	47,587,907.72
Frozen funds due to litigation	3,726,008.39	3,726,008.39
Performance bond	41,800.00	3,736.28
Undue interest	25,775.34	
Total	33,097,557.34	51,317,652.39

2. Financial assets held-for-trading

✓ Applicable □ Not Applicable

Unit: RMB

Item	Closing balance	Opening balance
Financial assets at fair value through profit or loss	25,165,123.28	222,170,136.99
Including:		
Others	25,165,123.28	222,170,136.99
Total	25,165,123.28	222,170,136.99

Other explanations:

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

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Derivative financial assets

 \Box Applicable \checkmark Not Applicable

4. Bills receivable

(1). Bills receivable by category

 \checkmark Applicable \square Not Applicable

Unit: RMB

Item	Closing balance	Opening balance
Bank acceptance bills Commercial acceptance bills	31,170,000.00	18,912,912.49
Total	31,170,000.00	18,912,912.49

(2). Notes receivable pledged by the Company at the end of the period □ Applicable ✓ Not Applicable

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

 \checkmark Applicable \square Not Applicable

Unit: RMB

ltem	Amount derecognized at the end of the period	Amount not derecognized at the end of the period
Bank acceptance bills Commercial acceptance bills		2,920,000.00
Total		2,920,000.00

(4). Bills of the Company that were transferred to accounts receivable due to the drawer's failure to perform the contract as at the end of the period □ Applicable ✓ Not Applicable

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. Bills receivable (Continued)

(5). Disclosure by classification with the method of provision for bad debt □ Applicable ✓ Not Applicable

Provision for bad debts on individual basis: □ Applicable ✓ Not Applicable

Provision for bad debts on group basis: \Box Applicable \checkmark Not Applicable

(6). Provision for bad debts

 \Box Applicable \checkmark Not Applicable

(7). Bills receivable written off during the period □ Applicable ✓ Not Applicable

Other explanations: □ Applicable ✓ Not Applicable

5. Account receivables

(1). Disclosure by aging

✓ Applicable □ Not Applicable

Age	Closing book balance
Within 1 year	
Including: Sub-items within 1 year	
Sub-total within 1 year	773,275,501.55
1 to 2 years	287,452,776.27
2 to 3 years	54,301,700.72
Over 3 years	
3 to 4 years	231,973,671.16
4 to 5 years	80,249,498.30
Over 5 years	22,304,480.00
Total	1,449,557,628.00

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Account receivables (Continued)

(2). Disclosure by classification with the method of provision for bad debt
 ✓ Applicable □ Not Applicable

Unit: RMB

Closing balance							Opening balance			
	Book ba	lance	Provision fo	r bad debts		Book ba	ance	Provision for	bad debts	
Category	Amount	Percentage (%)	Amount	Percentage of provision (%)	Carrying value	Amount	Percentage (%)	Amount	Percentage of provision (%)	Carrying value
Provision for bad debts on individual basis Including:	318,989,851.00	22.01	290,785,003.90	91.16	28,204,847.10	324,797,652.00	30.67	292,497,886.80	90.06	32,299,765.20
Provision on individual basis Provision for bad debts on	318,989,851.00	22.01	290,785,003.90	91.16	28,204,847.10	324,797,652.00	30.67	292,497,886.80	90.06	32,299,765.20
group basis Including:	1,130,567,777.00	77.99	75,738,694.64	6.70	1,054,829,082.36	734,051,444.11	69.33	46,572,654.92	6.34	687,478,789.19
Grouped by aging	1,130,567,777.00	77.99	75,738,694.64	6.70	1,054,829,082.36	734,051,444.11	69.33	46,572,654.92	6.34	687,478,789.19
Total	1,449,557,628.00	100.00	366,523,698.54	25.29	1,083,033,929.46	1,058,849,096.11	100.00	339,070,541.72	32.02	719,778,554.39

Provision for bad debts on individual basis:

Unit: RMB

	Closing balance					
Name	Book balance	Provision for bad debts	Percentage of provision (%)	Reasons for provision		
Shanghai Shenlong Bus Co., Ltd	282,048,471.00	253,843,623.90	90.00	Lower recoverable amount		
Zhong Zhi First Bus Chengdu Co., Ltd.	36,941,380.00	36,941,380.00	100.00	Lower recoverable amount		
Total	318,989,851.00	290,785,003.90	91.16	/		

Explanation of provision for bad debts on individual basis: \Box Applicable \checkmark Not Applicable

Provision for bad debts on group basis: ✔ Applicable □ Not Applicable

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Account receivables (Continued)

(2). Disclosure by classification with the method of provision for bad debt (Continued) ✓ Applicable □ Not Applicable

Items provided on group basis: grouped by aging

Unit: RMB

	Closing balance				
ltem	Account receivables	Provision for bad debts	Percentage of provision (%)		
Within 1 year	773,275,501.55	30,931,020.03	4.00		
1-2 years	287,187,289.54	17,231,237.37	6.00		
2-3 years	53,387,187.45	15,482,284.36	29.00		
3-4 years	9,247,291.16	4,623,645.58	50.00		
4–5 years	5,366,027.30	5,366,027.30	100.00		
Over 5 years	2,104,480.00	2,104,480.00	100.00		
Total	1,130,567,777.00	75,738,694.64			

Recognition standards and explanations for bad debts on a group basis: $\hfill\square$ Applicable \checkmark Not Applicable

If provisions for bad debts are made based on the general model of expected credit losses, please make disclosure with reference to other receivables:

 \Box Applicable \checkmark Not Applicable

(3). Provision for bad debts

Unit: RMB

			Changes during the period				
Category	Opening balance	Provision	Recovered or reversed	Written-back or written-off	Other changes	Closing balance	
Account receivables of individual provision for bad debts Account receivables of group provisior	292,497,886.80	87,117.10	-	1,800,000.00		290,785,003.90	
for bad debts	46,572,654.92	45,057,899.76	15,891,860.04	-		75,738,694.64	
Including: grouped by aging	46,572,654.92	45,057,899.76	15,891,860.04	-		75,738,694.64	
Total	339,070,541.72	45,145,016.86	15,891,860.04	1,800,000.00		366,523,698.54	

The significant amount of bad debt provision recovered or reversed in the current period:

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Account receivables (Continued)

(4). Accounts receivable written off during the period

 \checkmark Applicable \square Not Applicable

	Unit: RMB
ltem	Amount written off
Accounts receivable actually written off	1,800,000.00

Information on write-off of significant accounts receivable \Box Applicable \checkmark Not Applicable

Write-off of accounts receivable:

 \checkmark Applicable \Box Not Applicable

Age of the Company's accounts receivable due from Zhejiang Haituo Information Technology Co., Ltd. amounting to RMB1,800,000.00 has been over 5 years, and provision for losses has been fully made for such receivables. As such company was deregistered, the Company wrote off such accounts receivable.

(5). Top five accounts receivable by debtors at the end of the period

Unit: RMB

Name of entity	Closing balance	Percentage of total closing balance of accounts receivable (%)	Closing balance of provision for bad debts
Customer A	458,268,846.83	31.61	27,867,062.91
Customer M	282,048,471.00	19.46	253,843,623.90
Customer I	180,678,008.92	12.46	9,110,827.96
Customer J	154,720,000.00	10.67	6,188,800.00
Customer F	113,600,000.00	7.84	6,560,000.00
Total	1,189,315,326.75	82.04	303,570,314.77

Other explanations: Nil

(6). Accounts receivable derecognised due to transfer of financial assets □ Applicable ✓ Not Applicable

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Account receivables (Continued)

(7). Amount of assets or liabilities transferred from accounts receivable with continuing involvement

□ Applicable 🖌 Not Applicable

Other explanation: □ Applicable ✓ Not Applicable

6. Receivables financing

 \checkmark Applicable \Box Not Applicable

Unit: RMB

Item	Closing balance	Opening balance
Bills receivable	21,990,000.00	105,677,473.37
Accounts receivable		
Total	21,990,000.00	105,677,473.37

Changes in receivables financing and changes in fair value during the period:

✓ Applicable □ Not Applicable

The Company's receivables financing increased by RMB90,489,843.07 and decreased by RMB174,177,316.44, of which the amount that has been endorsed or discounted for derecognition was RMB138,791,839.06.

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

If provisions for bad debts are made based on the general model of expected credit losses, please make disclosure with reference to other receivables:

 \Box Applicable \checkmark Not Applicable

Other explanation: □ Applicable ✓ Not Applicable

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. Prepayments

(1). Prepayments presented by aging

 \checkmark Applicable \Box Not Applicable

Unit: RMB

	Closing	balance	Opening	balance
Age	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	18,066,384.34	92.39	14,181,854.55	90.56
1 to 2 years	704,115.98	3.60	848,374.03	5.42
2 to 3 years	289,800.00	1.48	549,941.96	3.51
Over 3 years	493,847.00	2.53	80,736.42	0.51
Total	19,554,147.32	100.00	15,660,906.96	100.00

Explanation of the reasons for not timely settlement of significant prepayments with an age of over one year: Nil

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

 \Box Applicable \Box Not Applicable

		Percentage of total closing balance of
Name of entity	Closing balance	prepayments (%)
Illuming Power Inc.	4,683,234.93	23.95
Shanghai Deolong Electronic Technology Co., Ltd.	2,702,121.36	13.82
Beijing Career Dream Technology Co., Ltd.	2,100,000.00	10.74
Shanghai Sunwise New Energy System Co., Ltd.	2,040,000.00	10.43
Hubei Mofang New Energy Technology Co., Ltd.	1,456,033.88	7.45
Total	12,981,390.17	

Other explanations: Nil

Other explanations: □ Applicable ✓ Not Applicable

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. Other receivables

Breakdown of item

✓ Applicable □ Not Applicable

Item	Closing balance	Opening balance
Interest receivables		
Dividend receivable		
Other receivables	26,271,763.46	33,220,631.67
Total	26,271,763.46	33,220,631.67

Other explanation:

□ Applicable 🗸 Not Applicable

Interest receivables

- (1). Classification of interest receivables□ Applicable ✓ Not Applicable
- (2). Significant overdue interest □ Applicable ✓ Not Applicable
- (3). Provision for bad debts□ Applicable ✓ Not Applicable

Other explanation: □ Applicable ✓ Not Applicable

- (4). Dividend receivable□ Applicable ✓ Not Applicable
- (5). Significant dividends receivable aged over one year
 □ Applicable ✓ Not Applicable
- (6). Provision for bad debts□ Applicable ✓ Not Applicable

Other explanation: □ Applicable ✔ Not Applicable

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. Other receivables (Continued)

Other receivables

- (7). Disclosure by aging
 - ✓ Applicable □ Not Applicable

Unit: RMB

Age	Closing book balance
Within 1 year	
Including: Sub-items within 1 year	
Sub-total within 1 year	5,942,621.47
1 to 2 years	3,742,302.74
2 to 3 years	3,815,342.19
Over 3 years	
3 to 4 years	25,228,827.54
4 to 5 years	27,600.00
Over 5 years	418,200.00
Total	39,174,893.94

(8). Classified by nature

 \checkmark Applicable \square Not Applicable

Nature	Closing book balance	Opening book balance
Reserve funds	20,000.00	181,386.15
Current accounts with related parties outside		
the scope of consolidation	29,708,400.39	38,321,389.29
Current accounts with other entities or individuals		700,000.00
Deposits and guarantees	8,424,852.70	4,803,823.83
Others	1,021,640.85	572,676.76
Total	39,174,893.94	44,579,276.03

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. Other receivables (Continued)

Other receivables (Continued)

(9). Provision for bad debts

✓ Applicable □ Not Applicable

Unit: RMB

Provision for bad debts	Stage 1 Expected credit losses over the next 12 months	Stage 2 Lifetime expected credit losses (not credit-impaired)	Stage 3 Lifetime expected credit losses (credit-impaired)	Total
Balance at January 1, 2022 Balance at January 1, 2022 in the current period – Transfer to Stage 2 – Transfer to Stage 3 – Transfer back to Stage 2 – Transfer back to Stage 1	11,358,644.36			11,358,644.36
Provision for the period Reversal for the period Written-back for the period Write-off for the period Other changes	1,544,486.12			1,544,486.12
Balance at December 31, 2022	12,903,130.48			12,903,130.48

Explanation on significant changes in the book balance of other receivables for which loss provision has changed in the period:

Applicable Not Applicable

Amount of provision for bad debt for the period and basis for evaluating whether credit risk of financial instruments increase significantly:

 \Box Applicable \checkmark Not Applicable

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. Other receivables (Continued)

Other receivables (Continued)

(10). Provision for bad debts

✓ Applicable □ Not Applicable

Unit: RMB

	-		_			
Category	Opening balance	Provision	Recovered or reversed	Written-back or written-off	Other changes	Closing balance
Grouped by aging	11,358,644.36	1,544,486.12				12,903,130.48
Total	11,358,644.36	1,544,486.12				12,903,130.48

The bad debt provision of significant amount reversed or recovered in the current period: \Box Applicable \checkmark Not Applicable

- (11). Other receivables written off during the period
 □ Applicable ✓ Not Applicable
- (12). Top five other receivables by debtors at the end of the period
 ✓ Applicable □ Not Applicable

Name of entity	Nature of amount	Closing balance	Age	Percentage of total closing balance of other receivables (%)	Provision for bad debts Closing balance
Zhangjiakou Haiper New Energy	Current				
Technology Co., Ltd.	accounts	29,708,400.39	0-4 years	75.84	12,753,130.48
Beijing Dongsheng Bozhan Technology	Deposits and				
Development Co., Ltd.	guarantees	2,545,435.38	0-3 years	6.50	
Special wage account for farmers in phase II farmer's wage special account of Zhangjiakou Huagong Construction	Deposits	070 000 00	1.2	2.40	
Co., Ltd.		970,000.00	1–2 years	2.48	
Special wage account for farmers in fuel cell construction project of Zhangjiakou Fifth Construction Co., Ltd.	Deposits	940,000.00	3-4-year	2.40	
Sany Automobile Manufacturing Co., Ltd.	Deposits and		jour		
, , , , , , , , , , , , , , , , , , ,	guarantees	800,000.00	Within 1 year	2.04	
Total	/	34,963,835.77	1	89.26	12,753,130.48

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. Other receivables (Continued)

Other receivables (Continued)

- (13). Receivables related to government grants
 □ Applicable ✓ Not Applicable
- (14). Other receivables derecognised due to transfer of financial assets
 □ Applicable ✓ Not Applicable
- (15). Amount of assets or liabilities transferred from other receivables with continuing involvement □ Applicable ✓ Not Applicable

Other explanation: □ Applicable ✓ Not Applicable

9. Inventories

(1). Classification of inventories

 \checkmark Applicable \Box Not Applicable

		Closing balance			Opening balance	
		Provision for			Provision for	
		inventory			inventory	
		impairment/			impairment/	
		impairment			impairment	
		provision			provision	
		for contract			for contract	
		performance	Carrying		performance	Carrying
Item	Book balance	cost	amount	Book balance	cost	amount
Raw materials	155,101,165.40	20,450,454.43	134,650,710.97	111,479,347.47	21,524,204.66	89,955,142.81
Product in progress	57,539,826.61	2,073,116.99	55,466,709.62	67,137,928.80	4,804,711.23	62,333,217.57
Finished goods	139,108,775.12	64,221,112.83	74,887,662.29	135,571,388.48	34,412,896.82	101,158,491.66
Good delivered	38,847,019.73	948,567.74	37,898,451.99	6,913,120.66		6,913,120.66
Total	390,596,786.86	87,693,251.99	302,903,534.87	321,101,785.41	60,741,812.71	260,359,972.70

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. Inventories (Continued)

(2). Provision for inventory impairment and impairment provision for contract performance cost

 \checkmark Applicable \square Not Applicable

Unit: RMB

		Increase for the period		Decrease for the period		_
ltem	Opening balance	Provision	Others	Reversal or write-off	Others	Closing balance
Raw materials	21,524,204.66	16,312,502.76		17,386,252.99		20,450,454.43
Product in progress	4,804,711.23	2,309,184.41		5,040,778.65		2,073,116.99
Finished goods	34,412,896.82	31,816,776.51		2,008,560.50		64,221,112.83
Good delivered		948,567.74				948,567.74
Total	60,741,812.71	51,387,031.42		24,435,592.14		87,693,251.99

(4). Explanation on the amortization amount of contract performance cost in the current period

□ Applicable ✔ Not Applicable

Other explanations
□ Applicable ✓ Not Applicable

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

10. Contract assets

(1). Contract assets

✓ Applicable □ Not Applicable

Unit: RMB

	Closing balance			Opening balance			
ltem	Book balance	Impairment provision	Carrying amount	Book balance	Impairment provision	Carrying amount	
Warranty	44,128,201.99	10,408,444.18	33,719,757.81	33,069,308.69	7,284,282.68	25,785,026.01	
Total	44,128,201.99	10,408,444.18	33,719,757.81	33,069,308.69	7,284,282.68	25,785,026.01	

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

 \Box Applicable \checkmark Not Applicable

(3). Provision for impairment of contract assets for the period

✓ Applicable □ Not Applicable

Unit: RMB

ltem	Provision for the period	Reversal for the period	Write-back/ write-off for the period	Reasons
Warranty	4,053,599.69	929,438.19		Provision made based on aging or expected credit risk
Total	4,053,599.69	929,438.19		/

If provisions for bad debts are made based on the general model of expected credit losses, please make disclosure with reference to other receivables:

 \Box Applicable \checkmark Not Applicable

Other explanation: □ Applicable ✔ Not Applicable

11. Held-for-sale assets

 \Box Applicable \checkmark Not Applicable

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. Non-current assets due within one year

Significant debt investments and other debt investments at the end of the period: \Box Applicable \checkmark Not Applicable

Other explanations: Nil

13. Other current assets

✓ Applicable □ Not Applicable

Unit: RMB

Item	Closing balance	Opening balance
Contract acquisition costs		
Cost of return receivable		
Deductible input tax	63,398,957.11	56,011,099.43
Amortization expenses and others	3,938,552.46	2,793,185.79
Total	67,337,509.57	58,804,285.22

Other explanations: Nil

14. Debt investments

(1). Debt investments

□ Applicable 🗸 Not Applicable

(2). Significant debt investments at the end of the period

\Box Applicable \checkmark Not Applicable

(3). Provision for impairment

 \Box Applicable \checkmark Not Applicable

Provision for impairment for the period and the basis for assessing whether the credit risk of financial instruments has increased significantly □ Applicable ✓ Not Applicable

Other explanations: □ Applicable ✓ Not Applicable

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15. Other debt investments

- (1). Other debt investments □ Applicable ✓ Not Applicable
- (2). Significant other debt investments at the end of the period □ Applicable ✓ Not Applicable

(3). Provision for impairment

 \Box Applicable \checkmark Not Applicable

Provision for impairment for the period and the basis for assessing whether the credit risk of financial instruments has increased significantly
□ Applicable ✓ Not Applicable

