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(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, 2023

FINANCIAL HIGHLIGHTS

- **Total operating revenue for 2023 was RMB800.7019 million, representing a year-on-year increase of 8.48%**
- **Net losses attributable to owners of the listed company for 2023 were RMB243.2037 million, while net losses attributable to owners of the listed company for the same period last year was RMB166.7334 million**
- **Basic loss per share for 2023 was RMB1.48, while basic loss per share for the same period last year was RMB1.19**

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, 2023 (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, 2023

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

Assets	Notes	December 31, 2023	December 31, 2022
Current assets			
Cash and cash equivalents		609,224,455.57	649,887,994.07
Financial assets held-for-trading		690,330,355.31	25,165,123.28
Derivative financial assets		–	–
Bill receivables		50,790,598.92	31,170,000.00
Account receivables	5	1,621,965,472.53	1,083,033,929.46
Account receivable financing		31,009,909.60	21,990,000.00
Prepayments		27,845,110.18	19,554,147.32
Other receivables		19,113,995.79	26,271,763.46
Purchases of resold financial assets		–	–
Inventories		231,175,443.00	302,903,534.87
Contract assets		16,711,351.68	33,719,757.81
Held-for-sale assets		–	–
Non-current assets due within one year		–	–
Other current assets		<u>42,869,393.99</u>	<u>67,337,509.57</u>
Total current assets		<u>3,341,036,086.57</u>	<u>2,261,033,759.84</u>
Non-current assets			
Other debt investments		–	–
Long-term receivables		–	–
Long-term equity investments		318,755,255.43	333,849,340.97
Other equity instrument investments		195,510,000.00	173,500,000.00
Other non-current financial assets		2,800,000.00	2,800,000.00
Investment properties		–	–
Fixed assets		503,237,119.23	478,969,668.22
Construction in progress		21,651,097.39	14,446,330.11
Right-of-use assets		37,863,441.51	25,669,719.66
Intangible assets		261,715,313.55	204,985,879.25
Development expenses		35,604,953.79	72,941,726.28
Goodwill		–	–
Long-term deferred expenditures		36,864,080.66	27,933,004.82
Deferred income tax assets		155,402,537.23	135,525,491.45
Other non-current assets		35,280,890.88	52,301,386.65
Total non-current assets		<u>1,604,684,689.67</u>	<u>1,522,922,547.41</u>
Total assets		<u>4,945,720,776.24</u>	<u>3,783,956,307.25</u>

**CONSOLIDATED STATEMENTS OF BALANCE SHEETS AS AT DECEMBER 31, 2023
(CONTINUED)**

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

Liabilities and shareholders' equity	<i>Notes</i>	December 31, 2023	December 31, 2022
Current liabilities			
Short-term borrowings		586,612,183.58	229,872,186.96
Financial liabilities held-for-trading		–	–
Derivative financial liabilities		–	–
Bills payable		39,683,502.69	114,143,006.75
Account payable	6	572,538,653.10	399,794,860.24
Advances from customers		27,522.85	27,522.93
Contract liabilities		6,444,858.63	5,532,261.91
Accrued payroll		50,874,311.75	49,339,486.30
Taxes payable		2,934,806.59	7,929,205.25
Other payables		18,742,209.30	1,612,717.10
Held-for-sale liabilities		–	–
Non-current liabilities due within one year		37,746,416.32	9,113,362.44
Other current liabilities		6,507,783.13	11,614,079.94
Total current liabilities		<u>1,322,112,247.94</u>	<u>828,978,689.82</u>
Non-current liabilities			
Long-term borrowings		–	19,417,783.33
Bonds payable		–	–
Lease liabilities		21,299,220.60	14,299,147.15
Long-term payables		5,911,814.94	–
Deferred income		111,273,990.16	109,666,422.97
Long-term accrued payroll		–	–
Accrued liabilities		44,776,420.37	37,428,122.52
Deferred income tax liabilities		33,204,233.23	30,248,893.97
Other non-current liabilities		–	–
Total non-current liabilities		<u>216,465,679.30</u>	<u>211,060,369.94</u>
Total liabilities		<u>1,538,577,927.24</u>	<u>1,040,039,059.76</u>
Shareholders' equity			
Share capital		165,465,772.00	99,891,387.00
Less: Treasury stock		–	–
Capital reserve		3,236,926,118.73	2,378,146,637.90
Other comprehensive income		113,391,271.34	94,682,771.34
Specific reserve		7,707,807.00	4,819,344.54
Surplus reserve		9,216,035.02	9,216,035.02
Undistributed profit		(487,856,704.18)	(244,653,029.56)
Total equity attributable to shareholders of the listed company		3,044,850,299.91	2,342,103,146.24
Minority interests		362,292,549.09	401,814,101.25
Total shareholders' equity		<u>3,407,142,849.00</u>	<u>2,743,917,247.49</u>
Total liabilities and shareholders' equity		<u>4,945,720,776.24</u>	<u>3,783,956,307.25</u>

