亿华通 北京億華通科技股份有限公司
SinoHytec Beijing SinoHytec Co., Ltd.

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

(Stock Code: 2402)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2022

FINANCIAL HIGHLIGHTS

- **Total operating revenue for 2022 was RMB738.1166 million, representing a year-on-year increase of 17.28%**
- **Net losses attributable to owners of the listed company for 2022 were RMB166.4543 million, while net losses attributable to owners of the listed company for the same period last year was RMB161.9241 million**
- **Basic loss per share for 2022 was RMB1.67, while basic loss per share for the same period last year was RMB1.63**

The board (the "**Board**") of directors (the "**Directors**") of Beijing SinoHytec Co., Ltd. (the "**Company**") hereby announces the annual results of the Company and its subsidiaries (the "**Group**") for the year ended December 31, 2022 (the "**Reporting Period**") prepared in accordance with the China Accounting Standards for Business Enterprises. The unaudited annual results in this announcement have been reviewed and confirmed by the audit committee of the Company and agreed upon by the auditor of the Company.

CONSOLIDATED STATEMENTS OF BALANCE SHEETS AS AT DECEMBER 31, 2022

(Unless otherwise specified, all amounts are denominated in RMB)

Assets	*Notes*	**December 31, 2022**	December 31, 2021
Current assets			
Cash and cash equivalents		**649,887,994.07**	856,284,428.74
Balance with clearing companies		**–**	–
Placements with other financial institutions		**–**	–
Financial assets held-for-trading		**25,165,123.28**	222,170,136.99
Derivative financial assets		**–**	–
Bill receivables		**31,170,000.00**	18,912,912.49
Account receivables	*5*	**1,083,033,929.46**	719,778,554.39
Account receivable financing		**21,990,000.00**	105,677,473.37
Prepayments		**19,554,147.32**	15,660,906.96
Other receivables		**26,271,763.46**	33,220,631.67
Purchases of resold financial assets		**–**	–
Inventories		**302,903,534.87**	260,359,972.70
Contract assets		**33,719,757.81**	25,785,026.01
Held-for-sale assets		**–**	–
Non-current assets due within one year		**–**	–
Other current assets		**67,337,509.57**	58,804,285.22
Total current assets		**2,261,033,759.84**	2,316,654,328.54
Non-current assets			
Loans and advances to customers		**–**	–
Other debt investments		**–**	–
Long-term receivables		**–**	–
Long-term equity investments		**333,849,340.97**	319,164,207.71
Other equity instrument investments		**173,500,000.00**	170,900,000.00
Other non-current financial assets		**2,800,000.00**	2,800,000.00
Investment properties		**–**	–
Fixed assets		**478,969,668.22**	229,531,339.34
Construction in progress		**14,446,330.11**	191,330,385.42
Right-of-use assets		**25,669,719.66**	11,857,166.65
Intangible assets		**204,985,879.25**	139,103,035.69
Development expenses		**72,941,726.28**	92,751,442.77
Goodwill		**–**	–
Long-term deferred expenditures		**27,933,004.82**	28,681,178.09
Deferred income tax assets		**130,545,747.97**	89,115,983.38
Other non-current assets		**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 AS AT DECEMBER 31, 2022 (CONTINUED)

(Unless otherwise specified, all amounts are denominated in RMB)