Other explanation: □ Applicable ✔ Not Applicable

16. Long-term receivables

- (1). Long-term receivables □ Applicable ✓ Not Applicable
- (2). Provision for bad debts □ Applicable ✓ Not Applicable

Amount of provision for bad debt for the period and basis for evaluating whether credit risk of financial instruments increase significantly

Applicable

(3). Long-term receivables derecognised due to transfer of financial assets □ Applicable ✓ Not Applicable

(4). Amount of assets or liabilities transferred from long-term receivables with continuing involvement

□ Applicable 🖌 Not Applicable

Other explanations: □ Applicable ✓ Not Applicable

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17. Long-term equity investments

 \checkmark Applicable \Box Not Applicable

Unit: RMB

					Changes dur	ing the period				_	
Investee	Opening balance	Additional investment	Decrease in investment	Investment profit or loss recognized under equity method	Adjustment to other comprehensive income	Other changes in equity		F. C.	Closing balance	Closing balance of impairment provision	
. Joint ventures											
Toyota Sinohytec Fuel Cell Co., Ltd	128,182,341.66			-14,542,632.25						113,639,709.41	
Sub-total	128,182,341.66			-14,542,632.25						113,639,709.41	
II. Associates											
Air Sinohytec Hydrogen Technology Co., Ltd	23,032,248.72			-1,407,535.05						21,624,713.67	
United Fuel Cell System R&D (Beijing)											
Co., Ltd.	12,139,682.80			-2,053,338.76						10,086,344.04	
Shanghai Maximfuelcell Technology Co., Ltd	16,630,981.11			-2,230,125.40		3,225,610.28				17,626,465.99	
Beijing Swift New Energy Technology											
Co., Ltd.	7,789,852.86			-2,730,375.64		6,255,345.29				11,314,822.51	
Beijing Shuimu Pilot Venture Capital Center											
(Limited Partnership)	45,613,919.17	20,000,000.00		10,160,032.58						75,773,951.75	
Zhangjiakou Jiaotou Hydrogen New Energy											
Technology Co., Ltd.	10,776,744.35			-756,149.71						10,020,594.64	
Zhangjiakou Haiper New Energy Technology											
Co., Ltd.	74,998,437.04			-2,404,142.05	-	179,183.16	-	-24,005,376.27		48,768,101.88	24,005,376.27
Beijing Caven New Energy Vehicles											
Co., Ltd.		25,000,000.00	-	-5,362.92						24,994,637.08	
Sub-total	190,981,866.05	45,000,000.00	-	-1,426,996.95	-	9,660,138.73	-	-24,005,376.27	-	220,209,631.56	24,005,376.27
Total	319,164,207.71	45,000,000.00	-	-15,969,629.20	-	9,660,138.73	-	-24,005,376.27	-	333,849,340.97	24,005,376.27

Other explanations:

Note 1: Reasons for other equity changes of Shanghai Maxim Fuel Cell Technology Co., Ltd.: capital reserve increased because of capital increase of new shareholders of Shanghai Maxim Fuel Cell Technology Co., Ltd. this year, and the Company recognizes the premium that it is entitled to based on its shareholding ratio.

Note 2: Reasons for other equity changes of Beijing Swift New Energy Technologies Co., Ltd.: capital reserve increased because of capital increase of new shareholders of Beijing Swift New Energy Technologies Co., Ltd. this year, and the Company recognizes the premium that it is entitled to based on its shareholding ratio.

Note 3: The Company holds 15% of the equity of United Fuel Cell System R&D (Beijing) Co., Ltd. and 15% of the voting rights of United Fuel Cell System R&D (Beijing) Co., Ltd.. Although the proportion is less than 20%, the Company has a representative in the Board of Directors of United Fuel Cell System R&D (Beijing) Co., Ltd., and the representative participates in the decision-making of financial and business policies. Therefore, the Company can exert a significant influence on United Fuel Cell System R&D (Beijing) Co., Ltd..

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17. Long-term equity investments (Continued)

- *Note 4:* The Company holds 14.3% of the equity of Shanghai Maxim Fuel Cell Technology Co., Ltd. and 14.3% of the voting rights of Shanghai Maxim Fuel Cell Technology Co., Ltd.. Although the proportion is less than 20%, Chairman of Shanghai Maxim Fuel Cell Technology Co., Ltd. is held by a Director appointed by the Company, and the representative participates in the decision-making of financial and operating policies. Therefore the Company can exert a significant influence on Shanghai Maxim Fuel Cell Technology Co., Ltd..
- *Note 5:* The Company holds 18% of the equity of Zhangjiakou Jiaotou Hydrogen Energy New Energy Technology Co., Ltd. through its wholly-owned subsidiary SinoHytec Power Co., Ltd., and 18% of the voting rights of Zhangjiakou Jiaotou Hydrogen Energy New Energy Technology Co., Ltd.. Although the proportion is less than 20%, the Company has a representative in the Board of Directors of Zhangjiakou Jiaotou Hydrogen Energy New Energy Technology Co., Ltd., and the representative participates in the decision-making of financial and business policies. Therefore, the Company can exert a significant influence on Zhangjiakou Jiaotou Hydrogen Energy New Energy Technology Co., Ltd..
- *Note 6*: As of December 31, 2022, the Company holds 9.23% equity of Beijing Shuimu Piloting Venture Capital Center (Limited Partnership). Beijing Shuimu Piloting Venture Capital Center (Limited Partnership) (hereinafter referred to as "**Shuimu Piloting Fund**") was established in February 2021. The fund was jointly initiated by our Beijing Shuimu Piloting Consulting Center (Limited Partnership)(GP) and enterprises and government funds in various fields. The main investment directions are new energy, new generation information technology, medical health, etc, The Company appoints Mr. Zhang Guoqiang, Chairman and General Manager, as a member of the Investment Decision Committee of Shuimu Piloting Fund to participate in the decision-making of fund projects. In summary, the Company is able to exert a significant influence on Shuimu Piloting Fund.
- *Note 7:* In October 2022, the Company and Beiqi Foton Motor Co., Ltd. and other companies jointly funded the establishment of Beijing Caven New Energy Automobile Co., Ltd.. The Company holds 10% of the equity of Beijing Caven New Energy Automobile Co., Ltd. and 10% of voting rights of Beijing Caven New Energy Automobile Co., Ltd.. Although the proportion is less than 20%, the Company has a representative in the Board of Directors of Beijing Caven New Energy Automobile Co., Ltd., and the representative participates in the decision-making of financial and operating policies, the Company can exert a significant influence on Beijing Caven New Energy Automobile Co., Ltd..
- *Note 8:* As of December 31, 2022, SinoHytec Power, a wholly-owned subsidiary of the Company, held 26.22% of the equity of Zhangjiakou Haiper New Energy Technology Co., Ltd.. During the Reporting Period, the Company engaged an appraisal agency to evaluate the equity held by the Company and provide a valuation report. The Company has provisioned against impairment based on the valuation report.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

18. Other equity instrument investments

(1). Other equity instrument investments

✓ Applicable □ Not Applicable

Unit: RMB

Item	Closing balance	Opening balance
Hozon New Energy Automobile Co., Ltd.	173,500,000.00	170,900,000.00
Total	173,500,000.00	170,900,000.00

(2). Investments in equity instruments not held-for-trading

 \checkmark Applicable \Box Not Applicable

Unit: RMB

ltem	Dividend income recognized in the current period	Accumulated gains	Accumulated losses	Amount transferred from other comprehensive income to retained earnings	Reasons for designation as measured at fair value through other comprehensive income	Reasons for transfer from other comprehensive income to retained earnings
Hozon New Energy Automobile Co., Ltd.					Long-term holdings for strategic purposes	

Other explanation:

✓ Applicable □ Not Applicable

As of December 31, 2022, the subscribed registered capital of Hozon New Energy Automobile Co., Ltd. was changed to RMB2,415.0004 million. The Company contributed RMB26.9167 million and holds 1.1146% equity interest in Hozon New Energy Automobile Co., Ltd..

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

19. Other non-current financial assets

✓ Applicable □ Not Applicable

Unit: RMB

Item	Closing balance	Opening balance
Debt instrument investments		
Equity instrument investments	2,800,000.00	2,800,000.00
Total	2,800,000.00	2,800,000.00

Other explanation: □ Applicable ✔ Not Applicable

20. Investment properties

Measurement model of investment properties N/A

21. Fixed assets

Breakdown of item

 \checkmark Applicable \Box Not Applicable

Unit: RMB

Item	Closing balance	Opening balance
Fixed assets Disposal of fixed assets	478,969,668.22	229,531,339.34
Total	478,969,668.22	229,531,339.34

Other explanation: □ Applicable ✔ Not Applicable

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

21. Fixed assets (Continued)

Fixed assets

(1). Fixed assets

✔ Applicable □ Not Applicable

		Buildings and	Machinery	Transportation	Electronic		Other	
lte	em	structures	equipment	tools	equipment	Mold	equipment	Total
Ι.	Original book value:							
	1. Opening balance	79,319,085.57	199,194,093.17	2,279,138.77	10,370,310.69	19,264,824.16	7,641,693.07	318,069,145.43
	2. Increase for the period	180,549,608.32	107,631,855.92	1,229,343.57	5,830,777.32	7,751,660.65	2,918,778.02	305,912,023.80
	(1) Purchase	-	31,360,804.26	1,229,343.57	5,830,777.32	7,751,660.65	2,918,778.02	49,091,363.82
	(2) Transfer from construction in							
	progress	180,549,608.32	76,271,051.66	-	-	-	-	256,820,659.98
	(3) Increase in business combination							
	3. Decrease for the period	-	8,088,112.54	100,000.00	352,537.24	-	164,536.04	8,705,185.82
	(1) Disposal or retirement	-	6,795,009.10	100,000.00	352,537.24	-	164,536.04	7,412,082.38
	(2) Other decrease	-	1,293,103.44	-	-	-	-	1,293,103.44
	4. Closing balance	259,868,693.89	298,737,836.55	3,408,482.34	15,848,550.77	27,016,484.81	10,395,935.05	615,275,983.41
.	Accumulated depreciation							
	1. Opening balance	23,621,598.43	50,693,731.14	1,298,524.70	6,542,698.66	2,436,500.45	3,944,752.71	88,537,806.09
	2. Increase for the period	5,625,532.68	31,964,960.15	437,803.29	1,663,123.15	378,901.18	1,346,945.32	41,417,265.77
	(1) Provision	5,625,532.68	31,964,960.15	437,803.29	1,663,123.15	378,901.18	1,346,945.32	41,417,265.77
	3. Decrease for the period	-	4,948,298.14	95,000.00	312,022.64	-	147,646.41	5,502,967.19
	(1) Disposal or retirement	-	4,088,384.30	95,000.00	312,022.64	-	147,646.41	4,643,053.35
	(2) Other decrease	-	859,913.84	-	-	-	-	859,913.84
	4. Closing balance	29,247,131.11	77,710,393.15	1,641,327.99	7,893,799.17	2,815,401.63	5,144,051.62	124,452,104.67
Ⅲ.	Provision for impairment							
	1. Opening balance							
	2. Increase for the period	-	-	-	-	11,854,210.52	-	11,854,210.52
	(1) Provision	-	-	-	-	11,854,210.52	-	11,854,210.52
	3. Decrease for the period							
	(1) Disposal or retirement							
	4. Closing balance	-	-	-	-	11,854,210.52	-	11,854,210.52
IV.	Carrying amount							
	1. Closing book value	230,621,562.78	221,027,443.40	1,767,154.35	7,954,751.60	12,346,872.66	5,251,883.43	478,969,668.22
	2. Opening book value	55,697,487.14	148,500,362.03	980,614.07	3,827,612.03	16,828,323.71	3,696,940.36	229,531,339.34

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

21. Fixed assets (Continued)

Fixed assets (Continued)

- (2). Temporarily idle fixed assets □ Applicable ✓ Not Applicable
- (3). Fixed assets leased in through financial leases □ Applicable ✓ Not Applicable
- (4). Fixed assets leased out under operating leases□ Applicable ✓ Not Applicable
- (5). Fixed assets for which title certificates have not been obtained
 ✓ Applicable □ Not Applicable

Unit: RMB

Item	Carrying amount	Reason for not obtaining the title certificate
Buildings and structures	177,605,939.82	Transfer to fixed assets in 2022, the relevant acceptance has been completed, and the title certificate is under application
Total	177,605,939.82	

Other explanation: □ Applicable ✓ Not Applicable

Disposal of fixed assets

□ Applicable ✔ Not Applicable

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

22. Construction in progress

Breakdown of item

✓ Applicable □ Not Applicable

Unit: RMB

Item	Closing balance	Opening balance
Construction in progress Construction materials	14,446,330.11	191,330,385.42
Total	14,446,330.11	191,330,385.42

Other explanation:

 \checkmark Applicable \Box Not Applicable

(1). Construction in progress

✓ Applicable □ Not Applicable

		Closing balance			Opening balance	
		Impairment	Carrying	Book	Impairment	Carrying
Item	Book balance	provision	amount	balance	provision	amount
Engine Production Base						
Phase II			-	179,073,949.73		179,073,949.73
Production line construction	7,558,907.93		7,558,907.93			-
Upgrade and transformation						
of equipment and facilities	4,727,211.02		4,727,211.02			
Development project for fuel						
cell stack testing flatform	1,894,633.88		1,894,633.88	11,432,328.00		11,432,328.00
Others	265,577.28		265,577.28	824,107.69		824,107.69
Total	14,446,330.11		14,446,330.11	191,330,385.42		191,330,385.42

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

22. Construction in progress (Continued)

Breakdown of item (Continued)

(2). Changes in significant construction in progress during the period
 ✓ Applicable □ Not Applicable

Unit: RMB

Project Name	Budget	Opening balance	Increase for the period	Transfer to fixed assets for the period	Other decrease for the period	Closing balance	Proportion of total project investment in the budget (%)	Construction progress	Accumulated amount of capitalized interest	Amount of capitalized	Capitalization rate of interest for the period (%)	Funding sources
Engine Production Base Phase II	600,000,000.00	179,073,949.73	57,685,774.91	234,298,048.09	2,461,676.55	-	53.26	100				Raised funds and self-owned funds
Total	600,000,000.00	179,073,949.73	57,685,774.91	234,298,048.09	2,461,676.55	-	1	1			1	1

(3). Provision for impairment of construction in progress during the period □ Applicable ✓ Not Applicable

Other explanations: □ Applicable ✔ Not Applicable

Construction materials

(4). Construction materials□ Applicable ✓ Not Applicable

23. Productive biological assets

(1). Productive biological assets measured at cost
 □ Applicable ✓ Not Applicable

(2). Productive biological assets at fair value through profit or loss □ Applicable ✓ Not Applicable

Other explanations: □ Applicable ✓ Not Applicable

24. Oil and gas assets

□ Applicable 🖌 Not Applicable

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

25. Right-of-use assets

✓ Applicable □ Not Applicable

Unit: RMB

			Buildings	Machinery		Electronic	
lte	m		and structures	equipment	Vehicles	equipment	Total
Ι.	Ori	iginal book value					
	1.	Opening balance	22,975,073.73	-	2,401,366.08	-	25,376,439.81
	2.	Increase for the period	24,252,362.90	-	-	-	24,252,362.90
		Lease	24,252,362.90	-	-	-	24,252,362.90
	3.	Decrease for the period	6,102,746.41				6,102,746.41
		Lease expiry	6,102,746.41				6,102,746.41
	4.	Closing balance	41,124,690.22	-	2,401,366.08	-	43,526,056.30
Ш.	Ac	cumulated depreciation					
	1.	Opening balance	12,118,476.35	-	1,400,796.81	-	13,519,273.16
	2.	Increase for the period	9,356,495.02	-	800,455.32	-	10,156,950.34
		(1) Provision	9,356,495.02	-	800,455.32	-	10,156,950.34
	3.	Decrease for the period	5,819,886.86				5,819,886.86
		(1) Disposal					
		(2) Lease expiry	5,819,886.86				5,819,886.86
	4.	Closing balance	15,655,084.51	-	2,201,252.13	-	17,856,336.64
.	Pro	ovision for impairment					
	1.	Opening balance					
	2.	Increase for the period					
		(1) Provision					
	3.	Decrease for the period					
		(1) Disposal					
	4.	Closing balance					
IV.	Ca	rrying amount					
	1.	Closing book value	25,469,605.71	-	200,113.95	-	25,669,719.66
	2.	Opening book value	10,856,597.38	-	1,000,569.27	-	11,857,166.65

Other explanation: Nil

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

26. Intangible assets

(1). Intangible assets

✓ Applicable □ Not Applicable

Unit: RMB

Ite	m		Land use rights	Patents/ Non-patented technology	Software	Software Copyright	Total
Ι.	Or	iginal book value					·
	1.	Opening balance	28,428,528.50	84,615,437.82	42,421,336.54	807,030.64	156,272,333.50
	2.	Increase for the period		78,345,383.31	11,411,767.50		89,757,150.81
		(1) Purchase			11,411,767.50		11,411,767.50
		(2) Internal research and development		78,345,383.31			
		(3) Increase in business combination					
	3.	Decrease for the period					
		(1) Disposal					
	4.	Closing balance	28,428,528.50	162,960,821.13	53,833,104.04	807,030.64	246,029,484.31
∥.	Ac	cumulated amortization					
	1.	Opening balance	1,647,916.67	6,290,570.20	8,739,867.37	490,943.57	17,169,297.81
	2.		568,791.72	18,310,869.42	4,913,943.11	80,703.00	23,874,307.25
		(1) Provision	568,791.72	18,310,869.42	4,913,943.11	80,703.00	23,874,307.25
	3.						
		(1) Disposal					
		Closing balance	2,216,708.39	24,601,439.62	13,653,810.48	571,646.57	41,043,605.06
.	Pro	ovision for impairment					
	1.	Opening balance					
	2.	Increase for the period					
		(1) Provision					
	3.	Decrease for the period					
		(1) Disposal					
		Closing balance					
IV.		rrying amount					
	1.	Closing book value		138,359,381.51			204,985,879.25
	2.	Opening book value	26,780,611.83	78,324,867.62	33,681,469.17	316,087.07	139,103,035.69

At the end of the period, the percentage of intangible assets generated through the internal research and development of the Company to the balance of intangible assets was 67.24%.