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2023
(Unless otherwise specified, all amounts are denominated in RMB)

		For the year ended December 31,	
	<i>Notes</i>	2023	2022
I. Total operating income		800,701,885.77	738,116,580.20
Including: Operating income	4	800,701,885.77	738,116,580.20
II. Total operation costs		968,656,768.22	872,234,107.76
Including: Operation cost	4	540,215,455.79	454,677,279.82
Taxes and surcharges		3,633,713.75	4,187,960.36
Selling expenses		76,320,870.13	104,881,392.84
Administrative expenses		223,636,002.21	212,567,707.86
Research and development expenses		140,907,189.33	101,264,578.71
Financial expenses – net		(16,056,462.99)	(5,344,811.83)
Including: Interest expenses		13,436,074.56	7,335,912.04
Interest income		19,934,917.40	13,299,488.91
Add: Other gains		24,856,478.84	35,719,082.79
Income from investment		(34,186,331.54)	(13,176,079.55)
Including: Investment income from associates and joint ventures		(41,477,221.66)	(15,969,629.20)
Losses from derecognition of financial assets at amortized cost		–	–
Gains on change in fair value		33,050,692.03	165,123.28
Losses on credit impairment	7	(99,482,634.25)	(30,797,642.94)
Impairment losses on assets	8	(62,921,351.69)	(90,370,779.71)
Gains from asset disposal		44,136.58	(107,378.93)
III. Operating (losses)/profits		(306,593,892.48)	(232,685,202.62)
Add: Non-operating profits		632,535.42	828,692.90
Less: Non-operating expenses		13,603,125.91	4,460,603.57
IV. Total (losses)/profits		(319,564,482.97)	(236,317,113.29)
Less: Income tax expenses	9	(19,487,444.93)	(41,189,068.75)
V. Net (losses)/profits		(300,077,038.04)	(195,128,044.54)
Including: net profit of acquiree before the consolidation under common control		–	–
Net (losses)/profit attributable to equity shareholders of the listed company		(243,203,674.62)	(166,733,395.20)
Minority interests		(56,873,363.42)	(28,394,649.34)

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2023 (CONTINUED)

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

	<i>Notes</i>	For the year ended December 31,	
		2023	2022
VI. Net amount of other comprehensive income after tax		18,708,500.00	2,210,000.00
Net amount of other comprehensive income after tax attributable to shareholders of the listed company		18,708,500.00	2,210,000.00
Other comprehensive income that will not be reclassified subsequently to profit or loss		18,708,500.00	2,210,000.00
Change in fair value of other equity instrument investments		18,708,500.00	2,210,000.00
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		(281,368,538.04)	(192,918,044.54)
Total comprehensive income attributable to shareholders of the listed company		(224,495,174.62)	(164,523,395.20)
Total comprehensive income attributable to minority shareholders		<u>(56,873,363.42)</u>	<u>(28,394,649.34)</u>
VIII. Earnings per share			
Basic earnings per share <i>(RMB)</i>	<i>10</i>	(1.48)	(1.19)
Diluted earnings per share <i>(RMB)</i>	<i>10</i>	<u>(1.48)</u>	<u>(1.19)</u>

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 2023 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 2023) 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

(I) Impact of implementing Interpretation No. 16 of the Accounting Standards for Business Enterprises on the Company

On December 13, 2022, the Ministry of Finance issued the Interpretation of Accounting Standards for Business Enterprises No.16 (Cai Kuai [2022] No.31, hereinafter referred to as “**Interpretation No.16**”), which provides that the “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” shall be effective from January 1, 2023, allowing the earlier adoption by enterprises from the year of release. The Company implemented accounting treatment related to this matter during this year.