Liabilities and shareholders' equity	*Notes*	**December 31, 2022**	December 31, 2021
Current liabilities			
Short-term borrowings		**229,872,186.96**	99,937,936.15
Financial liabilities held-for-trading		**–**	–
Derivative financial liabilities		**–**	–
Bills payable		**114,143,006.75**	83,268,464.77
Account payable	*6*	**399,794,860.24**	285,557,421.55
Advances from customers		**27,522.93**	102,495.42
Contract liabilities		**5,532,261.91**	5,669,490.72
Deposits from customers and from banks and non-bank financial institutions		**–**	–
Accrued payroll		**49,339,486.30**	37,772,846.57
Taxes payable		**7,929,205.25**	5,125,439.69
Other payables		**1,612,717.10**	1,277,740.91
Held-for-sale liabilities		**–**	–
Non-current liabilities due within one year		**9,113,362.44**	24,963,462.69
Other current liabilities		**11,614,079.94**	18,355,178.23
Total current liabilities		**828,978,689.82**	562,030,476.70
Non-current liabilities：			
Long-term borrowings		**19,417,783.33**	–
Bonds payable		**–**	–
Lease liabilities		**14,299,147.15**	3,506,163.10
Long-term payables		**–**	–
Deferred income		**109,666,422.97**	112,267,784.78
Long-term accrued payroll		**–**	–
Accrued liabilities		**37,428,122.52**	28,651,394.48
Deferred income tax liabilities		**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
Shareholders' equity			
Share capital		**99,891,387.00**	71,350,991.00
Less: Treasury stock		**–**	–
Capital reserve		**2,378,146,637.90**	2,407,252,628.51
Other comprehensive income		**94,682,771.34**	92,472,771.34
Specific reserve		**4,819,344.54**	24,054.98
Surplus reserve		**9,216,035.02**	9,216,035.02
Undistributed profit		**(244,134,213.34)**	(77,679,952.68)
Total equity attributable to shareholders of the listed company		**2,342,621,962.46**	2,502,636,528.17
Minority interests		**401,933,134.28**	390,241,395.00
Total shareholders' equity		**2,744,555,096.74**	2,892,877,923.17
Total liabilities and shareholders' equity		**3,778,976,563.77**	3,624,255,752.67

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2022

(Unless otherwise specified, all amounts are denominated in RMB)

	Notes	For the year ended December 31, 2022	2021
I. Total operating income		**738,116,580.20**	629,368,760.53
Including: Operating income	*4*	**738,116,580.20**	629,368,760.53
II. Total operation costs		**872,234,107.76**	673,946,050.41
Including: Operation cost	*4*	**454,677,279.82**	390,949,856.80
Taxes and surcharges		**4,187,960.36**	2,388,994.20
Selling expenses		**104,881,392.84**	62,278,799.80
Administrative expenses		**212,567,707.86**	135,833,396.99
Research and development expenses		**101,264,578.71**	92,772,753.76
Financial expenses – net		**(5,344,811.83)**	(10,277,751.14)
Including: Interest expenses		**7,335,912.04**	5,915,771.00
Interest income		**13,299,488.91**	17,897,618.11
Add: Other gains		**35,719,082.79**	29,327,705.67
Income from investment		**(13,176,079.55)**	(3,294,231.53)
Including: Investment income from associates and joint ventures		**(15,969,629.20)**	(6,478,583.40)
Losses from derecognition of financial assets at amortized cost		**–**	–
Exchange gains/(losses)		**–**	–
Gains on change in fair value		**165,123.28**	930,633.89
Losses on credit impairment		**(30,797,642.94)**	(172,829,874.33)
Impairment losses on assets	*7*	**(90,370,779.71)**	(51,188,562.74)
Gains from asset disposal		**(107,378.93)**	(348,715.62)
III. Operating (losses)/profits		**(232,685,202.62)**	(241,980,334.54)
Add: Non-operating profits		**828,692.90**	1,642,316.04
Less: Non-operating expenses		**4,460,603.57**	1,530,244.79
IV. Total (losses)/profits		**(236,317,113.29)**	(241,868,263.29)
Less: Income tax expenses	*8*	**(41,591,258.82)**	(40,929,939.69)
V. Net (losses)/profits		**(194,725,854.47)**	(200,938,323.60)
Including: net profit of acquiree before the consolidation under common control		**–**	–
Net (losses)/profit attributable to equity shareholders of the listed company		**(166,454,260.66)**	(161,924,124.12)
Minority interests		**(28,271,593.81)**	(39,014,199.48)

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2022 (CONTINUED)

(Unless otherwise specified, all amounts are denominated in RMB)