(2). Land use rights for which title certificates have not been obtained

 \Box Applicable \checkmark Not Applicable

Other explanation: □ Applicable ✔ Not Applicable

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

27. Development expenses

 \checkmark Applicable \square Not Applicable

		Increase for the	period	Decrease for	the period	_
ltem	Opening balance	Internal development expenditure	Others	Recognized as intangible assets	Transferred to current profit or loss	Closing balance
Research on the power system of fuel cell range-extended sedan and its						
control key technology	4,998,826.98	-		4,998,826.98	-	-
Long-life high reliability fuel cell system development (electric deep hybrid power system platform and vehicle				,,.		
development)	10,048,861.79	-		10,048,861.79	-	-
High-environmental adaptability fuel cell power system and vehicle integration technology for highway passenger vehicles – R&D of high -power fuel cell engine for highway						
passenger vehicles Research on adaptive evaluation of fuel cell vehicle demonstration operation	6,815,470.71	-		6,815,470.71	-	-
technology under cold environment	11,547,926.86	_		11,547,926.86	-	-
Hydrogen supply system and fuel cell				, ,		
matching test	2,933,364.92	4,182,794.89		-	91,271.79	7,024,888.02
Research and Development of High- Performance Hydrogen Fuel Passenger Vehicles in Winter						
Olympics Service Scenarios Research on key technology of fuel cell heavy commercial vehicle liquid hydrogen power system platform and	4,202,883.37	6,611,497.64		-	211,456.77	10,602,924.24
application of series models Bulk development of proprietary high-	14,858,759.05	-		14,858,759.05	-	-
power fuel cells Forward-looking technology research	2,632,141.44	1,695,015.65 24,813,992.43		4,221,484.31	105,672.78 17,326,575.20	- 7,487,417.23
R&D of national fuel cell system	21,638,856.45	35,338,328.09		21,617,538.05	11,838,128.28	23,521,518.22
Fuel cell parts development 120kW high-performance miniaturized		6,338,682.89			687,997.83	5,650,685.05
fuel cell power generation system	6,800,935.38	-		-	-	6,800,935.38

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

27. Development expenses (Continued)

Unit: RMB

		Increase for	r the period	Decrease fo	r the period	_
		Internal			Transferred to	
		development		Recognized as	current profit	
Item	Opening balance	expenditure	Others	intangible assets	or loss	Closing balance
Research and application of key						
technologies for rapid cold activation						
of fuel cell systems under the Winter						
Olympics -30 degrees Celsius	4,236,515.56	-		4,236,515.56	-	-
One-stop analytical testing service						
platform for fuel cell stacks and						
systems	1,237,372.07	-		-	1,237,372.07	-
Research on the application of						
high-performance perfluorocarbons						
membrane in fuel cells	790,448.46	8,337,614.90		-	-	9,128,063.36
Development of fuel cell stack testing						
equipment	9,079.73	2,433,660.71		-	-	2,442,740.44
Single battery life verification and						
research on attenuation specification						
of key components	-	282,554.34		-	-	282,554.34
Total	92,751,442.77	90,034,141.54		78,345,383.31	31,498,474.72	72,941,726.28

Other explanations: Nil

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

28. Goodwill

- (1). Original book value of goodwill
 □ Applicable ✓ Not Applicable
- (2). Provision for impairment of goodwill □ Applicable ✓ Not Applicable
- (3). Information about the asset group or set of asset groups to which goodwill belongs □ Applicable ✓ Not Applicable
- (5). Impacts of goodwill impairment test □ Applicable ✓ Not Applicable

Other explanations: □ Applicable ✓ Not Applicable

29. Long-term deferred expenditures

 \checkmark Applicable \Box Not Applicable

Unit: RMB

Item	Opening balance	Increase for the period	Amortization for the period	Other decrease	Closing balance
Renovation costs	4,961,379.70	1,363,502.33	1,513,170.12		4,811,711.91
Renovation expenditure for fuel cell center	23,509,850.62	1,484,581.59	4,351,250.68		20,643,181.53
Technical service fee	146,928.46	1,415,147.88	171,084.25	15,768.17	1,375,223.92
Tooling fixture	63,019.31	1,140,808.46	100,940.31		1,102,887.46
Total	28,681,178.09	5,404,040.26	6,136,445.36	15,768.17	27,933,004.82

Other explanations:

Nil

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

30. Deferred tax assets/deferred tax liabilities

(1). Deferred income tax assets not offset

 \checkmark Applicable \Box Not Applicable

Unit: RMB

	Closing b	palance	Opening balance		
ltem	Deductible	Deferred	Deductible	Deferred	
	temporary	income tax	temporary	income tax	
	differences	assets	differences	assets	
Provision for impairment of assets	513,388,111.98	79,074,764.40	418,455,281.47	63,440,644.21	
Unrealized profit from internal transactions	39,806,863.27	5,971,029.49	33,751,293.47	5,062,694.02	
Deductible losses	231,069,502.76	34,660,425.41	71,029,586.72	10,654,438.01	
Accrued liabilities	37,379,141.82	5,752,862.43	28,602,705.23	4,290,405.78	
Deferred income tax difference	33,911,108.25	5,086,666.24	37,785,342.35	5,667,801.36	
Total	855,554,728.08	130,545,747.97	589,624,209.24	89,115,983.38	

(2). Deferred income tax liabilities not offset

 \checkmark Applicable \square Not Applicable

Unit: RMB

	Closing balance O		Opening b	palance
	Taxable	Deferred	Taxable	Deferred
	temporary	income tax	temporary	income tax
ltem	differences	liabilities	differences	liabilities
Appreciation of the combined asset valuation of				
enterprises not under the same control	16,463,486.70	2,697,570.12	17,324,576.66	2,838,521.13
Changes in fair value of other debt investments	41,123.29	6,168.49	170,136.99	25,520.55
Changes in fair value of other equity instrument				
investments	123,500,000.00	18,525,000.00	120,900,000.00	18,135,000.01
Accelerated depreciation of fixed assets	21,923,253.93	3,288,488.09	25,392,628.04	3,808,894.21
Changes in fair value of other non-current				
financial assets	760,496.90	114,074.54	760,496.90	114,074.54
Total	162,688,360.82	24,631,301.24	164,547,838.59	24,922,010.44

(3). Deferred tax assets or liabilities stated on a net basis after offset □ Applicable ✓ Not Applicable

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

30. Deferred tax assets/deferred tax liabilities (Continued)

(4). Breakdown of unrecognized deferred tax assets

✓ Applicable □ Not Applicable

Item	Closing balance	Opening balance
Deductible temporary differences		
Deductible losses	72,056,335.77	55,764,676.82
Total	72,056,335.77	55,764,676.82

(5). Deductible losses that are not recognized as deferred tax assets will be expired in the following years

 \checkmark Applicable \Box Not Applicable

Unit: RMB

Unit: RMB

Year	Closing amount	Opening amount	Note
2022		1,882,236.73	
2023	2,707,099.26	2,707,099.26	
2024	2,924,200.38	2,924,200.38	
2025	7,242,657.42	7,242,657.42	
2026	41,008,483.03	41,008,483.03	
2027	18,173,895.68		
Total	72,056,335.77	55,764,676.82	/

Other explanations:

□ Applicable ✓ Not Applicable

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

31. Other non-current assets

✓ Applicable □ Not Applicable

Unit: RMB

	Closing balance			Opening balance		
ltem	Book balance	Impairment provision	Carrying amount	Book balance	Impairment provision	Carrying amount
	Dalaite	provision	amount	Daialice	provision	aniouni
Prepayments for purchase of equipment Prepayments for purchase of	47,679,446.95		47,679,446.95	28,178,348.96		28,178,348.96
other long-term assets	4,621,939.70		4,621,939.70	4,188,336.12		4,188,336.12
Total	52,301,386.65		52,301,386.65	32,366,685.08		32,366,685.08

Other explanations: Nil

32. Short-term borrowings

(1). Classification of short-term borrowings

 \checkmark Applicable \Box Not Applicable

Unit: RMB

Item	Closing balance	Opening balance
Pledged borrowings		
Secured borrowings	10,000,000.00	20,000,000.00
Guaranteed loans	38,124,725.02	48,000,000.00
Credit loans	181,516,733.22	31,825,293.83
Unearned interest payable	230,728.72	112,642.32
Total	229,872,186.96	99,937,936.15

Explanation on classification of short-term borrowings: Nil

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

32. Short-term borrowings (Continued)

(2). Short-term borrowings overdue but not repaid

 \Box Applicable \checkmark Not Applicable

Significant overdue short-term borrowings are as follows: □ Applicable ✓ Not Applicable

Other explanations: □ Applicable ✓ Not Applicable

33. Financial liabilities held-for-trading

□ Applicable 🖌 Not Applicable

34. Derivative financial liabilities

□ Applicable 🖌 Not Applicable

35. Note payables

(1). Presentation of note payables

✓ Applicable □ Not Applicable

Unit: RMB

Туре	Closing balance	Opening balance
Commercial acceptance bills		
Bank acceptance bills	114,143,006.75	83,268,464.77
Total	114,143,006.75	83,268,464.77

The total amount of Note payables due and unpaid at the end of the period is RMB0.

36. Accounts payable

(1). Breakdown of accounts payable

✓ Applicable □ Not Applicable

Unit: RMB

Item	Closing balance	Opening balance
Payables for purchase of materials	348,246,280.08	227,119,627.70
Payables for purchase of equipment and construction	24,616,508.78	34,351,555.07
Other payables such as freight charges	26,932,071.38	24,086,238.78
Total	399,794,860.24	285,557,421.55

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

36. Accounts payable (Continued)

(2). Significant accounts payable aged over one year

✓ Applicable \Box Not Applicable

Unit: RMB

Item	Closing balance	Reason for outstanding or carried forward
	22,470,671.06	Outstanding
Toyota Sinohytec Fuel Cell Co., Ltd.	8,738,351.04	Outstanding
Zhangjiakou Jutong Technology Co., Ltd.	3,230,000.00	Outstanding
Beijing Ketaike Technology Co., Ltd.	3,082,760.00	Outstanding
Total	37,521,782.10	

Other explanations: □ Applicable ✓ Not Applicable

37. Advances from customers

(1). Breakdown of advances from customers

✔ Applicable □ Not Applicable

Unit: RMB

Item	Closing balance	Opening balance
Rental expenses	27,522.93	102,495.42
Total	27,522.93	102,495.42

(2). Significant advances from customers aged over one year

□ Applicable ✔ Not Applicable

Other explanations: □ Applicable ✓ Not Applicable

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

38. Contract liabilities

(1). Contract liabilities

✓ Applicable □ Not Applicable

Unit: RMB

Item	Closing balance	Opening balance
Loans	5,532,261.91	5,669,490.72
Total	5,532,261.91	5,669,490.72

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

□ Applicable 🖌 Not Applicable

Other explanations: □ Applicable ✓ Not Applicable

39. Accrued payroll

(1). Breakdown of accrued payroll

 \checkmark Applicable \Box Not Applicable

Unit: RMB

lten	n	Opening balance	Increase for the period	Decrease for the period	Closing balance
Ι.	Short-term remuneration	36,411,350.66	249,341,495.44	238,443,377.79	47,309,468.31
11.	Post-employment benefits-defined				
	contribution plans	1,361,495.91	22,372,431.35	21,703,909.27	2,030,017.99
III.	Termination benefits				
IV.	Other benefits due within one year				
Tot	al	37,772,846.57	271,713,926.79	260,147,287.06	49,339,486.30

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

39. Accrued payroll (Continued)

(2). Breakdown of short-term remuneration

 \checkmark Applicable \Box Not Applicable

lterr	1	Opening balance	Increase for the period	Decrease for the period	Closing balance
Ι.	Wages, bonuses, allowances and subsidies	34,718,879.65	213,921,177.82	203,773,135.36	44,866,922.11
II.	Employee benefits		8,095,737.71	8,095,737.71	
.	Social insurance	857,240.81	13,824,433.83	13,429,565.34	1,252,109.30
	Including: Medical insurance	832,372.31	13,331,517.27	12,948,719.19	1,215,170.39
	Work-related injury insurance	24,868.50	483,338.61	471,268.20	36,938.91
	Maternity insurance premiums		9,577.95	9,577.95	
IV.	Housing provident fund	224,013.00	9,383,128.18	9,284,699.18	322,442.00
V.	Union and education fund	611,217.20	4,117,017.90	3,860,240.20	867,994.90
VI.	Short-term paid absence				
VII.	Short-term profit sharing plan				
Tota		36,411,350.66	249,341,495.44	238,443,377.79	47,309,468.31

(3). Breakdown of defined contribution plans

 \checkmark Applicable \Box Not Applicable

Unit: RMB

Unit: RMB

ltem	Opening balance	Increase for the period	Decrease for the period	Closing balance
1. Basic pension insurance	1,320,237.86	21,680,577.79	21,032,314.19	1,968,501.46
2. Unemployment insurance	41,258.05	691,853.56	671,595.08	61,516.53
Total	1,361,495.91	22,372,431.35	21,703,909.27	2,030,017.99

Other explanations:

 \Box Applicable \checkmark Not Applicable

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

40. Taxes payable

✔ Applicable □ Not Applicable

Unit: RMB

Item	Closing balance	Opening balance
Value-added tax	5,424,291.41	1,262,311.84
Corporate income tax	134,682.15	2,020,294.34
Individual income tax	909,423.28	641,632.17
City maintenance and construction tax	372,940.57	412,458.00
Property tax	110,421.76	
Education surcharge	159,831.67	178,706.56
Stamp duty	498,430.85	473,169.64
Land use tax	212,618.28	19,491.75
Local education surcharge	106,554.45	117,375.39
Others	10.83	
Total	7,929,205.25	5,125,439.69

Other explanations: Nil

41. Other payables

Breakdown of item

✓ Applicable □ Not Applicable

Unit: RMB

Item	Closing balance	Opening balance
Presentation of interest payables		
Dividend payable		
Other payables	1,612,717.10	1,277,740.91
Total	1,612,717.10	1,277,740.91

Other explanations: □ Applicable ✓ Not Applicable

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

41. Other payables (Continued)

Interest payables

(1). Presentation of interest payables□ Applicable ✓ Not Applicable

Dividend payable

(1). Presentation of dividend payable□ Applicable ✓ Not Applicable

Other payables

- (1). Other payables by nature
 - 🖌 Applicable 🗆 Not Applicable

Unit: RMB

Item	Closing balance	Opening balance
Deposits and guarantees	463,272.55	197,328.70
Employee social security fund	8,911.14	139,128.26
Payables to employees	819,768.15	311,837.73
Current accounts with other entities	260,295.46	369,612.12
Others	60,469.80	259,834.10
Total	1,612,717.10	1,277,740.91

(2). Significant other payables aged over one year□ Applicable ✓ Not Applicable

Other explanations: □ Applicable ✓ Not Applicable

42. Held-for-sale liabilities

 \Box Applicable \checkmark Not Applicable

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

43. Non-current liabilities due within one year

 \checkmark Applicable \Box Not Applicable

Unit: RMB

Item	Closing balance	Opening balance
Long-term borrowings due within one year Lease liabilities due within one year	200,183.32 8.913,179.12	18,021,175.00 6,942,287.69
Total	9,113,362.44	24,963,462.69

Other explanations: Nil

44. Other current liabilities

Other current liabilities

 \checkmark Applicable \Box Not Applicable

Unit: RMB

Item	Closing balance	Opening balance
Notes receivable endorsed or discounted but not derecognised	11,356,093.50	17,880,268.49
Discounted amortization of rental deposits to be recognized		189,249.10
Pending output tax	257,986.44	285,660.64
Total	11,614,079.94	18,355,178.23

Changes in short-term bonds payable: □ Applicable ✓ Not Applicable

Other explanations: □ Applicable ✓ Not Applicable

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

45. Long-term borrowings

(1). Classification of long-term borrowings

✔ Applicable □ Not Applicable

Unit: RMB

Item	Closing balance	Opening balance
Guaranteed loans		18,000,000.00
Credit loans	19,600,000.00	
Unearned interest payable	17,966.65	21,175.00
Less: Long-term borrowings due within one year	-200,183.32	-18,021,175.00
Total	19,417,783.33	0.00

Explanation on the classification of long-term borrowings: Nil

Other explanations, including interest rate range: □ Applicable ✓ Not Applicable

46. Bonds payable

- (1). Bonds payable□ Applicable ✓ Not Applicable
- (2). Changes in bonds payable:(excluding preferred shares, perpetual bonds and other financial instruments classified as financial liabilities)

 □ Applicable ✓ Not Applicable
- (3). Explanation about the conditions and timing of conversion of convertible corporate bonds

 \Box Applicable \checkmark Not Applicable

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

46. Bonds payable (Continued)

Changes in preferred shares, perpetual bonds and other financial instruments outstanding at the end of the period □ Applicable ✔ Not Applicable

Explanation about basis for classifying other financial instruments as financial liabilities: \Box Applicable \checkmark Not Applicable

Other explanations: □ Applicable ✓ Not Applicable

47. Lease liabilities

 \checkmark Applicable \Box Not Applicable

Unit: RMB

Item	Closing balance	Opening balance
Lease payment	24,955,034.26	10,875,003.81
Unrecognized finance charges	-1,742,707.99	-426,553.02
Lease liabilities due within one year	-8,913,179.12	-6,942,287.69
Total	14,299,147.15	3,506,163.10

Other explanations: Nil

48. Long-term payables

Breakdown of item

 \Box Applicable 🖌 Not Applicable

Other explanations: □ Applicable ✓ Not Applicable

Long-term payables

(1). Presentation of long-term payables by nature
 □ Applicable ✓ Not Applicable

Special payables

(2). Presentation of special payables by nature
 □ Applicable ✓ Not Applicable

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

49. Long-term accrued payroll

□ Applicable 🖌 Not Applicable

50. Accrued liabilities

 \checkmark Applicable \Box Not Applicable

Unit: RMB

Item	Opening balance	Closing balance	Reasons for formation
Product quality assurance	28,651,394.48	37,428,122.52	Provision for warranty
Total	28,651,394.48	37,428,122.52	/

Other explanations, including important assumptions and estimates related to significant estimated liabilities: Nil

51. Deferred income

Deferred income

 \checkmark Applicable \Box Not Applicable

Unit: RMB

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance	Reasons for formation
Government grants related to assets	111,062,582.58	12,032,600.00	15,085,768.15	108,009,414.43	Project funds and special subsidies
Government grants related to income	1,205,202.20	6,320,000.00	5,868,193.66	1,657,008.54	Project funds and special subsidies
Total	112,267,784.78	18,352,600.00	20,953,961.81	109,666,422.97	/

Other explanations:

 \checkmark Applicable \Box Not Applicable

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

51. Deferred income (Continued)

Deferred income (Continued)

ltem	Opening balance	New grants for the period	Amount included in other income for the period	Add: other changes	Closing balance	Related to assets/income
Subsidies for scientific research						
projects (related to assets)	79,062,582.58	5,532,600.00	10,149,453.30	0.00	74,445,729.28	Related to assets
Subsidies for scientific research						
projects (related to income)	1,105,202.20	6,220,000.00	5,668,193.66	0.00	1,657,008.54	Related to income
Phase II of Engine Production						
Base Construction Project	32,000,000.00	6,500,000.00	4,936,314.85	0.00	33,563,685.15	Related to assets
Talent incentive subsidies	100,000.00	100,000.00	200,000.00	0.00	0.00	Related to income
Total	112,267,784.78	18,352,600.00	20,953,961.81	0.00	109,666,422.97	