According to the provisions of Interpretation No. 16, the Company has made certain adjustments to related items of the balance sheet as follows:

Balance Sheet Items	December 31, 2022		
	Prior to changes	Aggregate impacted amounts	After changes
Deferred income tax assets	130,545,747.97	4,979,743.48	135,525,491.45
Deferred income tax liabilities	24,631,301.24	5,617,592.73	30,248,893.97
Undistributed profit	(244,134,213.34)	(518,816.22)	(244,653,029.56)
Minority shareholders’ interests	<u>401,933,134.28</u>	<u>(119,033.03)</u>	<u>401,814,101.25</u>

According to the provisions of Interpretation No. 16, the Company has made certain adjustments to related items of the profit and loss statement as follows:

Profit and Loss Statement Items	2022		
	Prior to changes	Aggregate impacted amounts	After changes
Income tax expenses	(41,591,258.82)	402,190.07	(41,189,068.75)
Profit or loss of minority shareholders	<u>(28,271,593.81)</u>	<u>(123,055.53)</u>	<u>(28,394,649.34)</u>

(II) Impact of implementing Interpretation No. 17 of the Accounting Standards for Business Enterprises on the Company

On October 25, 2023, the Ministry of Finance issued the Interpretation No. 17 of the Accounting Standards for Business Enterprises (Cai Kuai [2023] No. 21, hereinafter referred to as “**Interpretation No. 17**”), which stipulated the contents of “regarding classification of liabilities as current or non-current”, “regarding disclosures: supplier finance arrangements” and “regarding accounting for sale and leaseback transactions” and required implementation from January 1, 2024. Implementation of Interpretation No. 17 has no significant impact on the financial statements of the Company.

4. OPERATING INCOME AND OPERATING COST

	For year ended December 31, 2023	For year ended December 31, 2022
Income from principal business	799,191,040.48	737,618,700.84
Income from other business	<u>1,510,845.29</u>	<u>497,879.36</u>
	<u>800,701,885.77</u>	<u>738,116,580.20</u>

	For year ended December 31, 2023	For year ended December 31, 2022
Cost of principal business	540,071,210.95	454,551,186.82
Cost of other businesses	<u>144,244.84</u>	<u>126,093.00</u>
	<u>540,215,455.79</u>	<u>454,677,279.82</u>

Breakdown of income from principal business is as follows:

	For year ended December 31, 2023	For year ended December 31, 2022
Fuel cell systems	716,307,928.96	684,541,800.17
Parts and components	30,543,539.63	18,853,222.93
Technology development and service	21,603,752.95	18,549,257.39
Others	<u>30,735,818.94</u>	<u>15,674,420.35</u>
	<u>799,191,040.48</u>	<u>737,618,700.84</u>

5. RECEIVABLES

	December 31, 2023	December 31, 2022
Receivable balance	2,075,750,677.89	1,449,557,628.00
Less: Provision for doubtful debts	<u>453,785,205.36</u>	<u>366,523,698.54</u>
Net receivables	<u>1,621,965,472.53</u>	<u>1,083,033,929.46</u>

The table below sets forth an aging analysis of our receivable based on the date of recognition of revenue:

	December 31, 2023	December 31, 2022
Within 1 year	836,071,137.99	773,275,501.55
1-2 years	660,902,327.88	287,452,776.27
2-3 years	228,959,369.45	54,301,700.72
3-4 years	38,572,881.27	231,973,671.16
4-5 years	224,310,860.85	80,249,498.30
Over 5 years	86,934,100.45	22,304,480.00
	<u>2,075,750,677.89</u>	<u>1,449,557,628.00</u>

6. PAYABLES

	December 31, 2023	December 31, 2022
Payables	<u>572,538,653.10</u>	<u>399,794,860.24</u>

The table below sets forth an aging analysis of our payables based on the date of payment obligation:

	December 31, 2023	December 31, 2022
Within 1 year	371,426,097.41	336,495,096.38
1 - 2 years	166,371,724.77	56,555,253.25
2 - 3 years	30,725,370.92	2,043,844.65
Over 3 years	4,015,460.00	4,700,665.96
	<u>572,538,653.10</u>	<u>399,794,860.24</u>

7. CREDIT IMPAIRMENT LOSSES

	Year ended December 31, 2023	Year ended December 31, 2022
Losses on bad debts of bills receivable	(36,290.00)	-
Losses on bad debts of accounts receivable	(87,261,506.82)	(29,253,156.82)
Losses on bad debts of other receivables	(12,184,837.43)	(1,544,486.12)
Total	<u>(99,482,634.25)</u>	<u>(30,797,642.94)</u>