	Notes	For the year ended December 31, 2022	2021
VI. Net amount of other comprehensive income after tax		**2,210,000.00**	92,472,771.34
Net amount of other comprehensive income after tax attributable to shareholders of the listed company		**2,210,000.00**	92,472,771.34
Other comprehensive income that will not be reclassified subsequently to profit or loss		**2,210,000.00**	92,472,771.34
Change in fair value of other equity instrument investments		**2,210,000.00**	92,472,771.34
Other comprehensive income that will be reclassified subsequently to profit or loss		**–**	–
Net amount of other comprehensive income after tax attributable to minority shareholders		**–**	–
VII. Total comprehensive income		**(192,515,854.47)**	(108,465,552.26)
Total comprehensive income attributable to shareholders of the listed company		**(164,244,260.66)**	(69,451,352.78)
Total comprehensive income attributable to minority shareholders		**(28,271,593.81)**	(39,014,199.48)
VIII. Earnings per share			
Basic earnings per share *(RMB)*	*9*	**(1.67)**	(1.63)
Diluted earnings per share *(RMB)*	*9*	**(1.67)**	(1.63)

1. GENERAL INFORMATION

The Company is a leading provider of fuel cell systems in China, focusing on the design, development and manufacture of fuel cell systems and stacks (a key component of the system) mainly for commercial vehicles, such as buses and trucks.

The Company was established in the People's Republic of China (the "**PRC**") on July 12, 2012. The registered office of the Company is located at Room C701, 7th Floor, Block C, Building B-6, Dongsheng Science Park, Zhongguancun, No. 66, Xixiaokou Road, Haidian District, Beijing, the PRC.

During the year, the Company's revenue was mainly derived from (i) sales of fuel cell systems; (ii) sales of fuel cell components; and (iii) provision of technology services.

The Company's ordinary shares are listed on The Stock Exchange of Hong Kong Limited and the Shanghai Stock Exchange.

2. BASIS OF PREPARATION

Financial data in this report are extracted from the 2022 unaudited financial statements (the "**Financial Statements**") prepared by the Group.

The Company carried out recognition and measurement on an actual transaction and event basis in accordance with the Basic Standard and specific standards of the Accounting Standards for Business Enterprises issued by the Ministry of Finance, and the Application Guidance for Accounting Standard for Business Enterprises, Interpretations of Accounting Standards for Business Enterprises and other relevant regulations (the "**Accounting Standards for Business Enterprises**"). On this basis, the financial statements are prepared in accordance with the Preparation Convention of Information Disclosure by Companies Offering Securities to the Public No.15 – General Provisions on Financial Reporting (amended in 2014) issued by the China Securities Regulatory Commission.

The Company has evaluated its ability to continue as a going concern for the 12 months from the end of the Reporting Period, and has not found any event or circumstance that may cast significant doubt on its ability to continue as a going concern. Therefore, the financial statements have been prepared on a going concern basis.

In addition, the financial statements also comply with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

3. SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

(1) Accounting period

The accounting period is from 1 January to 31 December of each calendar year.

(2) Functional currency

The functional currency is Renminbi.

(3) Preparation of consolidated financial statements

The consolidation scope of the Company's consolidated financial statements is determined on the basis of control, and all subsidiaries are included in the consolidated financial statements. The consolidated financial statements are prepared by the Company based on the financial statements of the Company and its subsidiaries and other relevant information.

The accounting policies and accounting periods adopted by all subsidiaries included in the consolidation scope of the consolidated financial statements are consistent with those of the Company. If the accounting policies and accounting periods adopted by the subsidiaries are inconsistent with those of the Company, necessary adjustments shall be made in the preparation of the consolidated financial statements in accordance with the accounting policies and accounting periods of the Company.

The financial statements are prepared in such way that the effects of intra-transactions between the Company and its subsidiaries, and among subsidiaries on the consolidated balance sheet, the consolidated income statement, the consolidated cash flow statement and the consolidated statement of changes in equity shall be offset.

(4) Changes in accounting policies

On December 30, 2021, the Ministry of Finance issued the Notice on Issuing the Interpretation of Accounting Standards for Business Enterprises No. 15 ("**Interpretation No. 15**"), which explains the issues of "accounting treatment for external sales of products or by-products that are derived before the fixed assets are ready for their intended use or during the research and development process" and "judgment on onerous contracts", and has been implemented since January 1, 2022. The implementation of Interpretation No. 15 has no significant impact on the financial statements of the Company for 2022.