52. Other non-current liabilities

□ Applicable 🖌 Not Applicable

53. Share capital

✓ Applicable □ Not Applicable

Unit: RMB

	_						
			Capitalization				
	Opening	Issuance of		of provident			Closing
	balance	new shares	Bonus issue	fund	Others	Sub-total	balance
Total number of shares	71,350,991.00			28,540,396.00		28,540,396.00	99,891,387.00

Other explanations:

On May 20, 2022, the 2021 annual general meeting of the Company considered and approved the Proposal on the 2021 Profit Distribution and Conversion of Capital Reserve to the Share Capital Plan of the Company. The Company will not distribute cash dividends or issue bonus shares in 2021. Based on the total share capital registered on the record date for the implementation of the equity distribution, the Company will issue 4 shares for every 10 shares to all shareholders by way of capitalization of capital reserve. On June 2, 2022, the Company completed the equity distribution. Based on the total share capital of 71,350,991 shares of the Company, 0.40 shares will be issued to all shareholders by way of conversion of capital reserve for every share, totaling 28,540,396 shares.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

54. Other equity instruments

- (1). Basic information of other financial instruments such as preferred shares and perpetual bonds outstanding at the end of the period □ Applicable ✓ Not Applicable
- (2). Changes in preferred shares, perpetual bonds and other financial instruments outstanding at the end of the period

□ Applicable 🖌 Not Applicable

Explanation about changes in the current period and the reasons for the changes in other equity instruments, and the basis for relevant accounting treatment: □ Applicable 🖌 Not Applicable

Other explanations: □ Applicable ✓ Not Applicable

55. Capital reserve

✓ Applicable □ Not Applicable

Unit[.] RMB

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance
Capital appreciation (share appreciation)	2,280,092,096.68	_	28,540,396.00	2,251,551,700.68
Other capital reserve	127,160,531.83	-565,594.61	-	126,594,937.22
Total	2,407,252,628.51	-565,594.61	28,540,396.00	2,378,146,637.90

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

55. Capital reserve (Continued)

Other explanations, including the changes in the current period and the reasons for the changes:

- 1. As considered and approved at the 2021 annual general meeting of the Company, the Company transferred capital reserve of RMB28,540,396.00 to share capital on June 2, 2022.
- 2. The decrease in other capital reserves was mainly due to:
 - (1) The capital reserve increased due to the capital increase of Shanghai Maxim Fuel Cell Technology Co., Ltd., an associate of the Company, during the year. The Company recognized its share of the premium of RMB3,225,610.28 according to its shareholding proportion.
 - (2) The capital reserve increased due to the capital increase of Beijing Swift New Energy Technologies Co., Ltd., an associate of the Company, during the year. The Company recognized the share premium of RMB6,255,345.29 according to the shareholding proportion.
 - (3) The capital reserve proportion of the Company decreased by RMB10,225,733.34 due to the actual capital contribution by the original shareholders of Shanghai SinoFuelCell Co., Ltd., a subsidiary of the Company.
 - (4) Other changes in capital reserve of the Company amounted to RMB179,183.16 due to the changes in special reserve of Zhangjiakou Haiper New Energy Technology Co., Ltd., an associate of the Company.

56. Treasury shares

□ Applicable 🖌 Not Applicable

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

57. Other comprehensive income

✔ Applicable □ Not Applicable

Unit: RMB

					Amount for	the period			
Iten	n	Opening balance	Amount before income tax for the period	Less: Amount transferred to profit or loss from other comprehensive income	Less: Amount transferred to retained earnings from other comprehensive income	Less: Income tax expenses	Amount attributable to the listed company after tax	Amount attributable to the minority shareholders after tax	Closing balance
l.	Other comprehensive income that cannot be reclassified								
	to profit or loss Including: Changes of re-measurement of defined benefit plans Other comprehensive income that cannot be reclassified to profit or loss under equity method Changes in fair value of other equity instrument	92,472,771.34	2,600,000.00			390,000.00	2,210,000.00		94,682,771.34
	investments Changes in fair value of the enterprise's own credit risk	92,472,771.34	2,600,000.00			390,000.00	2,210,000.00		94,682,771.34

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

57. Other comprehensive income (Continued)

Unit: RMB

				Amount for	the period			
			Less: Amount	Less: Amount transferred to				-
		Amount before	transferred to profit or loss from other	retained earnings from other	Less:	Amount attributable to the listed	Amount attributable to the minority	
Item	Opening balance	income tax for the period	comprehensive income	comprehensive income	Income tax expenses	company after tax	shareholders after tax	Closi balan
II. Other comprehensive income that will be reclassified to profit or loss Including: Other comprehensive income to be reclassified to profit or loss under equity method Changes in fair value of other debt investments Amount included in other comprehensive income on reclassification of financial assets Credit impairment provision for other debt investments Cash flow hedging reserve Differences on translation of								
foreign currency statements								
	2,472,771.34	2,600,000.00			390,000.00	2,210,000.00		94,682,771.

Other explanations, including the adjustment of the effective portion of gains and losses on cash flow hedges upon the initial recognition of the hedging item: Nil

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

58. Special reserve

 \checkmark Applicable \square Not Applicable

Unit: RMB

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance
Safety production fee	24,054.98	6,554,375.66	1,759,086.10	4,819,344.54
Total	24,054.98	6,554,375.66	1,759,086.10	4,819,344.54

Other explanations, including the changes in the current period and the reasons for the changes: Nil

59. Surplus reserve

✓ Applicable □ Not Applicable

Unit: RMB

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance
Statutory surplus reserve	9,216,035.02			9,216,035.02
Total	9,216,035.02			9,216,035.02

Explanation on surplus reserve, including the changes in increase and decrease for the period and the reasons for the changes:

Nil

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

60. Undistributed profit

 \checkmark Applicable \Box Not Applicable

Unit: RMB

Item	Current period	Previous period
Retained profits at the end of the previous period before adjustment	-77,679,952.68	84,865,158.91
Total adjustment to retained profit at the beginning of the period		
(increase +, decrease-)		-620,987.47
Retained profits at the beginning of the period after adjustment	-77,679,952.68	84,244,171.44
Add: Net profit attributable to owners of the listed company		
for the period	-166,454,260.66	-161,924,124.12
Less: Appropriation to statutory surplus reserve		
Appropriation to discretionary surplus reserve		
Appropriation to general risk reserve		
Dividends payable on ordinary shares		
Dividends on ordinary shares converted into share capital		
Retained earnings at the end of the period	-244,134,213.34	-77,679,952.68

Breakdown of adjustment to retained profit at the beginning of the period:

- 1. The effect of the retrospective adjustments according to ASBE and their new related requirements on the retained profits as at the beginning of the period amounted to RMB0.
- 2. The effect of the changes in accounting policies on the undistributed profits as at the beginning of the period amounted to RMB0.
- 3. The effect of corrections of significant accounting errors on the undistributed profits as at the beginning of the period amounted to RMB0.
- 4. The effect of the change of the scope of combination under common control on the undistributed profits as at the beginning of the period amounted to RMB0.
- 5. The effect of other adjustments on the undistributed profits as at the beginning of the period amounted to RMB0.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

61. Operating income and operating costs

(1). Operating income and operating costs

✓ Applicable □ Not Applicable

Unit: RMB

	Amount for the current period		Amount for th	e last period
Item	Revenue	Cost	Revenue	Cost
Main business	737,618,700.84	454,551,186.82	628,838,982.30	390,925,693.68
Other Businesses	497,879.36	126,093.00	529,778.23	24,163.12
Total	738,116,580.20	454,677,279.82	629,368,760.53	390,949,856.80

(2). Table of deduction of operating income

Unit: RMB0'000

Item	Current year	Specific deduction	Prior year	Specific deduction
Operating income	73,811.66		62,936.88	
Total amount of deductions	1,577.53		1,125.70	
Proportion of total amount of deductions in	2.14%	/	1.79%	/
operating income (%)				
I. Business income irrelevant to main business				
1. Other business revenues beyond	49.79	Property and	52.98	Property and
normal operation. Income obtained by		equipment		equipment
renting fixed assets, intangible assets,		leasing, etc.		leasing, etc.
packaging, sales of materials, exchange				
of non-monetary assets with materials,				
and operation of trusted management				
businesses, as well as income that is				
included in the main business income				
but is beyond the normal operation of				
the listed company.				
2. Income from non-qualified pseudo-banking				
service, such as Interest income from				
lending funds; Income from pseudo-				
banking service added in the current and the previous fiscal year, such as				
the revenue generated from guarantees,				
commercial factoring, petty loans,				
finance leases, pawning, and other				
businesses, except for financial leasing				
businesses, except for infancial leasing business carried out for the sale of main				
products.				
products.				

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

61. Operating income and operating costs (Continued)

(2). Table of deduction of operating income (Continued)

					Unit: RMB0'000
ltem		Current year	Specific deduction	Prior year	Specific deduction
3.	Income generated from new trading business in the current and previous fiscal years.				
4.	Income generated from related party transactions irrelevant to the existing normal business of the listed company.	1,527.74	Technical service fee	1,072.72	Technical service fee
5.	Revenue of subsidiaries from the beginning of the period to the date of combination arising from business combination under the same control.				
6.	Revenue generated by trade services that are difficult to form a stable business model.				
	al of income irrelevant to main business	1,577.53		1,125.70	
	come without commercial substance				
1.	Income derived from transactions or events that do not significantly change the risk, time distribution or amount of the enterprise's future cash flow.				
2.	Income from transactions without real business. Such as spurious revenues realized by self-transaction and spurious revenues generated by using Internet technology or other methods to construct transactions.				
3.	Income from businesses with significantly unfair transaction prices.				
4.	Income generated from subsidiaries or operations arising from business combinations acquired through unfair consideration or non-transaction method in the current fiscal year.				
5.	Income involved in non-standard audit opinions in the audit opinions.				
6.					
Subtot	al of revenue without commercial				
	tance				
	ther income irrelevant to the main business				
	without commercial substance perating income after deduction	72,234.13		61,811.18	
		12,234.13	1	01,011.10	

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

61. Operating income and operating costs (Continued)

(3). Revenue from contracts

Unit: RMB

Classification	Fuel cell system and related services	Total
Type of goods	738,116,580.20	738,116,580.20
Fuel cell system	684,541,800.17	684,541,800.17
Parts	18,853,222.93	18,853,222.93
Technology development and services	18,549,257.39	18,549,257.39
Others	16,172,299.71	16,172,299.71
Transferred at a point in time	738,116,580.20	738,116,580.20
Transferred over time	737,618,700.84	737,618,700.84
By time of transfer of goods	497,879.36	497,879.36
Total	738,116,580.20	738,116,580.20

Explanation about revenue from contracts: □ Applicable ✓ Not Applicable

(4). Description of performance obligations

 \Box Applicable \checkmark Not Applicable

(5). Explanation about allocation to the remaining performance obligations □ Applicable ✓ Not Applicable

The amount of revenue corresponding to the performance obligations that have been signed but not yet performed or not yet fulfilled at the end of the reporting period is RMB72,915,052.65, of which: RMB68,358,408.64 is expected to be recognized in2023 RMB4,556,644.01 is expected to be recognized in the years after 2023

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

62. Tax and surcharges

✔ Applicable □ Not Applicable

Unit: RMB

Item	Amount for the current period	Amount for the last period
Consumption tax		
Business tax		
City maintenance and construction tax	833,423.57	641,752.50
Education surcharge	370,197.46	279,305.73
Resource tax		
Property tax	1,077,823.80	
Land use tax	387,671.98	241,004.56
Vehicle and vessel use tax	8,490.00	12,690.00
Stamp duty	1,258,174.11	1,027,849.17
Local education surcharge	246,798.33	186,203.82
Others	5,381.11	188.42
Total	4,187,960.36	2,388,994.20

Other explanation: Nil

63. Selling expenses

✓ Applicable □ Not Applicable

Unit: RMB

Item	Amount for the current period	Amount for the last period
Accrued payroll	27,835,631.74	19,139,193.15
Business promotion and service fees	44,968,633.27	13,079,376.16
Product quality guarantee	10,541,968.15	10,704,130.43
Travel expenses	2,793,651.73	2,344,926.93
Depreciation and amortization expenses, etc.	3,927,380.58	3,058,980.00
Others	14,814,127.37	13,952,193.13
Total	104,881,392.84	62,278,799.80

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

64. Administrative expenses

 \checkmark Applicable \Box Not Applicable

Unit: RMB

Item	Amount for the current period	Amount for the last period
Accrued payroll	108,984,496.13	72,015,446.16
Depreciation and amortization, lease expenses, etc.	44,394,722.67	19,381,836.73
Materials and low-value consumables	3,273,415.79	1,359,812.20
Intermediary fees	6,626,929.96	9,763,313.09
Travel expenses	3,219,049.24	3,186,497.50
Office expenses	7,560,486.57	7,388,397.05
Entertainment expenses	4,728,434.51	3,412,462.23
Listing expenses	19,835,996.05	10,939,073.90
Others	13,944,176.94	8,386,558.13
Total	212,567,707.86	135,833,396.99

Other explanation: Nil

65. Research and development expenses

✓ Applicable □ Not Applicable

Unit: RMB

Item	Amount for the current period	Amount for the last period
Accrued payroll	40,457,556.07	24,207,405.56
Material costs	13,389,415.31	37,332,186.20
Commission fees for external development	14,141,988.32	9,296,014.29
Depreciation and amortization expenses, etc.	19,013,968.27	7,627,866.05
Testing and processing fee	8,434,397.10	3,839,248.59
Others	5,827,253.64	10,470,033.07
Total	101,264,578.71	92,772,753.76

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

66. Financial expenses

✓ Applicable □ Not Applicable

Unit: RMB

Item	Amount for the current period	Amount for the last period
Interest expense	7,335,912.04	5,915,771.00
Less: Interest income	13,299,488.91	17,897,618.11
Exchange gains and losses	-137,027.59	5,767.62
Bank charges, etc.	755,792.63	1,698,328.35
Total	-5,344,811.83	-10,277,751.14

Other explanation: Nil

67. Other income

✓ Applicable □ Not Applicable

Unit: RMB

Item	Amount for the current period	Amount for the last period
VAT refund upon collection	7,721,328.27	10,247,122.93
Project subsidy transferred from deferred income (capital related)	15,085,768.15	4,379,492.73
Project subsidy transferred income (related to income)	5,868,193.66	10,217,149.80
Listing subsidies from Haidian District People's Government Office	3,000,000.00	3,000,000.00
Local government grants	3,299,126.79	1,421,286.84
Tax relief	546,296.22	-
Others	198,369.70	62,653.37
Total	35,719,082.79	29,327,705.67

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

68. Investment income

✓ Applicable □ Not Applicable

Unit: RMB

Item	Amount for the current period	Amount for the last period
Income from long-term equity investment under equity method	-15,969,629.20	-6,478,583.40
Investment income from disposal of financial assets held-for-trading	7,696,229.65	3,237,739.73
Gain on debt restructuring	-4,902,680.00	
Others		-53,387.86
Total	-13,176,079.55	-3,294,231.53

Other explanation: Nil

69. Hedging gains on net exposure

□ Applicable ✔ Not Applicable

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

70. Gains from changes in fair value

 \checkmark Applicable \Box Not Applicable

Unit: RMB

Source of gains on changes in fair value	Amount for the current period	Amount for the last period
- Financial assets held-for-trading	165,123.28	170,136.99
Other non-current financial assets		760,496.90
Total	165,123.28	930,633.89

Other explanation: Nil

71. Credit impairment losses

✓ Applicable □ Not Applicable

Unit: RMB

Item	Amount for the current period	Amount for the last period
Losses on bad debts of bills receivable		84,000.00
Losses on bad debts of accounts receivable	-29,253,156.82	-164,782,522.96
Losses on bad debts of other receivables	-1,544,486.12	-8,131,351.37
Total	-30,797,642.94	-172,829,874.33

Other explanation:

Nil

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

72. Impairment losses of assets

✓ Applicable □ Not Applicable

Unit: RMB

Item	1	Amount for the current period	Amount for the last period
II.	Impairment losses of inventories and impairment losses on		
	contract performance costs	-51,387,031.42	-47,055,628.61
III.	Impairment losses of long-term equity investments	-24,005,376.27	
V.	Impairment losses of fixed assets	-11,854,210.52	
XII.	Others	-3,124,161.50	-4,132,934.13
Tota	al	-90,370,779.71	-51,188,562.74

Other explanation:

Impairment losses on other assets represent impairment losses on contract assets.