8. ASSET IMPAIRMENT LOSS

	For year ended December 31, 2023	For year ended December 31, 2022
Losses on depreciation of inventories	(48,468,607.83)	(51,387,031.42)
Losses on impairment of long-term equity investments	(19,713,937.03)	(24,005,376.27)
Losses on impairment of fixed assets	(510,364.69)	(11,854,210.52)
Losses on impairment of contract assets	5,771,557.86	(3,124,161.50)
	<u>(62,921,351.69)</u>	<u>(90,370,779.71)</u>

9. INCOME TAX EXPENSE

	For year ended December 31, 2023	For year ended December 31, 2022
Current income tax expenses	735,761.59	519,214.97
Deferred income tax expenses	(20,223,206.52)	(41,708,283.72)
	<u>(19,487,444.93)</u>	<u>(41,189,068.75)</u>

10. 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, 2023	For year ended December 31, 2022
Consolidated net profit (loss) attributable to ordinary shareholders of the listed company	(243,203,674.62)	(166,733,395.20)
Weighted average number of ordinary shares outstanding of the listed company	163,885,030.33	139,847,942.00
Basic earnings (losses) per share (RMB/share)	<u>(1.48)</u>	<u>(1.19)</u>

Note: The Company implemented the equity distribution by capitalization in July 2023. 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 2023 and 2022.

11. DIVIDEND

As of the date of this announcement, the Company has not yet declared a final dividend for the year ended December 31, 2023 (2022: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATION

In 2023, the Company actively promoted the implementation of development strategies and operational objectives, and continued to put more efforts in fuel cell industrialisation and marketing. The Company always prioritized R&D and technical innovation in our business development, continued to increase R&D investment to update and iterate product technology, and set our footprints in new business areas. At the same time, the Company continuously strengthened organizational construction, deepened operation and management and optimized the talent structure in business management, to provide a favorable guarantee for the sustainable and sound development of the Company's business.

The Company's operational status in 2023:

1. The Company realized operating income of RMB800.7019 million, representing a year-on-year increase of 8.48%; net loss attributable to owners of the listed company of RMB243.2037 million, representing a year-on-year increase in loss of RMB76.4703 million; net cash outflow from operating activities of RMB560.6382 million, representing a year-on-year increase of RMB228.5264 million, mainly due to the Company's continuous increase in R&D investment to upgrade and iterate product technologies and expand application scenarios, and meanwhile with the expansion of the Company's business scale and for the purpose of catching the large-scale development opportunity of fuel cell market, the Company increased investment in talent reserve and team building. In addition, in 2023, the Company's sales proceeds decreased year on year, and at the end of 2023, the Company made additional provision for expected credit risk losses on receivables for the sake of prudence. At the end of the Reporting Period, the Company recorded total assets of RMB4,945.7208 million, representing an increase of RMB1,161.7645 million compared with the end of the previous year; net assets attributable to owners of the listed company of RMB3,044.8503 million, representing an increase of RMB702.7472 million compared with the end of the previous year, mainly due to the listing of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") in January 2023, through which we raised the proceeds of HK\$1,022 million.
2. In terms of R&D and new product development, the Company has always adhered to the R&D principle of "Advance Research, Continuous Development and In-depth Promotion", carried out R&D activities focusing on core technical indicators such as environmental adaptability, durability and reliability of fuel cell systems, and increased product performance and consistency continuously. During the Reporting Period, the Company was appraised as "National Intellectual Property Rights Advantageous Enterprise in 2023" by virtue of long-term R&D investment and strong focus on intellectual property rights protection, and, on the basis of years of accumulated R&D experience, the Company has realized the expansion of the upstream and downstream industrial chain of hydrogen energy and product application scenarios through the development of combined heat and power and PEM hydrogen production systems.