On December 13, 2022, the Ministry of Finance issued the Notice on Issuing the Interpretation of Accounting Standards for Business Enterprises No. 16 ("**Interpretation No. 16**"), which explains the issues of "accounting treatment of the deferred income tax related to the assets and liabilities arising from a single transaction is not applicable to the initial recognition exemption", which is implemented by the Company on January 1, 2023; (2) "accounting treatment for income tax impact of dividends related to financial instruments classified as equity instruments by the issuer", and (3) "accounting treatment for an enterprise changing from a cash-settled share-based payment to an equity-settled share-based payment", which shall be implemented from the date of the interpretation. The Company currently does not involve in the accounting treatment for the matters specified in the items (2) and (3).

4. OPERATING INCOME AND OPERATING COST

	For year ended December 31, 2022	For year ended December 31, 2021
Income from principal business	**737,618,700.84**	628,838,982.30
Income from other business	**497,879.36**	529,778.23
	738,116,580.20	629,368,760.53

	For year ended December 31, 2022	For year ended December 31, 2021
Cost of principal business	**454,551,186.82**	390,925,693.68
Cost of other businesses	**126,093.00**	24,163.12
	454,677,279.82	390,949,856.80

Breakdown of income from principal business is as follows:

	For year ended December 31, 2022	For year ended December 31, 2021
Fuel cell systems	**684,541,800.17**	518,051,474.27
Parts and components	**18,853,222.93**	52,826,305.17
Technology development and service	**18,549,257.39**	27,486,171.79
Others	**15,674,420.35**	30,475,031.07
	737,618,700.84	628,838,982.30

5. RECEIVABLES

	December 31, 2022	December 31, 2021
Receivable balance	**1,449,557,628.00**	1,058,849,096.11
Less: Provision for doubtful debts	**(366,523,698.54)**	(339,070,541.72)
Net receivables	**1,083,033,929.46**	719,778,554.39

Receivable aging analysis:

	December 31, 2022	December 31, 2021
Within 1 year	**773,275,501.55**	589,864,102.86
1−2 years	**287,452,776.27**	96,571,765.53
2−3 years	**54,301,700.72**	262,013,773.87
3−4 years	**231,973,671.16**	83,494,973.85
4−5 years	**80,249,498.30**	23,225,000.00
More than 5 years	**22,304,480.00**	3,679,480.00
	1,449,557,628.00	1,058,849,096.11

6. PAYABLES

	December 31, 2022	December 31, 2021
Payables	**399,794,860.24**	285,557,421.55

Payables aging analysis:

	December 31, 2022	December 31, 2021
Within 1 year	**336,495,096.38**	268,757,118.96
1 − 2 years	**56,555,253.25**	10,686,643.94
2 − 3 years	**2,043,844.65**	3,286,553.00
More than 3 years	**4,700,665.96**	2,827,105.65
	399,794,860.24	285,557,421.55

7. ASSET IMPAIRMENT LOSS

	For year ended December 31, 2022	For year ended December 31, 2021
Losses on depreciation of inventories	**(51,387,031.42)**	(47,055,628.61)
Losses on impairment of long-term equity investments	**(24,005,376.27)**	–
Losses on impairment of fixed assets	**(11,854,210.52)**	–
Losses on impairment of contract assets	**(3,124,161.50)**	(4,132,934.13)
	(90,370,779.71)	(51,188,562.74)

8. INCOME TAX EXPENSE

	For year ended December 31, 2022	For year ended December 31, 2021
Current income tax expenses	**519,214.97**	1,296,726.57
Deferred income tax expenses	**(42,110,473.79)**	(42,226,666.26)
	(41,591,258.82)	(40,929,939.69)

9. EARNINGS (LOSSES) PER SHARE

(1) Basic earnings (losses) per share

Basic earnings (losses) per share are calculated by dividing the consolidated net profit (loss) attributable to ordinary shareholders of the listed company by the weighted average number of ordinary shares outstanding of the listed company