73. Gains from disposal of assets

✓ Applicable □ Not Applicable

Unit: RMB

Item	Amount for the current period	Amount for the last period
Gains or losses on disposal of fixed assets	-107,378.93	-348,715.62
Total	-107,378.93	-348,715.62

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

74. Non-operating income

 \checkmark Applicable \square Not Applicable

Non-operating income

Unit: RMB

			Amount included in non-recurring
	Amount for the	Amount for the	profit or loss for
Item	current period	last period	the current period
Government grants	13,700.90	17,309.08	13,700.90
Amounts written off as uncollectible	542,950.07	1,011,347.27	542,950.07
Others	272,041.93	613,659.69	272,041.93
Total	828,692.90	1,642,316.04	828,692.90

Other explanation:

✓ Applicable □ Not Applicable

1. Government grants recognized in profit or loss

Subsidy item	Amount for the current period	Amount for the last period	Related to assets/ Related to income
Receipt of party fee refund from Industrial			
Comprehensive Development Zone	4,000.00	6,076.00	Related to income
Training subsidies received from protection			
fund agency	1,500.00	5,100.00	Related to income
One-off employment subsidy received from			
Fengxian District Human Resources and			
Social Security Bureau		2,000.00	Related to income
Preferential interest rebates received from			
special new loans for small and			
medium-sized enterprises development			
special funds (applicated to CMB)		4,133.08	Related to income
Rewards received from the disabled			
employment service center	3,200.90		Related to income
Award for industrial design competition	5,000.00		Related to income
Total	13,700.90	17,309.08	

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

75. Non-operating expenses

 \checkmark Applicable \square Not Applicable

Unit: RMB

			Amount included
			in non-recurring
	Amount for the	Amount for the	profit or loss for
Item	current period	last period	the current period
Total loss on disposal of non-current assets	489,570.04	443,801.96	489,570.04
Including: Loss on disposal of fixed assets	489,570.04	443,801.96	489,570.04
External donations	409,674.32	384,273.17	409,674.32
Loss on disposal of defective products		286,208.86	
Penalty expenses	3,340,842.54	256.59	3,340,842.54
Others	220,516.67	415,704.21	220,516.67
Total	4,460,603.57	1,530,244.79	4,460,603.57

Other explanation: Nil

76. Income tax expenses

(1). Income tax expense table✓ Applicable □ Not Applicable

Unit: RMB

Item	Amount for the current period	Amount for the last period
Current income tax expense	519,214.97	1,296,726.57
Deferred income tax expense	-42,110,473.79	-42,226,666.26
Total	-41,591,258.82	-40,929,939.69

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

76. Income tax expenses (Continued)

(2). Reconciliation between accounting profit and income tax expenses ✓ Applicable □ Not Applicable

Unit: RMB

Item	Amount for the current period
Total profit	-236,317,113.29
Income tax expenses calculated at statutory/applicable tax rate	-35,447,566.99
Effect of different tax rates applicable to subsidiaries	-2,886,426.30
Effect of adjustment to income tax of previous periods	162,269.64
Effect of non-taxable income	
Effect of non-deductible costs, expenses and losses	4,915,103.12
Effect of utilization of deductible losses in deferred income tax assets	
not recognized in previous period	
Effect of deductible losses in deferred income tax assets not recognized	
in current year or effect of deductible loss	4,065,311.22
Additional deduction of research and development expenses	-12,399,949.51
Income tax expenses	-41,591,258.82

Other explanation: □ Applicable ✓ Not Applicable

77. Other comprehensive income

✓ Applicable □ Not Applicable

For details, please see the Note 57: Other comprehensive income

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

78. Items of statement of cash flow

(1). Other cash received related to operating activities

 \checkmark Applicable \Box Not Applicable

Unit: RMB

Item	Amount for the current period	Amount for the last period
Government grants received	21,202,822.00	36,050,515.05
Collection of project fees and return of advances	3,902,100.00	6,287,745.83
Deposit and guarantee refund	2,806,659.80	954,671.97
Interest income	11,620,372.52	16,078,702.02
Current accounts	5,200,000.00	
Others	907,078.95	2,077,523.78
Total	45,639,033.27	61,449,158.65

Description of other cash received related to operating activities: Nil

(2). Other cash paid related to operating activities

✓ Applicable □ Not Applicable

Unit: RMB

Item	Amount for the current period	Amount for the last period
Operating expenses	49,982,356.63	38,195,850.21
Prepaid expenses such as rental properties	21,877,220.61	11,631,446.68
Transportation fee, technology development fee, etc.	11,082,532.68	20,687,284.01
Project fees paid on behalf	144,200.00	2,481,948.00
Frozen litigation		3,726,008.39
Others	2,874,348.69	5,981,717.87
Total	85,960,658.61	82,704,255.16

Description of other cash paid related to operating activities: Nil

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

78. Items of statement of cash flow (Continued)

- (3). Other cash received related to investment activities □ Applicable ✓ Not Applicable
- (4). Other cash paid related to investment activities □ Applicable ✓ Not Applicable

(5). Other cash received related to financing activities

✓ Applicable □ Not Applicable

Unit: RMB

Item	Amount for the current period	Amount for the last period
Collection of notes deposits	105,303,464.39	55,888,061.75
Total	105,303,464.39	55,888,061.75

Description of other cash received related to financing activities: Nil

(6). Other cash received related to financing activities

✓ Applicable □ Not Applicable

Unit: RMB

Item	Amount for the current period	Amount for the last period
Lease related expenses	11,029,030.84	6,958,303.53
Consulting service fee	20,619,069.81	1,840,612.49
Deposit for acceptance of bills	81,801,110.63	12,746,959.45
Total	113,449,211.28	21,545,875.47

Description of other cash received related to financing activities: Nil

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

79. Supplementary information to the statement of cash flows

(1). Supplementary information to the statement of cash flows

✓ Applicable □ Not Applicable

Amount for Amount for Supplementary information current period previous period 1. Adjustment of net profit to cash flows of operating activities: Net profit -200,938,323.60 -194,725,854.47 Add: Provision for impairment of assets 90,370,779.71 51,188,562.74 Credit impairment losses 30,797,642.94 172,829,874.33 Depreciation of fixed assets, consumption of oil and gas assets and depreciation of productive biological assets 41,417,265.77 26,390,569.30 Amortization of right-of-use assets 10,156,950.34 7,502,755.01 Amortization of intangible assets 23,874,307.25 8,430,495.50 Amortization of long-term deferred expenditures 6,136,445.36 10,399,188.40 Loss on disposal of fixed assets, intangible assets and other long-term assets ("-" for gains) 107.378.93 348.715.62 Losses on retirement of fixed assets ("-" for gains) 489,570.04 443,801.96 Losses from changes in fair value ("-" for gains) -165,123.28 -930,633.89 Financial expenses ("-" for gains) 7,335,912.04 5,915,771.00 Investment losses ("-" for gains) 13,176,079.55 3,294,231.53 Decrease in deferred income tax assets ("-" for increase) -41,429,764.59 -43,121,390.26 Increase in deferred income tax liabilities ("-" for decrease) 3,242,259,56 3.807.538.29 Decrease in inventories ("-" for increase) -91,826,613.08 -120,863,435.86 Decrease in operating receivables ("-" for increase) -330,667,697.60 -94,603,291.58 Increase in operating payables ("-" for increase) 99,598,727.57 46,063,296.70 Others 2,534,743.90 Net cash flows from operating activities -332,111,733.96 -121,307,530.91 2. Major investment and financing activities not involved cash receipts and payments: Conversion of debt to capital Convertible corporate bonds due within one year Fixed assets held under finance leases 3. Net change in cash and cash equivalents: Closing balance of cash 616,790,436.73 804,966,776.35 Less: Opening balance of cash 804,966,776.35 965,929,120.67 Add: Closing balance of cash equivalents Less: Opening balance of cash equivalents Net increase in cash and cash equivalents -188,176,339.62 -160,962,344.32

Unit: RMB

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

79. Supplementary information to the statement of cash flows (Continued)

- (2). Net cash paid for acquisition of subsidiaries in the current period □ Applicable ✓ Not Applicable
- (3). Net cash received from disposal of subsidiaries during the period □ Applicable ✓ Not Applicable

(4). Composition of cash and cash equivalents

 \checkmark Applicable \Box Not Applicable

Unit: RMB

Item		Closing balance	Opening balance
Ι.	Cash	616,790,436.73	804,966,776.35
	Including: Cash on hand	125,469.76	109,011.49
	Bank deposits available for payment	594,654,819.95	804,857,764.86
	Other monetary funds available for payment	22,010,147.02	
II.	Cash equivalents		
	Including: Bond investments due within three months		
III.	Cash and cash equivalents at the end of the period	616,790,436.73	804,966,776.35
	Including: Restricted cash and cash equivalents of the listed		
	company or subsidiaries of the Group		

Other explanation: □ Applicable ✓ Not Applicable

80. Notes to items of statements of changes in owners' equity

Explanation on item names and adjusted amounts of "other" items adjusted for the closing balance of the previous year:

□ Applicable 🖌 Not Applicable

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

81. Assets with restricted ownership or right-of-use

Unit: RMB

Item	Closing book value	Reason for restriction
Monetary funds Monetary funds	29,303,973.61 3,726,008.39	Security deposit Frozen funds for
Monetary funds Monetary funds	41,800.00 25,775.34	litigation Performance bond Accrued interest
Fixed assets	19,107,251.14	not yet due Mortgage of buildings
Receivables financing	9,716,923.51	Bill pool pledge
Total	61,921,731.99	/

Other explanation: Nil

82. Foreign currency monetary items

(1). Foreign currency monetary items

Unit: RMB

ltem	Balance of foreign currency at the end of the period	Exchange rate	Balance in RMB equivalent at the end of the period
Cash and cash equivalents	-	-	
Including: US Dollar	0.1	6.9646	0.70
Account payables	-	-	
Including: US Dollar	39,323.44	6.9646	273,872.03
Hong Kong Dollar	11,795,699.84	0.8933	10,537,098.67

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

82. Foreign currency monetary items (Continued)

(2). Description of overseas operating entities, including major overseas operating entities, which should disclose their overseas principal places of business, functional currency and basis of selection. Reasons shall be disclosed if there is any change in the functional currency

 \Box Applicable \checkmark Not Applicable

83. Hedging

Applicable Not Applicable

84. Government grants

(1). Basic information of government grants

 \checkmark Applicable \Box Not Applicable

Unit: RMB

Туре	Amount	ltem	Amount included in current profit or loss
Government grants included in deferred income	18,352,600.00	Deferred income	20,989,978.15
Government grants included in other income	35,719,082.79	Other income	14,729,104.64
Government grants included in non-operating	13,700.90	Non-operating	13,700.90
income		income	
Total	54,085,383.69		35,732,783.69

(2). Refund of government grants

□ Applicable ✔ Not Applicable

Other explanations: Nil

85. Others

🗆 Applicable 🖌 Not Applicable

VI. CHANGE IN CONSOLIDATION SCOPE

1. Business combination not under common control

□ Applicable 🖌 Not Applicable

2. Business combination under common control

 \Box Applicable \checkmark Not Applicable

3. Counter purchase

Applicable Not Applicable

4. Disposal of subsidiaries

Whether there is a single disposal of investment in a subsidiary that leads to loss of control \Box Applicable \checkmark Not Applicable

Other explanation: □ Applicable ✓ Not Applicable

5. Changes in scope of consolidation for other reasons

Explanation of changes in the scope of consolidation due to other reasons (e.g. establishment of new subsidiaries and liquidation of subsidiaries, etc.) and relevant information: ✓ Applicable □ Not Applicable

(I) Subsidiaries newly included in the scope of consolidation during the period

Name	Reason for changes
Zhengzhou SinoHytec Power Technology Co., Ltd.	Newly established
Tangshan SinoFuelCell Co., Ltd.	Newly established

(II) Subsidiaries deregistered during the period

Beijing Qinggu Technology Co., Ltd., a second-tier subsidiary of the Company, completed the cancelation procedures in October 2022, and was no longer included in the scope of consolidation after the cancelation.

6. Others

Applicable Not Applicable

VII. INTERESTS IN OTHER ENTITIES

1. Interests in subsidiaries

(1). Constitution of enterprise group

 \checkmark Applicable \Box Not Applicable

Name of subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding (%) Direct Indirect	Method of acquisition
SinoHytec Power Technology Co., Ltd.	Zhangjiakou, China	Zhangjiakou, China	Production of fuel cell power system	100.00	Establishment through investment
Shanghai SinoFuelCell Co., Ltd.	Shanghai, China	Shanghai, China	Design and development of fuel cell reactors	25.601	Equity Transfer
Shanghai Shenrong New Energy Technology Co., Ltd.	Shanghai, China	Shanghai, China	Production of fuel cell reactors	25.601	Equity Transfer
Beijing Shenchuan Technology Co., Ltd.	Beijing, China	Beijing, China	Technology development and sales of auto parts	25.601	Establishment through investment
Tangshan SinoFuelCell Technology Co., Ltd.	Tangshan, China	Tangshan, China	New energy technology promotion	25.601	Establishment through investment
Guochuang Hebei Hydrogen Energy Industry Innovation Center Co., Ltd.	Zhangjiakou, China	Zhangjiakou, China	Technology development	100.00	Establishment through investment
Beijing Future Hydrogen Valley Technology Co., Ltd.	Beijing, China	Beijing, China	Technology development	100.00	Establishment through investment
Beijing Qinggu Technology Co., Ltd.	Beijing, China	Beijing, China	Technology development	100.00	Establishment through investment <i>(Note 1)</i>
Chengdu SinoHytec Power Technology Co., Ltd.	Chengdu, China	Chengdu Economic and Technological Development Zone, China	Technology development	100.00	Establishment through investment
Chengdu Guoqinghuatong Technology Co., Ltd.	Chengdu, China		New energy technology promotion	70.00	Establishment through investment

VII. INTERESTS IN OTHER ENTITIES (Continued)

1. Interests in subsidiaries (Continued)

(1). Constitution of enterprise group (Continued)

Name of subsidiary	Principal place of business	Place of registration	Nature of business	Shareholdi	ng (%)	Method of acquisition
		5		Direct	Indirect	
Beijing Juxinghuatong Hydrogen Energy Technology Co., Ltd.	Beijing	Beijing	New energy technology promotion	100.00		Establishment through investment
Shandong Huaqing Dongli Technology Co., Ltd.	Zibo City	Zibo City	New energy technology promotion	100.00		Establishment through investment
Hubei Guochuang Hydrogen Power Technology Co., Ltd.	Wuhan	Wuhan	New energy technology promotion	50.00		Establishment through investment
Tangshan Qianchen New Energy Development Co., Ltd.	Tangshan	Tangshan	New energy technology promotion	80.00		Establishment through investment
Zhengzhou SinoHytec Power Technology Co., Ltd.	Zhengzhou	Zhengzhou	New energy technology promotion	100.00		Establishment through investment

Note 1: Beijing Qinggu Technology Co., Ltd. was deregistered in October 2022.

Note 2: As of December 31, 2022, Guochuang Hebei Hydrogen Energy Industry Innovation Center Co., Ltd. and Hubei Guochuang Hydrogen Power Technology Co., Ltd. have not yet commenced specific business.

VII. INTERESTS IN OTHER ENTITIES (Continued)

1. Interests in subsidiaries (Continued)

(1). Constitution of enterprise group (Continued)

Explanation of the shareholding proportion is not equal to the voting right ratio in the subsidiary: The Company entered into the Voting Rights Proxy Agreement with Shanghai Shenjie New Energy Technology Center (Limited Partnership), a shareholder of Shanghai SinoFuelCell Technology Co., Ltd. (holding 10.8091%). Pursuant to the agreement, Shanghai Shenjie New Energy Technology Center (Limited Partnership) agreed to unconditionally and irrevocably entrust the Company to exercise the voting rights corresponding to the entire equity interests in SinoFuelCell, including the rights to earnings, dividends and disposal, with a term of not less than 5 years.

The basis for holding half or less than half of the voting rights but still controlling the investee, and holding more than half of the voting rights but not controlling the investee:

The Company directly holds 25.601% equity interest in Shanghai SinoFuelCell Co., Ltd. (hereinafter referred to as "Shanghai SinoFuelCell"). In 2019, the Company entered into the Voting Rights Proxy Agreement with Shanghai Shenjie New Energy Technology Center (Limited Partnership), a shareholder of Shanghai SinoFuelCell Co., Ltd. (holding 10.8091%) in 2019. Pursuant to the agreement, Shenjie New Energy agreed to unconditionally and irrevocably entrust the Company to exercise its rights to all of its equity interests in Shanghai SinoFuelCell, including voting rights other than income, dividends and disposals. The entrustment period shall be from the effective date of the agreement to the date when both parties unanimously agree to terminate the agreement, and the entrustment period shall not be less than 5 years. In addition, at the governance level, Shanghai SinoFuelCell has a total of 7 members in the board of directors, 4 of which are appointed by the Company and the chairman is a director appointed by the Company. Therefore, the Company can effectively control the decision-making of the board of directors of Shanghai SinoFuelCell.

The Company directly holds 50% equity interest in Hubei Guochuang Hydrogen Power Technology Co., Ltd. At the same time, in terms of governance, Hubei Guochuang Hydrogen Power Technology Co., Ltd. has five members in the board of directors, of which 3 members are appointed by the Company and the chairman is a director appointed by the Company. Therefore, the Company can actually control the decision of the board of directors of Hubei Guochuang Hydrogen Power Technology Co., Ltd.

Basis for control over significant structured entities included in the consolidation scope: Nil

Basis for determining whether the company is an agent or a principal: Nil

Other explanation: Nil

VII. INTERESTS IN OTHER ENTITIES (Continued)

1. Interests in subsidiaries (Continued)

(2). Significant non-wholly owned subsidiaries

✓ Applicable □ Not Applicable

Unit: RMB

Name of subsidiary	Shareholding of minority shareholders	Profit or loss attributable to minority shareholders in the current period	Dividends declared to minority shareholders in the current period	Closing balance of minority interests
Shanghai SinoFuelCell				
Co., Ltd.	74.399	-28,271,593.81	0.00	401,933,134.28

Explanation of the shareholding proportion of minority shareholders is not equal to the voting right ratio in the subsidiary:

 \checkmark Applicable \Box Not Applicable

See this Note 1. (1) for details.

Other explanation: □ Applicable ✓ Not Applicable

VII. INTERESTS IN OTHER ENTITIES (Continued)

1. Interests in subsidiaries (Continued)

(3). Main financial information of significant non-wholly-owned subsidiaries ✓ Applicable □ Not Applicable

	Closing balance							Opening balance				
		Non-			Non-			Non-			Non-	
Name of	Current	current	Total	Current	current	Total	Current	current	Total	Current	current	Total
subsidiary	assets	assets	assets	liabilities	liabilities	liabilities	assets	assets	assets	liabilities	liabilities	liabilities
Shanghai SinoFuelCell												
Co., Ltd.	66,339.35	27,508.51	93,847.86	33,088.48	6,338.65	39,427.13	60,429.71	21,953.58	82,383.28	22,635.08	4,000.02	26,635.10

Unit: RMB0'000

		Amount for the	current period	nt period Amount for the last period				
				Cash flows				Cash flows
			Total	from			Total	from
	Operating	C	omprehensive	operating	Operating		comprehensive	operating
Name of subsidiary	income	Net profit	income	activities	income	Net profit	income	activities
Shanghai SinoFuelCell Co., Ltd.	36,034.01	-4,313.36	-4,313.36	-27,295.89	15,117.45	-5,595.44	-5,595.44	-7,602.84

Other explanation: Nil

- (4). Significant restrictions on the use of assets and settlement of debts of the Group □ Applicable ✓ Not Applicable
- (5). Financial support or other support provided to structured entities included in the scope of consolidated financial statements
 □ Applicable ✓ Not Applicable

Other explanation: □ Applicable ✓ Not Applicable

2. Transactions in which the share of owner's equity in the subsidiary changes and still controls the subsidiary

□ Applicable 🖌 Not Applicable

VII. INTERESTS IN OTHER ENTITIES (Continued)

3. Interests in joint ventures or associates

✓ Applicable □ Not Applicable

(1). Significant joint ventures or associates

Unit: RMB

Name of joint venture or associate	Principal place of business	Place of registration	Nature of business	Shareholdir	ng (%)	Accounting treatment of investments in joint ventures or associates
				Direct	Indirect	
Toyota Sinohytec Fuel Cell Co., Ltd.	Beijing	Beijing	Technology promotion	50		Equity method
Zhangjiakou Haiper New Energy Technology Co., Ltd.	Zhangjiakou	Zhangjiakou	Technology promotion		26.22	Equity method
United Fuel Cell System R&D (Beijing) Co., Ltd.	Beijing	Beijing	Technology promotion	15		Equity method

Explanation of the shareholding proportion is not equal to the voting right ratio in joint ventures or associates: Nil

The basis for holding less than 20% of the voting rights but having significant influence, or holding 20% or more of the voting rights but without significant influence:

The Company holds 15% equity interest in United Fuel Cell System R&D (Beijing) Co., Ltd., and the voting right in United Fuel Cell System R&D (Beijing) Co., Ltd. is also 15%. Although the percentage is less than 20%, the Company is able to exercise significant influence over United Fuel Cell System R&D (Beijing) Co., Ltd. as the Company has representatives on the board of directors of United Fuel Cell System R&D (Beijing) Co., Ltd. and participates in the financial and operating policy decisions.