3. In terms of industrial cooperation, the Company has carried out in-depth cooperation with Tsinghua University, Beijing University of Chemical Technology, Tianjin University and other universities in sci-tech innovation and talents training, jointly built a platform for school-enterprise talents training and industry-academy-research cooperation, and reserved relevant talents and technologies in advance. Meanwhile, in 2023, the Company was listed in the leading entities of the first batch of “National Energy R&D and Innovation Platform” fuel cell track in the “14th Five-Year Plan” issued by the National Energy Administration. As a selected entity, the Company will work with peers to pursue independent innovation around relevant technologies and adhere to the localization of fuel cell systems in line with the requirements made by the National Energy Administration.
4. In terms of sales market and production application, the Company adheres to the development strategy of “point, line and plane”, focusing on the development of fuel cell demonstration city clusters and potential cities. Fuel cell vehicles equipped with the Company’s products have been put into operation in Beijing, Zhangjiakou, Shanghai, Chengdu, Zhengzhou, Tangshan and other cities, and the Company’s product application scenarios have been further expanded to various scenarios such as cold chain transportation, sanitation and heavy truck. According to the data of the Orange Group Research Institute, according to the statistics of the insurance data, there were 7,654 new fuel cell vehicles of various types across China in 2023, of which 1,548 vehicles were equipped with the Company’s products, accounting for 20.22%; according to the statistics of “Road Motor Vehicle Manufacturers and Products” released by the Ministry of Industry and Information Technology, by the end of 2023, a total of 1,006 fuel cell vehicle announcements (excluding chassis announcements) were issued nationwide, of which 152 vehicles were equipped with the Company’s fuel cell system, indicating that our products ranked on top of the industry no matter in insurance data or in the whole vehicle announcement data.

During the Reporting Period, the Company established a wholly owned subsidiary, Guangdong SinoHytec Co., Ltd. (“**Guangdong SinoHytec**”), the establishment of which will support our business expansion and development in fuel cell demonstration city clusters in Guangdong. Meanwhile, in order to better promote the development of fuel cell industry, during the Reporting Period, the Company established a non-wholly owned subsidiary, Beijing SinoHytec Hydrogen Energy Technology Co., Ltd. (“**Hydrogen Energy Technology**”), and participated through joint venture in Xinjiang Zhaolian Qingtong Energy Technology Co., Ltd. (“**Zhaolian Qingtong**”), the establishment of which will help to integrate all parties’ resources for the upstream layout of hydrogen production field, and further expand in the hydrogen energy market.

5. In respect of the capital market, during the Reporting Period, the Company was listed on the Main Board of the Stock Exchange. The successful listing of the Company in the Hong Kong stock capital market has further replenished the funds required for its business operations, and is more conducive to the international development of the Company.

FUTURE DEVELOPMENT AND OUTLOOK OF THE COMPANY

The Company believes that the Chinese government will continue to implement robust support policies, thereby driving the development of hydrogen energy related industry including fuel cell industry. We believe that fuel cell industry has great development potential. According to the estimates of China Society of Automotive Engineers, by 2035, China will maintain more than 1,000,000 fuel cell vehicles. The Company will continue contributing to China's goal of "carbon peaking and carbon neutrality" starting from the advanced hydrogen fuel cell technology. The Company is committed to becoming a world leading fuel cell system supplier and a pioneer of global fuel cell technology. In the future, the Company plans to implement the following strategies to realise such goal:

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

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

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

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

3) Strategically expand our customer base and geographical coverage

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

4) Expand and strengthen the Company's supply chains

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

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

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

OTHER SIGNIFICANT EVENTS

Change of consolidation scope

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

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

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

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, 2023.

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 C1 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 before the Listing Date. From the Listing Date to December 31, 2023, 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 C3 to the Listing Rules. Having made specific enquiry of all Directors and Supervisors, the Company confirmed that, from the Listing Date to December 31, 2023, 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 June 2023, then Shareholders of the Company resolved to increase the share capital of the Company with capital reserves. In July 2023, the Company issued 4 new Shares for every 10 existing Shares to the Shareholders by way of capitalization of capital reserve, representing a total increase of 47,275,935 Shares, comprising of 39,956,555 A Shares and 7,319,380 H Shares, based on the total share capital of the Company of 118,189,837 as of March 31, 2023. Upon completion of such profit distribution and capital reserve capitalization, the registered share capital of the Company was increased to 165,465,772 Shares, comprising 139,847,942 A Shares and 25,617,830 H Shares.

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, 2023 (2022: nil). The Company is expected to hold a Board meeting in April 2024 to consider the proposal to declare a final dividend for the year ended December 31, 2023, if any. The Company will make further announcement as and when appropriate in accordance with the Listing Rules.

SIGNIFICANT SUBSEQUENT EVENTS

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 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 28, 2024

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. Song Feng; and independent non-executive Directors of the Company are Mr. Liu Xiaoshi, Mr. Ji Xuehong, Mr. Chan So Kuen and Mr. Li Zhijie.

* *For identification purpose only*