	For year ended December 31, 2022	For year ended December 31, 2021
Consolidated net profit (loss) attributable to ordinary shareholders of the listed company	**(166,454,260.66)**	(161,924,124.12)
Weighted average number of ordinary shares outstanding of the listed company	**99,891,387**	99,394,976
Basic earnings (losses) per share (RMB/share)	**(1.67)**	(1.63)

Note: The Company implemented the equity distribution by capitalization in June 2022. The basic earnings per share indicators for the same period of last year have been adjusted and calculated based on the latest share capital

(2) Diluted earnings (losses) per share

No diluted earnings (loss) per share are presented as there were no dilutive potential ordinary shares in 2021 and 2020.

10. DIVIDEND

As of the date of this announcement, the Company has not yet declared a final dividend for the year ended 31 December, 2022 (2021: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATION

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. According to 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 112.8%.

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 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 in decline. In order to further enhance the quality of the Company’s asset, 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.

In particular, the Company's operation in 2022 is 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 of 2.80%, which was mainly due to: (a) 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 New Energy Technology Co., Ltd. (張家口海珀爾新能源科技有限公司), an associate of the Company, and the impairment loss of RMB11.8542 million on fixed assets; and (b) the expansion of the Company's business scale, the reserve 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 fuel cell comprehensive 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 such 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 product market, 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 of 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 of Hong Kong Limited (the "**Stock Exchange**"). During the Reporting Period, the Company has 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.

FUTURE DEVELOPMENT AND OUTLOOK OF THE COMPANY

The Company believes that to facilitate the development of the fuel cell vehicle industry, the PRC government will continue to implement strong supportive policies in various demonstration city clusters, indicating that the fuel cell industry will boast great potential for future development. According to the China Society of Automotive Engineers, more than one million fuel cell vehicles are expected to be on the road in China by 2035.

The Company will continue to leverage advanced hydrogen fuel cell technology to contribute to China's "carbon peak and carbon neutrality" goal. The Company is committed to becoming the world's leading fuel cell system supplier and the global leader in hydrogen fuel cell technology. In the future, we 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' adverse weather capabilities, durability, reliability, energy conversion efficiency, safety and economy, thereby further optimizing and upgrading our products. The Company intends 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 our fuel cell related researches, the Company plans to collaborate with industrial, educational and research institutions and further build our competitive strengths. The Company also intends 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 expand our existing production lines at our Shanghai Plant by acquiring new equipment and software systems to further optimize operating efficiency and product quality. Our upgraded plant will house a broader range of functions, including manufacturing and testing facilities for more advanced fuel cell stacks with high power and bipolar plates with higher performance.

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 intends to use our new generation of R&D platform to improve our products and increase our product portfolio, catering for the needs of our customers. The Company intends to promote our new products with more vehicle manufacturers and their customers with an aim to achieve a higher customer penetration and broaden the scope of application of fuel cell systems in other types of commercial vehicles, such as heavy-duty trucks. The marketing strategy of the Company is based around the development of regional fuel cell system market and the geographical distribution of hydrogen resources in China.

4) Expand and strengthen the Company's supply chains

As the Company continues to ramp up production capacity and increase sales volume, supplier relationships are key to our continued success in the future. The Company has established business relationships with many well-known suppliers of fuel cell system related 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.

5) Improve our brand awareness and promote the application of fuel cell system

The Company believes that brand awareness is critical to our future development and customer base. The Company plans to improve our brand recognition through product promotion and multi-channel marketing. In particular, the Company plans to organize and participate in industry events, product exhibitions and product launch events, and conducts internet and conventional advertising more frequently. In addition, the Company plans to launch marketing campaigns through social media, short videos and online advertisements, and upgrade the Company's website to increase the public exposure of the Company's brand and products. Further, the Company intends to promote 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.

OTHER SIGNIFICANT EVENTS

Change of consolidation scope

The Company established a wholly-owned subsidiary, Zhengzhou SinoHytec Power Technology Co., Ltd.*(鄭州億華通動力科技有限公司), on August 4, 2022 and a wholly-owned subsidiary, Tangshan Shenli Technology Co., Ltd.*(唐山神力科技有限公司) on June 23, 2022.