VII. INTERESTS IN OTHER ENTITIES (Continued)

3. Interests in joint ventures or associates (Continued)

(2). Main financial information of significant joint ventures

Unit: RMB

	Closing balance/ amount for the current period Toyota Sinohytec Fuel Cell Co., Ltd.	Opening balance/ amount for previous period Toyota Sinohytec Fuel Cell Co., Ltd.
Current assets	178,855,271.75	255,153,840.51
Including: Cash and cash equivalents	94,104,430.94	201,571,169.40
Non-current assets	83,785,906.59	15,715,270.81
Total assets	262,641,178.34	270,869,111.32
Current liabilities	32,676,193.22	11,087,039.34
Non-current liabilities	2,226,548.75	3,405,998.65
Total liabilities	34,902,741.97	14,493,037.99
Minority interests		
Equity attributable to shareholders of the listed company	227,738,436.37	256,376,073.33
Share in net assets calculated by shareholding ratio	113,869,218.19	128,188,036.67
Adjustments	-229,508.78	-5,695.01
- Goodwill		
- Others	-229,508.78	-5,695.01
Carrying amount of equity investment in joint ventures	113,639,709.41	128,182,341.66
Fair value of equity investments in joint ventures with public offer		
Operating income	38,068,930.87	25,851,798.86
Financial expenses	-2,645,789.14	-1,175,576.63
Income tax expenses		-457,925.66
Net profit	-28,637,636.96	-9,460,716.67
Net profit from discontinued operations		
Other comprehensive income		
Total comprehensive income	-28,637,636.96	-9,460,716.67
Dividends received from joint ventures during the year	0.00	0.00

Other explanations: Nil

VII. INTERESTS IN OTHER ENTITIES (Continued)

3. Interests in joint ventures or associates (Continued)

(3). Main financial information of significant associates

 \checkmark Applicable \Box Not Applicable

Unit: RMB

	Closing b amount for the		Opening amount for pre	
	United Fuel Cell	New Energy	United Fuel Cell	New Energy
	System R&D	Technology	System R&D	Technology
	(Beijing) Co., Ltd.	Co., Ltd.	(Beijing) Co., Ltd.	Co., Ltd.
Current assets	91,244,735.83	62,069,947.57	71,966,036.57	61,353,919.36
Non-current assets	21,804,426.43	151,702,248.65	19,329,464.83	106,747,059.15
Total assets	113,049,162.26	213,772,196.22	91,295,501.40	168,100,978.51
Current liabilities	40,418,957.20	45,701,127.15	2,712,211.94	32,202,857.46
Non-current liabilities	1,974,823.08	16,058,375.00	7,652,070.79	16,186,250.00
Total liabilities	42,393,780.28	61,759,502.15	10,364,282.73	48,389,107.46
Minority interests				
Equity attributable to shareholders				
of the listed company	70,655,381.98	152,012,694.07	80,931,218.67	119,711,871.05
Share in net assets calculated by shareholding ratio	10,222,296.36	39,857,728.39	12,139,682.80	31,388,452.58
Adjustments	-135,952.32	8,910,373.49		43,609,984.46
– Goodwill		8,910,373.49		43,609,984.46
- Others	-135,952.32			
Carrying amount of equity investment in associates	10,086,344.04	48,768,101.88	12,139,682.80	74,998,437.04
Fair value of equity investments in associates with public offer				
Operating income	6,875,130.98	9,247,964.41	2,401,639.21	22,307,274.08
Net profit	-16,629,921.20	-9,169,115.37	-19,968,414.05	-2,042,383.24
Net profit from discontinued operations				
Other comprehensive income				
Total comprehensive income	-16,629,921.20	-9,169,115.37	-19,968,414.05	-2,042,383.24
Dividends received from associates during the year				

Other explanations:

Nil

VII. INTERESTS IN OTHER ENTITIES (Continued)

3. Interests in joint ventures or associates (Continued)

(4). Summary financial information of insignificant joint ventures and associates ✓ Applicable □ Not Applicable

Unit: RMB

	Closing balance/ amount for the current period	Opening balance/ amount for previous period
Joint ventures:		
Total book value of investments		
Total amount of the following items calculated on the basis of shareholding percentage – Net profit		
– Other comprehensive income		
– Total comprehensive income		
Associates:		
Total book value of investments	161,355,185.64	80,811,497.50
Total amount of the following items calculated on the basis of shareholding percentage		
– Net profit	3,030,483.86	2,425,096.26
- Other comprehensive income		
– Total comprehensive income	3,030,483.86	2,425,096.26

Other explanations: Nil

- (5). Explanation of significant restrictions for joint ventures or associates transferring funds to the Company
 □ Applicable ✓ Not Applicable
- (6). Excess loss incurred by joint ventures or associates □ Applicable ✓ Not Applicable
- (7). Unconfirmed commitments related to investments in joint ventures □ Applicable ✓ Not Applicable
- (8). Contingent liabilities related to investments in joint ventures or associates
 □ Applicable ✓ Not Applicable

VII. INTERESTS IN OTHER ENTITIES (Continued)

4. Significant joint operations

□ Applicable ✔ Not Applicable

5. Interests in structured entities not included in the scope of consolidated financial statements

Description of structured entities not included in the scope of consolidated financial statements: \Box Applicable \checkmark Not Applicable

6. Others

 \Box Applicable \checkmark Not Applicable

VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS

✓ Applicable □ Not Applicable

The Company's major financial instruments include cash at bank and on hand, equity investments, loans, receivables, and payables, etc. The Company is exposed to risks of various financial instruments in the daily activities, mainly including credit risk, liquidity risk, and market risk. The risks associated with these financial instruments and the risk management policies adopted by the Company to mitigate these risks are set out below:

The Board is responsible for planning and establishing the Company's risk management structure, formulating the Company's risk management policies and relevant guidelines, and supervising the implementation of risk management measures. The Company has formulated risk management policies to identify and analyze the risks faced by the Company. These risk management policies clearly stipulate specific risks, covering market risks, credit risks and liquidity risk management. The Company regularly evaluates changes in the market environment and the Company's operating activities to determine whether to update the risk management policies and systems. The Company diversifies the risks of financial instruments through appropriate diversification of investment and business portfolio, and reduces the risk of concentration on a single industry, a specific region or a specific counterparty by formulating corresponding risk management policies.

(I) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The management has established appropriate credit policies and continuously monitors the credit risk exposure.

The Company has adopted a policy of only dealing with creditworthy counterparties. In addition, the Company assesses the credit quality of a customer based on its financial position, the availability of guarantee from a third party, its credit history and other factors such as current market conditions. The Company continuously monitors the balance and collection of bills receivable and accounts receivable. For customers with poor credit history, the Company will use written payment reminders, shorten credit periods or cancel credit periods to ensure that the Company is not exposed to significant credit losses. In addition, the Company reviews the recovery of financial assets on each balance sheet date to ensure that adequate provision for expected credit losses is made for relevant financial assets.

Other financial assets of the Company include cash at bank and on hand, other receivables, etc. The credit risk of these financial assets arises from the default of the counterparty. The maximum credit risk exposure is the carrying amount of each financial asset in the balance sheet. The Company does not provide any other guarantees which would expose the Company to credit risk.

VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS (Continued)

(I) Credit risk (Continued)

Monetary funds held by the Company are mainly deposited in financial institutions such as state-owned banks and other large and medium-sized commercial banks. The management believes that these commercial banks have a high reputation and asset status, and there is no significant credit risk, and will not cause any significant losses due to the default of the counterparty. The Company's policy is to control the amount of deposits to be placed with various reputable financial institutions according to their market reputation, operating scale and financial background with a view to limiting the amount of credit exposure to any single financial institution.

As part of the Company's credit risk asset management, the Company uses aging, payment content, and customer nature, etc. to assess the impairment loss of accounts receivable and other receivables. The Company's accounts receivable and other receivables involve a large number of customers, and the aging information can reflect the solvency and bad debt risk of these customers for accounts receivable and other receivables. The Company calculates the historical actual bad debt rates for different aging periods based on historical data, and adjusts the expected loss rates by taking into account forward-looking information such as current and future economic forecasts.

		Provision for
Item	Book balance	impairment
Bills receivable	31,170,000.00	
Accounts receivable	1,449,557,628.00	366,523,698.54
Receivables financing	21,990,000.00	
Other receivables	39,174,893.94	12,903,130.48
Contract assets	44,128,201.99	10,408,444.18
Total	1,586,020,723.93	389,835,273.20

As at December 31, 2022, the carrying amount and expected credit loss of relevant assets are as follows:

As of December 31, 2022, the accounts receivable of the Company's top five customers accounted for 82.04% of the Company's total accounts receivable.

For bank wealth management products invested by the Company, the credit rating of the counterparties shall be higher than or same as that of the Company. Given their high credit ratings, management of the Company does not expect any counterparty to fail to meet its obligations.

VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS (Continued)

(II) Liquidity risk

Liquidity risk is the risk that the Company may encounter deficiency of funds in meeting obligations associated with cash or other financial assets settlement. Each member of the Company is responsible for its cash flow forecast. Based on the cash flow forecast results of each member company, the Company continuously monitors the short-term and long-term capital needs of the Company at the company level to ensure that sufficient cash reserves are maintained. At the same time, the Company continuously monitors whether it meets the requirements of the loan agreement and obtains commitments from major financial institutions to provide sufficient reserve funds to meet the short-term and long-term capital needs. In addition, the Company entered into facility agreements with its principal business banks to support the Company in fulfilling its obligations in relation to commercial bills. As of December 31, 2022, the Company had banking facilities of RMB965.4252 million granted by several domestic banks, of which RMB388.1715 million had been utilized.

As at December 31, 2022, the undiscounted contractual cash flows of the Company's financial liabilities and off-balance sheet guarantees by remaining contractual maturity are as follows:

	Closing balance							
ltem	Within 1 year	1-3 years	Over 3 years	Total				
Short-term borrowings	229,872,186.96			229,872,186.96				
Bills payable	114,143,006.75			114,143,006.75				
Trade payables	336,495,096.38	58,599,097.90	4,700,665.96	399,794,860.24				
Other payables	1,095,084.58	232,260.94	285,371.58	1,612,717.10				
Other current liabilities	11,614,079.94			11,614,079.94				
Long-term borrowings		19,417,783.33		19,417,783.33				
Total	693,451,715.55	78,016,881.23	4,986,037.54	776,454,634.32				

VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS (Continued)

(III) Market risk

1. Exchange rate risk

The Company's main operations are located in the PRC and its main businesses are settled in RMB. However, the Company is exposed to foreign exchange risk arising from the recognized assets and liabilities and future transactions denominated in foreign currencies, primarily with respect to US dollars. The finance department of the Company is responsible for monitoring the scale of foreign currency transactions and foreign currency assets and liabilities of the Company to minimize the exchange rate risk. In this regard, the Company will pay close attention to the foreign exchange rate on the public website of the SAFE in real time to avoid the exchange rate risk.

Except for purchases and sales denominated in US dollars and a small amount of Euro denominated in foreign currencies, the proportion of assets and liabilities denominated in foreign currencies held by the Company to the overall assets and liabilities is not significant. The management of the Company is of the opinion that, with all other variables held constant, the impact of reasonable exchange rate changes on current profit or loss and shareholders' equity before tax is minimal.

2. Interest rate risk

The Company's interest rate risk mainly arises from bank borrowings. Financial liabilities at floating rates expose the Company to cash flow interest rate risk, and financial liabilities at fixed rates expose the Company to fair value interest rate risk. The Company determines the relative proportion of fixed rate and floating rate contracts based on the prevailing market conditions.

The finance department of the Company continuously monitors the interest rate level of the Company. Increases in interest rates will increase the cost of new interest-bearing borrowings and the interest expenses with respect to the Company's outstanding floating rate interest-bearing borrowings, and adversely affect the Company's financial performance. The management will make timely adjustments according to the latest market conditions.

3. Price risk

Price risk refers to the risk of fluctuation resulting from changes in market prices other than exchange rate risk and interest rate risk, mainly due to changes in commodity prices, stock market index, equity instrument prices and other risk variables.

IX. DISCLOSURE OF FAIR VALUE

1. Fair value of assets and liabilities measured at fair value at the end of the period

\checkmark Applicable \Box Not Applicable

Unit: RMB

ltem		Level 1 fair value measurement	Fair value at the en Level 2 fair value measurement	d of the period Level 3 fair value measurement	Total
l. Co	ontinuous fair value measurement				
(I)				25,165,123.28	25,165,123.28
	1. Financial assets at fair value through profit or loss				
	in the current period				
	(1) Debt instrument investments				
	(2) Equity instrument investment				
	(3) Derivative financial assets				
	2. Financial assets designated at fair value through				
	profit or loss				
	(1) Debt instrument investments				
	(2) Equity instrument investment				
(11)					
(173,500,000.00	173,500,000.0
(IV	,				
	1. Land use rights for lease purpose				
	2. Leased buildings				
	3. Land use rights held for transfer after appreciation				
(V					
	1. Consumable biological assets				
	2. Productive biological assets				
(V	, ,			21,990,000.00	21,990,000.0
	II) Other non-current financial assets			2,800,000.00	2,800,000.0
	otal assets measured at fair value on a recurring basis			223,455,123.28	223,455,123.2
(VI					
	1. Financial liabilities at fair value through profit or				
	loss in the current period				
	Including: Held-for-trading bond investments				
	issued Derivative financial liabilities				
	Others				
	 Financial liabilities designated at fair value through profit or loss 				
То	otal liabilities measured at fair value on a recurring basis				
	on-continuous fair value measurement				
1. INC ()					
(-)	ssets measured at fair value on a non-recurring basis				
	abilities measured at fair value on a non-recurring basis				

IX. DISCLOSURE OF FAIR VALUE (Continued)

2. Basis for determining market price of level-1 fair value measurement items on a recurring or non-recurring basis

□ Applicable 🖌 Not Applicable

3. Level 2 fair value measurement items on a recurring or non-recurring basis, valuation techniques used and qualitative and quantitative information of important parameters

□ Applicable ✔ Not Applicable

4 Level 2 fair value measurement items on a recurring or non-recurring basis, valuation techniques used and qualitative and quantitative information of important parameters

✓ Applicable □ Not Applicable

For financial assets held for trading, fair value is determined based on the estimated recoverable amount according to the agreement.

For notes receivable held, the fair value is determined using the nominal amount.

The fair values of unlisted equity instruments and equity investments are mainly determined by the valuation conducted by a third party agency.

5. Level 3 fair value measurement items on a recurring basis, reconciliation information between opening and closing carrying amount and sensitivity analysis of unobservable parameters

□ Applicable 🖌 Not Applicable

6. Continuous fair value measurement item: if any conversion occurs between levels during the period, reason for the conversion and policy to determine the time point of the conversion

□ Applicable ✔ Not Applicable

IX. DISCLOSURE OF FAIR VALUE (Continued)

7. Changes of valuation techniques during the period and reasons for changes

□ Applicable ✔ Not Applicable

8. Fair value of financial assets and financial liabilities that are not measured at fair value

✓ Applicable □ Not Applicable

Financial assets and liabilities not measured at fair value mainly include receivables, short-term borrowings, payables, non-current liabilities due within one year and long-term borrowings.

The carrying amounts of the above financial assets and liabilities not measured at fair value are a reasonable approximation of their fair values.

9. Others

□ Applicable 🖌 Not Applicable

X. RELATED PARTIES AND CONNECTED TRANSACTIONS

1. Parent company of the Company

 \Box Applicable \checkmark Not Applicable

2. Subsidiaries of the Company

Details of the subsidiaries of the Company are set out in note \checkmark Applicable \square Not Applicable

Details of the subsidiaries of the Company are set out in Note IX (1) Interests in subsidiaries.

X. RELATED PARTIES AND CONNECTED TRANSACTIONS (Continued)

3. Joint ventures and associates of the Company

Details of significant joint ventures or associates of the Company are set out in Note \checkmark Applicable \Box Not Applicable

For details of the joint ventures and associates of the Company, please refer to Note IX (3) Interests in joint ventures or associates.

Information of other joint ventures or associates which entered into related party transactions with the Company during the current period, or form balance through related party transactions during the previous period: ✓ Applicable □ Not Applicable

Name of joint venture or associate	Relationship with the Company
Toyota Sinohytec Fuel Cell Co., Ltd.	Joint venture
Zhangjiakou Haiper New Energy Technology Co., Ltd.	Associate
Shanghai Maximfuelcell Technology Co., Ltd.	Associate
United Fuel Cell System R&D (Beijing) Co., Ltd.	Associate

Other explanations: □ Applicable ✓ Not Applicable

4. Other related parties

Name of other related parties	Relationship between other related parties and the Company
Shuimu Xingchuang (Beijing) Technology Development Co., Ltd.	Teng Renjie, a non-executive director of the Company, serves as a director of the company's controlling shareholder
Beijing Qingneng Huatong Technology Development Co., Ltd.	Teng Renjie, a non-executive Director of the Company, serves as a Director of the company
Yihydrogen Technology (Beijing) Co., Ltd.	Wholly-owned subsidiary of Shanghai Maximfuelcell, an associate of the Company
Beijing Shuimu Tongda Transportation Co., Ltd.	Wu Xiaohe holds the equity interest in Shuimu Tongda and serves as the general manager. Wu Xiaohe was the secretary to the Board of the Company in 2016.

Other explanations: Nil

X. RELATED PARTIES AND CONNECTED TRANSACTIONS (Continued)

5. Related party transactions

(1). Related party transactions on purchase and sale of goods, provision and receipt of services

Purchase of goods/receipt of services ✓ Applicable □ Not Applicable

Unit: RMB

Related parties	Description of related party transactions	Amount for the current period	Approved transaction amount (if applicable)	Whether the transaction amount has been exceeded (if applicable)	Amount for the last period
Shanghai Maximfuelcell Technology Co., Ltd.	Procurement of raw materials and assets	1,835,515.49	20,000,000.00	No	1,944,819.50
Yihydrogen Technology (Beijing) Co., Ltd.	Procurement of raw materials	4,599,999.83	-	-	
Shuimu Xingchuang (Beijing) Technology Development Co., Ltd.	Electricity fee, and property management fee, etc.	3,515,188.22	4,000,000.00	No	
Beijing Qingneng Huatong Technology Development Co., Ltd.	Electricity charges	203,778.77	-	-	273,016.10
Zhangjiakou Haiper New Energy Technology Co., Ltd.	Purchase of hydrogen and electricity	4,966,458.89	12,000,000.00	No	766,708.85
Beijing Shuimu Tongda Transportation Co., Ltd.	Advertising and rental expenses	-	5,000,000.00	No	1,753,739.92
Toyota Sinohytec Fuel Cell Co., Ltd.	Procurement of raw materials	8,544,959.17	60,000,000.00	No	23,729,664.93
Total		23,665,900.37	_	_	28,467,949.30

Note: Yihydrogen Technology (Beijing) Co., Ltd. is a wholly-owned subsidiary of Shanghai Maximfuelcell Technology Co., Ltd. and the two companies share a transaction amount of RMB20.00 million.