On October 10, 2022, the Company deregistered Beijing Qinggu Technology Co., Ltd. (北京青谷科技有限公司), a wholly-owned subsidiary of the Company, which has not commenced any specific business. 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.

AUDIT AND REVIEW OF FINANCIAL DATA IN THIS ANNOUNCEMENT

The Company has not yet obtained the audit report issued by the annual audit auditor, but the financial data in this announcement has been agreed with the auditor. The audit committee of the Board of the Company has reviewed and confirmed the unaudited annual results announcement for the year ended December 31, 2022.

CORPORATE GOVERNANCE CODE

As the H shares of the Company were listed on the Main Board of the Stock Exchange on January 12, 2023 (the "**Listing Date**"), the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited was not applicable to the Company during the Reporting Period. From the Listing Date to the date of this announcement, save as disclosed below, the Board is of the view that the Company has complied, to the extent applicable and permissible, with the code provisions as set out in the CG Code.

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

The Board is committed to achieving high standards of corporate governance. The Board believes that high standard of corporate governance is essential in providing a framework for the Group to safeguard the interests of shareholders and to enhance corporate value and accountability. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

During the Reporting Period, the Company has adopted a code of conduct regarding securities transactions by Directors and Supervisors on terms no less exacting than the required standard set out in the model code (the "**Model Code** ") as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors and Supervisors, the Company confirmed that, from the Listing Date to the date of this announcement, each of the Directors and Supervisors has complied with the required standard set out in the Model Code regarding securities transactions by the Directors.

SHARE CAPITAL

In May 2022, then Shareholders of the Company resolved to increase the share capital of the Company with capital reserves. An increase of four A Shares for every ten A Shares with a total of 28,540,396 new A Shares was issued on a pro rata basis to then existing Shareholders in June 2022 by capitalizing a sum of RMB28,540,396 standing to the capital reserve account of our Company. Upon completion of such capitalization issue, the registered share capital of the Company was increased to RMB99,891,387.

PURCHASE, SALE OR REDEMPTION

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

USE OF PROCEEDS FROM GLOBAL OFFERING

The Company offered 17,628,000 H shares in Hong Kong at HK$60 per ordinary share and over-allotted 670,450 H shares. The aforementioned H shares were listed on the Main Board of the Stock Exchange on January 12, 2023 and February 8, 2023, respectively. The net proceeds received by the Company from the global offering, 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 (the "**Net Proceeds**"), which will be used in accordance with the purposes as set out in the prospectus of the Company dated December 29, 2022 (the "**Prospectus**"). The Group will gradually apply the proceeds from the global offering for the intended purposes as set out in the Prospectus.

DIVIDEND

As of the date of this announcement, the Board has not yet declared any payment of final dividend in respect of the year ended December 31, 2022 (2021: nil). The Company is expected to hold a Board meeting in April 2023 to consider the proposal to declare a final dividend for the year ended December 31, 2022, if any. The Company will make further announcement as and when appropriate in accordance with the Listing Rules.

SIGNIFICANT SUBSEQUENT EVENTS

After the Reporting Period, the Company completed its initial public offering and listing on the 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 has no material subsequent events up to the date of this announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement will be published on the Company's website at http://www.sinohytec.com/ and the Stock Exchange's website at www.hkexnews.hk. The annual report of the Company will be despatched to the shareholders of the Company and available on the above websites in due course.

The financial information contained herein in respect of the annual results of the Company have not been audited by the auditors. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

By order of the Board
Beijing SinoHytec Co., Ltd.
ZHANG Guoqiang
Chairman of the Board

Beijing, the PRC
March 29, 2023

As of the date of this announcement, the executive directors of the Company are Mr. Zhang Guoqiang, Ms. Song Haiying and Ms. Dai Dongzhe; non-executive directors of the Company are Ms. Teng Renjie and Mr. Wu Yong; and independent non-executive directors of the Company are Mr. Fang Jianyi, Mr. Liu Xiaoshi, Mr. Ji Xuehong and Mr. Chan So Kuen.

* *For identification purpose only*