X. RELATED PARTIES AND CONNECTED TRANSACTIONS (Continued)

5. Related party transactions (Continued)

(1). Related party transactions on purchase and sale of goods, provision and receipt of services (Continued)

Sales of goods/rendering of services ✓ Applicable □ Not Applicable

Unit: RMB

Related parties	Description of related party transactions	Amount for the current period	Amount for the last period
Shanghai Maximfuelcell Technology Co., Ltd. United Fuel Cell System R&D (Beijing) Co., Ltd.	Sales of electric reactors, and accessories, etc. Sales of materials and technical service fees	1,095,264.64 8,188,394.90	35,398.23
Toyota Sinohytec Fuel Cell Co., Ltd. Total	Sales of materials, technical service fee, processing fee	12,141,910.68	3,476,284.87

Description of related party transactions on purchase and sale of goods, provision and receipt of services \Box Applicable \checkmark Not Applicable

(2). Related party trusteeship/contractual operation/outsourcing

Table of trusteeship/contractual operation of the Company: □ Applicable ✓ Not Applicable

Description of related trusteeship/contractual operation \Box Applicable \checkmark Not Applicable

Table of entrusted management/outsourcing of the Company \Box Applicable \checkmark Not Applicable

Description of related party management/outsourcing □ Applicable ✓ Not Applicable

X. RELATED PARTIES AND CONNECTED TRANSACTIONS (Continued)

5. Related party transactions (Continued)

(3). Leases with related parties The Company as lessor: □ Applicable ✓ Not Applicable

The Company as lessee: □ Applicable ✓ Not Applicable

Description of related party leases □ Applicable ✓ Not Applicable

X. RELATED PARTIES AND CONNECTED TRANSACTIONS (Continued)

5. Related party transactions (Continued)

(4). Related party guarantees

The Company as the guarantor

✓ Applicable □ Not Applicable

Unit: RMB

Guaranteed party	Amount guaranteed	Commencement date of guarantee	Maturity date of guarantee	Whether the guarantee has been fulfilled
SinoHytec Power Technology Co., Ltd.	10,000,000.00	2021/8/16	2022/2/16	Yes
SinoHytec Power Technology Co., Ltd.	2,900,175.00	2022/1/1	2022/12/29	Yes
SinoHytec Power Technology Co., Ltd.	1,440,325.00	2022/1/19	2026/1/19	No
SinoHytec Power Technology Co., Ltd.	4,637,870.50	2022/1/18	2026/1/18	No
Chengdu SinoHytec Power Technology Co., Ltd.	4,322,709.00	2021/12/2	2022/6/2	Yes
Chengdu SinoHytec Power Technology Co., Ltd.	723,600.00	2021/12/16	2022/6/16	Yes
Chengdu SinoHytec Power Technology Co., Ltd.	1,991,691.00	2021/12/28	2022/6/28	Yes
Chengdu SinoHytec Power Technology Co., Ltd.	2,289,870.00	2022/1/26	2022/7/26	Yes
Chengdu SinoHytec Power Technology Co., Ltd.	2,189,634.00	2022/3/28	2022/9/28	Yes
Chengdu SinoHytec Power Technology Co., Ltd.	1,072,686.04	2022/5/26	2022/11/26	Yes
Chengdu SinoHytec Power Technology Co., Ltd.	500,000.00	2022/6/27	2022/12/27	Yes
Chengdu SinoHytec Power Technology Co., Ltd.	1,345,403.00	2022/7/22	2026/1/22	No
Chengdu SinoHytec Power Technology Co., Ltd.	624,945.00	2022/8/10	2026/2/10	No
Chengdu SinoHytec Power Technology Co., Ltd.	7,506,923.51	2022/9/28	2026/3/28	No
Total	41,545,832.05			

X. RELATED PARTIES AND CONNECTED TRANSACTIONS (Continued)

5. Related party transactions (Continued)

(4). Related party guarantees (Continued)

The Company as the guaranteed party ✓ Applicable □ Not Applicable

Unit: RMB

Guarantor	Amount guaranteed	Commencement date of guarantee	Maturity date of guarantee	Whether the guarantee has been fulfilled
Zhang Guoqiang, Xu Huini, and SinoHytec				
Power Technology Co., Ltd.	4,000,000.00	2020/10/27	2022/3/4	Yes
Zhang Guoqiang, Xu Huini, and SinoHytec				
Power Technology Co., Ltd.	14,000,000.00	2020/10/27	2022/5/5	Yes
Zhang Guoqiang	10,000,000.00	2021/3/31	2022/3/30	Yes
Zhang Guoqiang	10,000,000.00	2021/4/1	2022/3/30	Yes
Zhang Guoqiang	24,000,000.00	2021/7/23	2022/7/22	Yes
Total	62,000,000.00			

Description of related party guarantees \Box Applicable \checkmark Not Applicable

(5). Related party borrowings

✓ Applicable □ Not Applicable

Unit: RMB

Related parties	Borrowings	Commencement date	Expiry date	Description
Lending				
Zhangjiakou Haiper New Energy Technology Co., Ltd.	24,246,979.33	January 1, 2019	December 31, 2023	
Total	24,246,979.33			

X. RELATED PARTIES AND CONNECTED TRANSACTIONS (Continued)

5. Related party transactions (Continued)

(6). Assets transfer and debt restructuring of related parties □ Applicable ✓ Not Applicable

(7). Emolument of key management

✓ Applicable □ Not Applicable

Unit: RMB0'000

Item	Amount for the current period	Amount for the last period
Emolument of key management	8,180,491.26	7,955,596.63

(8). Other related party transactions

✓ Applicable □ Not Applicable

Related parties	Content of related party transactions	Current period	Amount for the previous period
Zhangjiakou Haiper New Energy Technology Co., Ltd.	Interest income	1,652,554.66	1,878,285.24
Total		1,652,554.66	1,878,285.24

X. RELATED PARTIES AND CONNECTED TRANSACTIONS (Continued)

6. Amounts due from/to related parties

(1). Receivables

✓ Applicable □ Not Applicable

Unit: RMB

		Closing balance		Opening	balance
			Provision		Provision
Item Name	Related parties	Book balance	for bad debts	Book balance	for bad debts
Accounts	United Fuel Cell System R&D (Beijing)				
receivable	Co., Ltd.	2,050,944.97	82,037.80	1,379,348.32	55,173.93
	Toyota Sinohytec Fuel Cell Co., Ltd.	13,724,391.73	561,316.55	2,661,382.06	106,455.28
	Shanghai Maximfuelcell Technology				
	Co., Ltd.	170,000.00	6,800.00		
Prepayments	Shanghai Maximfuelcell Technology				
	Co., Ltd.	100,828.15			
	Beijing Qingneng Huatong Technology				
	Development Co., Ltd.	50,530.72		40,720.55	
Other receivables	Shuimu Xingchuang (Beijing) Technology				
	Development Co., Ltd.	760,279.12			
	Zhangjiakou Haiper New Energy				
	Technology Co., Ltd.	29,708,400.39	12,753,130.48	38,321,389.29	11,271,644.36

(2). Payables

 \checkmark Applicable \Box Not Applicable

Unit: RMB

Item Name	Related parties	Closing book balance	Opening book balance
Trade payables	Shanghai Maximfuelcell Technology		
	Co., Ltd.	609,597.60	3,756,369.88
	Beijing Shuimu Tongda Transportation		
	Co., Ltd.	617,000.00	1,128,000.00
	Toyota Sinohytec Fuel Cell Co., Ltd.	12,281,487.14	26,750,084.99
	Shuimu Xingchuang (Beijing) Technology		
	Development Co., Ltd.	115,362.63	
	Yihydrogen Technology (Beijing) Co., Ltd.	857,024.75	
	Zhangjiakou Haiper New Energy		
	Technology Co., Ltd.	447,288.67	
Contract liabilities	Shanghai Maximfuelcell Technology Co., Ltd.		607,000.00
Other current liabilities	Shanghai Maximfuelcell Technology Co., Ltd.		78,910.00

X. RELATED PARTIES AND CONNECTED TRANSACTIONS (Continued)

7. Related party commitments

Applicable Not Applicable

8. Others

□ Applicable ✔ Not Applicable

XI. SHARE-BASED PAYMENTS

1. General information of share-based payment

 \Box Applicable \checkmark Not Applicable

2. Equity-settled share-based payment

 \Box Applicable \checkmark Not Applicable

3. Cash-settled share-based payment

 \Box Applicable \checkmark Not Applicable

4. Amendment and termination of share-based payment

 \Box Applicable \checkmark Not Applicable

5. Others

 \Box Applicable \checkmark Not Applicable

XII. COMMITMENTS AND CONTINGENCIES

1. Significant commitments

 \checkmark Applicable \Box Not Applicable

Significant external commitments, nature and amount at the balance sheet date

Lease contracts signed and being performed or to be performed and financial impact As at December 31, 2022, the Company, as the lessee, is required to aggregate future minimum lease payments under non-cancellable operating leases in respect of rentals for the following periods:

Period	December 31, 2022
One year after the balance sheet date	15,198,327.94

Save for the above commitments, as at December 31, 2022, the Company had no other significant commitments that should be disclosed but not disclosed.

2. Contingencies

- (1). Significant contingencies existing at the balance sheet date
 □ Applicable ✓ Not Applicable
- (2). To state that the Company has no material contingency that needs to be disclosed: □ Applicable ✓ Not Applicable

3. Others

Applicable Not Applicable

XIII. EVENTS AFTER THE BALANCE SHEET DATE

1. Significant non-adjustment items

✓ Applicable □ Not Applicable

Unit: HK\$100 million

ltem	Contents of undertakings	Impact on financial position and operating results	Reasons for impact cannot be estimated
Issuance of shares and bonds	As approved by the China Securities Regulatory Commission's Reply on Approving the Issuance of Overseas Listed Foreign Shares by Beijing SinoHytec Technology Co., Ltd. (Zheng Jian Xu Ke [2022] No. 2534) and The Stock Exchange of Hong Kong Limited, the Company publicly issued 17,628,000 overseas listed foreign shares (H shares) (before the exercise of the over-allotment option) on the Main Board of the Hong Kong Stock Exchange on January 12, 2023. The Chinese abbreviation of the Company's H shares is "億 華通", the English abbreviation is "SINOHYTEC", and the stock code is "2402". On February 3, 2023, the Company partially exercised the over-allotment option according to the capital market conditions, involving a total of 670,450 H shares (the "Over-allotment Shares"). The above Over-allotment Shares were listed and traded on the Main Board of the Hong Kong Stock Exchange on February 8, 2023. The Company received net proceeds of approximately HK\$1,022 billion.	10.22	

XIII. EVENTS AFTER THE BALANCE SHEET DATE (Continued)

2. Profit distribution

✓ Applicable □ Not Applicable

Unit: RMB

Proposed profit or dividend	0.00
Profit or dividend declared after consideration and approval	0.00

The Company proposed not to distribute cash dividends or issue bonus shares in 2022. The Company proposed to issue four bonus shares for every ten shares to all shareholders by way of conversion of capital reserve based on the total share capital registered on the record date for the implementation of equity distribution. The profit distribution and conversion of capital reserve into share capital plan for the year is subject to the consideration of the Board and the 2022 annual general meeting of the Company.

3. Sales return

Applicable Not Applicable

4. Explanation of other events after the balance sheet date

Applicable Not Applicable

XIV. OTHER SIGNIFICANT EVENTS

1. Early correction of accounting error

- (1). Retrospective restatement □ Applicable ✓ Not Applicable
- (2). Prospective application □ Applicable ✓ Not Applicable

2. Debt Restructuring

Applicable Not Applicable

XIV. OTHER SIGNIFICANT EVENTS (Continued)

- 3. Asset Replacement
- (1). Exchange of non-monetary assets
 □ Applicable ✓ Not Applicable
- (2). Other assets replacement □ Applicable ✓ Not Applicable

4. Annuity plan

□ Applicable 🖌 Not Applicable

5. Discontinued operation

□ Applicable ✔ Not Applicable

6. Segment information

- (1). Determination basis and accounting policies of reporting segments
 □ Applicable ✓ Not Applicable
- (2). Financial information of reportable segments
 □ Applicable ✓ Not Applicable

The Company's operating results are mainly derived from the sales of hydrogen fuel cell systems and related technology development services. The Company has not established a specific organizational structure and reporting system for various businesses. Therefore, the Company considers that there is no reportable segment.

(4). Other explanations

 \Box Applicable \checkmark Not Applicable

XIV. OTHER SIGNIFICANT EVENTS (Continued)

7. Other material transactions and matters affecting investors' decisions

□ Applicable ✔ Not Applicable

8. Others

 \checkmark Applicable \Box Not Applicable

1. Remuneration of Directors and Supervisors

Directors' and supervisors' remuneration for the year, which are disclosed pursuant to the applicable Listing Rules and Hong Kong Companies Ordinance, is as follows:

Unit: RMB0'000

				Benefit	
				expenses	
				such as	
			t	hose related	
		Salaries,	to	o retirement,	
		allowances	he	althcare and	
2022	Fees	and benefits	Bonus	housing	Total
Executive Directors					
Zhang Guoqiang		84.60	38.00	12.15	134.75
Zhang He (Note 1)		16.30	-	-	16.30
Dai Dongzhe <i>(Note 2)</i>		33.02	30.00	7.40	70.41
Song Haiying		56.60	44.00	12.15	112.75
Non-executive					
Directors					
Wu Yong		-	-	-	-
Teng Renjie		-	-	-	-
Independent non-					
executive directors					
Fang Jianyi		12.00	-	-	12.00
Zhang Jinhua <i>(Note 3)</i>		-	-	-	-
Liu Xiaoshi		8.00	-	-	8.00
Ji Xuehong		12.00	-	-	12.00
Supervisors					
Zhang He		24.06	10.29	-	34.36
Zhou Pengfei <i>(Note 4)</i>		15.11	-	4.76	19.87
Dai Dongzhe		23.58	-	4.76	28.34
Qiu Qing		-	-	-	-
Teng Zhaojun <i>(Note 5)</i>		19.35	8.17	7.40	34.92
Wang Shanshan		-	-	-	-
Total	-	304.62	130.46	48.61	483.70

XIV. OTHER SIGNIFICANT EVENTS (Continued)

8. Others (Continued)

1. Remuneration of Directors and Supervisors (Continued)

			Be	nefit expenses	
				such as	
				those related	
		Salaries,		to retirement,	
		allowances	h	ealthcare and	
2021	Fees	and benefits	Bonus	housing	Total
Executive Directors					
Zhang Guoqiang		74.60	38.00	11.14	123.74
Zhang He		40.32	10.29	-	50.61
Song Haiying		53.27	44.00	11.14	108.40
Non-executive					
Directors					
Wu Yong		-	-	-	-
Teng Renjie		-	-	-	-
Independent non-					
executive Directors		-	-	-	
Fang Jianyi		12.00	-	-	12.00
Zhang Jin Hua		12.00	-	-	12.00
Liu Xiaoshi		-	-	-	-
Supervisors					
Dai Dongzhe		53.27	30.00	11.14	94.40
Qiu Qing		-	-	-	-
Zhou Pengfei		36.60	15.40	11.34	63.34
Wang Shanshan		-	-	-	-
Total	_	282.05	137.69	44.74	464.49

Note 1: Zhang He resigned as an executive Director of the Company and was appointed as a Supervisor of the Company with effect from May 24, 2022. His remuneration as an executive Director covers the period from January to May, and his remuneration as a supervisor covers the period from June to December;

Note 2: Dai Dongzhe resigned as a Supervisor of the Company and was appointed as an executive Director of the Company with effect from May 24, 2022. Her remuneration as a supervisor covers the period from January to May, and her remuneration as an executive director covers the period from June to December;

Note 3: Zhang Jinhua resigned as an independent non-executive Director of the Company with effect from January 10, 2022 due to personal work arrangements;

Note 4: Zhou Pengfei resigned as a Supervisor of the Company with effect from May 24, 2022 due to personal work arrangements. His remuneration as an executive Director covers the period from January to May;

Note 5: Mr. Teng Zhaojun has been appointed as a Supervisor of the Company since May 24, 2022, and his remuneration as a Supervisor covers the period from June to December;

During the year, no directors waived or agreed to waive any emoluments. No emoluments were paid by the Company to the Directors or Supervisors as an inducement to join or upon joining the Company or as compensation for loss of office.

XIV. OTHER SIGNIFICANT EVENTS (Continued)

8. Others (Continued)

2. Five highest paid employees during the year

Five highest paid employees for the year include two directors (2021: two directors), whose remuneration s have been reflected in "1. Directors' and Supervisors' emoluments". Details of remunerations of the remaining three employees are as follows:

Unit: RMB0'000

	2022	2021
Salaries, allowances and bonuses Benefit expenses such as those related to retirement,	310.17	341.32
healthcare and housing	36.46	35.33
Total	346.63	376.65

The number of the highest paid employees (including Directors) whose remuneration fell within the following bands is as follows:

	2022	2021
- RMB0- RMB1,000,000		
RMB1,000,001 - RMB1,250,000	3	3
RMB1,250,001 - RMB1,500,000	2	2
Total	5	5

During the year, no emoluments were paid by the Company to the five highest paid employees of the Company as an inducement to join or upon joining the Company or as compensation for loss of office.

XV. NOTES TO MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE PARENT

1. Account receivables

(1). Disclosure by aging

✓ Applicable □ Not Applicable

Closing book balance Age Within 1 year Including: Sub-items within 1 year Sub-total within 1 year 442,731,132.92 1 to 2 years 233,655,565.65 2 to 3 years 62,405,256.45 Over 3 years 3 to 4 years 50,091,121.76 4 to 5 years 4,393,701.85 Over 5 years 2,104,480.00 795,381,258.63 Total

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

 \checkmark Applicable \Box Not Applicable

Unit: RMB

Unit: RMB

	Closing balance						Opening balance			
	Book b	palance	Provision fo	r bad debts		Book b	Book balance Provision for bad debts			
Category	Amount	Percentage (%)	Amount	Percentage of provision (%)	Carrying value	Amount	Percentage (%)	Amount	Percentage of provision (%)	Carrying value
Provision for bad debts on individual basis Including:	10,121,380.00	1.27	10,033,380.00	99.13	88,000.00	13,121,380.00	1.95	11,989,242.00	91.37	1,132,138.00
Individual provision portfolio	10,121,380.00	1.27	10,033,380.00	99.13	88,000.00	13,121,380.00	1.95	11,989,242.00	91.37	1,132,138.00
Provision for bad debts on group basis Including:	785,259,878.63	98.73	35,809,821.97	4.56	749,450,056.66	658,617,012.20	98.05	21,477,529.20	3.26	637,139,483.00
Aging portfolio	404,415,155.29	50.85	35,809,821.97	8.85	368,605,333.32	306,924,465.54	45.69	21,477,529.20	7.00	285,446,936.34
Related party group	380,844,723.34	47.88		-	380,844,723.34	351,692,546.66	52.36			351,692,546.66
Total	795,381,258.63	100.00	45,843,201.97	5.76	749,538,056.66	671,738,392.20	100.00	33,466,771.20	4.98	638,271,621.00

XV. NOTES TO MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE PARENT (Continued)

1. Account receivables (Continued)

(2). Disclosure by classification with the method of provision for bad debt (Continued) Provision for bad debts on individual basis:

 \checkmark Applicable \square Not Applicable

Unit: RMB

	Closing balance				
	Book balance	Provision for bad debts	Percentage of provision (%)	Reasons for provision	
Shanghai Shenlong Bus Co., Ltd.	880,000.00	792,000.00	90.00	Expected recoverable amount is minimal	
Zhong Zhi Motor (Chun'an) Co., Ltd.	9,241,380.00	9,241,380.00	100.00	Expected to be unrecoverable	
Total	10,121,380.00	10,033,380.00	99.13	/	

Explanation of provision for bad debts on individual basis: \Box Applicable \checkmark Not Applicable

Provision for bad debts on group basis:

✓ Applicable □ Not Applicable

Items provided on group basis: Aging portfolio

Unit: RMB

	Closing balance				
	Account receivables	Provision for bad debts	Percentage of provision (%)		
Within 1 year	202,958,425.73	8,118,337.03	4.00		
1–2 years	161,841,769.10	9,710,506.15	6.00		
2-3 years	24,169,487.45	7,009,151.36	29.00		
3–4 years	8,947,291.16	4,473,645.58	50.00		
4–5 years	4,393,701.85	4,393,701.85	100.00		
Over 5 years	2,104,480.00	2,104,480.00	100.00		
Total	404,415,155.29	35,809,821.97			

Recognition standards and explanations for bad debts on a group basis: \Box Applicable \checkmark Not Applicable

XV. NOTES TO MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE PARENT (Continued)

1. Account receivables (Continued)

(3). Provision for bad debts

✓ Applicable □ Not Applicable

Unit: RMB

Category	Opening balance	Provision	Recovered or reversed	Written-back or written-off	Other changes	Closing balance
Accounts receivable subject to separate provision for bad debts Accounts receivable subject to	11,989,242.00	-155,862.00		1,800,000.00		10,033,380.00
provision by group Including: Accounts receivable provided for bad debts based on	21,477,529.20	16,663,530.00	2,331,237.23			35,809,821.97
aging analysis Related party portfolio within the scope of consolidation	21,477,529.20	16,663,530.00	2,331,237.23			35,809,821.97
Total	33,466,771.20	16,507,668.00	2,331,237.23	1,800,000.00		45,843,201.97

The significant amount of bad debt provision recovered or reversed in the current period: □ Applicable ✔ Not Applicable

(4). Accounts receivable written off during the period

 \checkmark Applicable \Box Not Applicable

Unit: RMB

	Amount
Item	written off
Accounts receivable actually written off	1,800,000.00

Information on write-off of significant accounts receivable □ Applicable ✓ Not Applicable

XV. NOTES TO MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE PARENT (Continued)

1. Account receivables (Continued)

(5). Top five accounts receivable by debtors at the end of the period ✓ Applicable □ Not Applicable

Unit: RMB

Company name	Closing balance	Percentage of total closing balance of accounts receivable (%)	Closing balance of provision for bad debts
Customer A	294,616,941.79	37.04	21,048,986.71
Beijing Juxinghuatong Hydrogen Energy Technology			
Co., Ltd	170,011,582.59	21.37	
SinoHytec Power Technology Co., Ltd.	117,728,278.83	14.8	
Customer K	48,189,471.25	6.06	1,927,578.85
Tangshan Qianchen New Energy Development Co., Ltd.	45,420,530.21	5.71	
Total	675,966,804.67	84.98	22,976,565.56

Other explanations: Nil

- (6). Accounts receivable derecognised due to transfer of financial assets □ Applicable ✓ Not Applicable
- (7). Amount of assets or liabilities transferred from accounts receivable with continuing involvement

□ Applicable ✔ Not Applicable

Other explanation: □ Applicable ✓ Not Applicable

XV. NOTES TO MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE PARENT (Continued)

2. Other receivables

Breakdown of item

✓ Applicable □ Not Applicable

Unit: RMB

Item	Closing balance	Opening balance
Interest receivables		
Dividend receivable		
Other receivables	407,178,851.58	378,344,313.89
Total	407,178,851.58	378,344,313.89

Other explanations:

✓ Applicable □ Not Applicable

Note: Other receivables in the above table refer to other receivables after deducting interests receivable and dividends receivable.

Interest receivables

- (1). Classification of interest receivables□ Applicable ✓ Not Applicable
- (2). Significant overdue interest □ Applicable ✓ Not Applicable
- (3). Provision for bad debts □ Applicable ✓ Not Applicable

Other explanations: □ Applicable ✓ Not Applicable

XV. NOTES TO MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE PARENT (Continued)

2. Other receivables (Continued)

Dividend receivable

- (4). Dividend receivable□ Applicable ✓ Not Applicable
- (5). Significant dividends receivable aged over one year
 □ Applicable ✓ Not Applicable
- (6). Provision for bad debts□ Applicable ✓ Not Applicable

Other explanations: □ Applicable ✓ Not Applicable

Other receivables

- (1). Disclosure by aging
 - ✓ Applicable □ Not Applicable

Age	Closing book balance
Within 1 year	
Including: Sub-items within 1 year	
Sub-total within 1 year	36,674,683.20
1 to 2 years	252,150,304.80
2 to 3 years	132,545,162.65
Over 3 years	
3 to 4 years	14,404.62
4 to 5 years	25,000.00
Over 5 years	
Total	421,409,555.27

XV. NOTES TO MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE PARENT (Continued)

2. Other receivables (Continued)

Other receivables (Continued)

- (2). Classified by nature
 - \checkmark Applicable \Box Not Applicable

Unit: RMB

Nature	Closing book balance	Opening book balance
Deposit Reserve funds	4,011,174.50 10,000.00	2,588,074.75 101,530.83
Current accounts with related parties within the scope of consolidation	416,560,241.11	389,396,081.65
Others	828,139.66	489,330.35
Total	421,409,555.27	392,575,017.58

(3). Provision for bad debts

 \checkmark Applicable \square Not Applicable

Provision for bad debts	Stage 1 Expected credit losses over the next 12 months	Stage 2 Lifetime expected credit losses (not credit-impaired)	Stage 3 Lifetime expected credit losses (credit- impaired)	Total
Balance at January 1, 2022 Balance at January 1, 2022 in the current period – Transfer to Stage 2 – Transfer to Stage 3 – Transfer back to Stage 2 – Transfer back to Stage 1 Provision for the period Reversal for the period	14,230,703.69			14,230,703.69
Written-back for the period Write-off for the period Other changes Balance at December 31, 2022	14,230,703.69			14,230,703.69

XV. NOTES TO MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE PARENT (Continued)

2. Other receivables (Continued)

Other receivables (Continued)

(3). Provision for bad debts (Continued)

Explanation on significant changes in the book balance of other receivables for which loss provision has changed in the period:

 \Box Applicable \checkmark Not Applicable

Amount of provision for bad debt for the period and basis for evaluating whether credit risk of financial instruments increase significantly: □ Applicable ✓ Not Applicable

(4). Provision for bad debts

✓ Applicable □ Not Applicable

Unit: RMB

	_		_			
Category	Opening balance	Provision	Recovered or reversed	Written-back or written-off	Other changes	Closing balance
Other receivables for which expected credit losses are provided on group basis Including: Other receivables provided for bad debts by related parties within the scope of consolidation Other receivables for which bad debt provision has been made	14,230,703.69 14,230,703.69					14,230,703.69 14,230,703.69
Total	14,230,703.69					14,230,703.69

The bad debt provision of significant amount reversed or recovered in the current period: \Box Applicable \checkmark Not Applicable

XV. NOTES TO MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE PARENT (Continued)

2. Other receivables (Continued)

Other receivables (Continued)

(5). Other receivables written off during the period
 □ Applicable ✓ Not Applicable

(6). Top five other receivables by debtors at the end of the period ✓ Applicable □ Not Applicable

Unit: RMB

Name of entity	Nature of amount	Closing balance	Age	Percentage of total closing balance of other receivables (%)	Provision for bad debts
SinoHytec Power Technology Co., Ltd.	Current accounts	401,560,241.11	0-2 years	95.29	14,230,703.69
Beijing Juxinghuatong Hydrogen Energy					
Technology Co., Ltd.	Current accounts	15,000,000.00	Within 1 year	3.56	
Beijing Dongsheng Bozhan Technology	Deposits and				
Development Co., Ltd.	guarantees	2,545,435.38	0-3 years	0.60	
Sany Automobile Manufacturing	Deposits and				
Co., Ltd.	guarantees	800,000.00	Within 1 year	0.19	
Housing fund	Others	533,668.47	Within 1 year	0.13	
Total	/	420,439,344.96	/	99.77	14,230,703.69

- (7). Receivables related to government grants□ Applicable ✓ Not Applicable
- (8). Other receivables derecognised due to transfer of financial assets
 □ Applicable ✓ Not Applicable
- (9). Amount of assets or liabilities resulting from transfer of other receivables and continuing involvement
 □ Applicable ✓ Not Applicable

Other explanations: □ Applicable ✓ Not Applicable

XV. NOTES TO MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE PARENT (Continued)

3. Long-term equity investments

 \checkmark Applicable \square Not Applicable

Unit: RMB

	Closing balance		Opening balance			
ltem	Book balance	Impairment provision	Carrying amount	Book balance	Impairment provision	Carrying amount
Investments in subsidiaries Investments in associates	394,654,820.00		394,654,820.00	341,924,820.00	I	341,924,820.00
and joint ventures	275,285,365.41		275,285,365.41	233,389,026.32		233,389,026.32
Total	669,940,185.41		669,940,185.41	575,313,846.32		575,313,846.32

(1). Investments in subsidiaries

			5 (Provision for	Closing balance
	Opening	Increase for	Decrease for	Closing	impairment for	of impairment
Investee	balance	the period	the period	balance	the period	provision
Shanghai SinoFuelCell Co., Ltd.	67,720,000.00			67,720,000.00		
SinoHytec Power Technology Co., Ltd.	214,604,820.00	30,000,000.00		244,604,820.00		
Beijing Future Hydrogen Valley						
Technology Co., Ltd.	30,000,000.00	15,500,000.00		45,500,000.00		
Chengdu Guoqinghuatong Technology						
Co., Ltd.	21,050,000.00			21,050,000.00		
Chengdu SinoHytec Power Technology						
Co., Ltd.	3,000,000.00			3,000,000.00		
Guochuang Hebei Hydrogen Energy						
Industry Innovation Center Co., Ltd.	1,050,000.00			1,050,000.00		
Shandong Huaqing Dongli Technology						
Co., Ltd.	1,500,000.00			1,500,000.00		
Beijing Juxinghuatong Hydrogen Energy						
Technology Co., Ltd.	3,000,000.00	3,000,000.00		6,000,000.00		
Tangshan Qianchen New Energy						
Development Co., Ltd.		1,000,000.00		1,000,000.00		
Zhengzhou SinoHytec Power						
Technology Co., Ltd.		3,230,000.00		3,230,000.00		
Total	341,924,820.00	52,730,000.00		394,654,820.00		

XV. NOTES TO MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE PARENT (Continued)

3. Long-term equity investments (Continued)

(2). Investments in associates and joint ventures

 \checkmark Applicable \Box Not Applicable

Unit: RMB

					Changes du	ing the period					
		Additional	Decrease in	Investment profit or loss recognized under equity	Adjustment to other comprehensive	Other changes in	Cash dividend or	Provision for impairment for the		Closing	Closing balance of impairment
Investee	Opening balance	investment	investment	method	income	equity	profit declared	period	Others	balance	provision
I. Joint ventures											
Toyota Sinohytec Fuel Cell Co., Ltd.	128,182,341.66			-14,343,734.03						113,838,607.63	
Sub-total	128,182,341.66			-14,343,734.03						113,838,607.63	
II. Associates											
Air Sinohytec Hydrogen Technology Co., Ltd.	23,032,248.72			-1,407,535.05						21,624,713.67	
United Fuel Cell System R&D (Beijing) Co., Ltd.	12,139,682.80			-2,027,516.02						10,112,166.78	
Shanghai Maximfuelcell Technology Co., Ltd.	16,630,981.11			-2,230,125.40		3,225,610.28				17,626,465.99	
Beijing Swift New Energy Technology Co., Ltd.	7,789,852.86			-2,730,375.64		6,255,345.29				11,314,822.51	
Beijing Shuimu Pilot Venture Capital Center	45,613,919.17	20,000,000.00		10,160,032.58						75,773,951.75	
Beijing Caven New Energy Automobile Co., Ltd.		25,000,000.00		-5,362.92						24,994,637.08	
Sub-total	105,206,684.66	45,000,000.00		1,759,117.55		9,480,955.57				161,446,757.78	
Total	233,389,026.32	45,000,000.00		-12,584,616.48		9,480,955.57				275,285,365.41	

Other explanations:

For details, please refer to Note VII (17) Long-term equity investment.

4. Operating income and operating costs

(1). Operating income and operating costs

✓ Applicable □ Not Applicable

	Amount f		Amount for the last period		
Item	Revenue	Cost	Revenue	Cost	
 Main business	414,934,777.43	255,525,895.75	474,184,510.12	324,638,689.37	
Other Businesses	969,674.98	969,674.98	355,263.56	295.76	
Total	415,904,452.41	256,495,570.73	474,539,773.68	324,638,985.13	

XV. NOTES TO MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE PARENT (Continued)

4. Operating income and operating costs (Continued)

(2). Revenue from contracts

 \checkmark Applicable \Box Not Applicable

Unit: RMB

Classification	Fuel cell system and related services	Total
Type of goods	415,904,452.41	415,904,452.41
Fuel cell system	255,616,752.91	255,616,752.91
Parts	79,868,384.19	79,868,384.19
Technology development and services	73,651,279.94	73,651,279.94
Others	6,768,035.37	6,768,035.37
By time of transfer of goods	415,904,452.41	415,904,452.41
At a point in time	415,904,452.41	415,904,452.41
Over time	-	-
Total	415,904,452.41	415,904,452.41

Explanation about revenue from contracts:

 \Box Applicable \checkmark Not Applicable

XV. NOTES TO MAJOR ITEMS IN FINANCIAL STATEMENTS OF THE PARENT (Continued)

4. Operating income and operating costs (Continued)

(3). Description of performance obligations □ Applicable ✓ Not Applicable

(4). Explanation about allocation to the remaining performance obligations ✓ Applicable □ Not Applicable

The amount of revenue corresponding to the performance obligations that have been signed but not yet performed or not yet fulfilled at the end of the reporting period is RMB35,740,149.86, of which:

RMB35,740,149.86 is expected to be recognized in 2023

Other explanations: Nil

5. Investment income

 \checkmark Applicable \Box Not Applicable

Unit: RMB

Item	Amount for the current period	Amount for the last period
Income from long-term equity investment under equity method Investment income from disposal of financial assets held-for-trading Gain on debt restructuring	-12,584,616.48 4,174,569.40 -3,050,000.00	-5,821,198.24 3,237,739.73
Total	-11,460,047.08	-2,583,458.51

Other explanations: Nil

6. Others

□ Applicable 🖌 Not Applicable

XVI. SUPPLEMENTARY INFORMATION

1. Breakdown of non-recurring profit or loss for the period

✓ Applicable □ Not Applicable

Unit: RMB

Item	Amount	Description
Gain or loss on disposal of non-current assets	-596,948.97	Note 73, Note 75
Government grants included in profit or loss for the current period (except for government grants		
closely related to the Company's business and enjoyed in accordance with the national unified		
standard quota or quantity)	28,011,455.42	Note 67, Note 74
Gain or loss on debt restructuring	-4,902,680.00	Note 68
Profit or loss from changes in fair value of financial assets held for trading, derivative financial		
assets, financial liabilities held for trading and derivative financial liabilities, and investment		
income from disposal of financial assets held for trading, derivative financial assets, financial		
liabilities held for trading, derivative financial liabilities and other debt investments, except for		
effective hedging business related to the Company's normal operations	7,861,352.93	Note 68, Note 70
Other non-operating income and expenses other than the above items	85,467.91	Note 74, Note 75
Less: Effect of income tax	4,528,181.43	
Effect of minority interests	7,869,716.02	
Total	18,060,749.84	

Notes for the Company's non-recurring gain or loss items as defined in the Explanatory Announcement on Information Disclosure for Companies Offering Their Securities to the Public No.1– Non-recurring Gains or Losses and the non-recurring gain or loss items as illustrated in the Explanatory Announcement on Information Disclosure for Companies Offering Their Securities to the Public No. 1 – Non-recurring Gains or Losses defined as its recurring gain or loss items.

□ Applicable 🖌 Not Applicable

XVI. SUPPLEMENTARY INFORMATION (Continued)

2. Net return on assets and earnings per share

 \checkmark Applicable \Box Not Applicable

	_	Earnings per share	
Profit for the Reporting Period	Weighted average return on net assets (%)	Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the Company Net profit attributable to ordinary shareholders of the Company	-6.86	-1.67	-1.67
after deducting non-recurring profit or loss	-7.60	-1.85	-1.85

3. Differences in accounting data under domestic and overseas accounting standards

□ Applicable ✔ Not Applicable

4. Others

□ Applicable ✔ Not Applicable

Chairman of the Board: Zhang Guoqiang Date of approval and delivery by the Board: April 27, 2023

SECTION XI DOCUMENTS AVAILABLE FOR INSPECTION

Revision information

□ Applicable 🖌 Not Applicable

Documents available for inspection

Financial statements signed and sealed by the person-in-charge of the Company, the person-in-charge of accounting affairs and the person-in-charge of the accountant firm;

Original copy of the audit report with the seal of the accounting firm and the signatures and seals of the certified public accountants; Original copies of all documents and announcements of the Company publicly disclosed during the Reporting Period.

亿华通 SinoHytec