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## **Sino-Synergy Hydrogen Energy Technology (Jiaxing) Co., Ltd.**

**國鴻氫能科技(嘉興)股份有限公司**

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

**(Stock Code: 9663)**

### **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024**

#### **ANNUAL RESULTS HIGHLIGHT OF 2024**

- Total revenue for the Reporting Period was approximately RMB442.4 million, representing a year-on-year decrease of approximately 36.9%;
- Gross profit for the Reporting Period was approximately RMB40.0 million, representing a year-on-year decrease of approximately 77.2%;
- Loss attributable to owners of the Company for the Reporting Period were approximately RMB407.2 million, while loss attributable to owners of the Company for the Previous Period was approximately RMB404.4 million;
- Basic loss per share for the Reporting Period was approximately RMB0.79, while basic loss per share for the Previous Period was approximately RMB0.95; and
- No dividends were declared for the Year.

The board (the “**Board**”) of directors (the “**Directors**”) of Sino-Synergy Hydrogen Energy Technology (Jiaxing) Co., Ltd. (the “**Company**”) hereby announces the audited consolidated annual results of the Company and its subsidiaries (the “**Group**”, “**we**” or “**us**”) for the year ended 31 December 2024 (the “**Reporting Period**” or the “**Year**”) together with the comparative figures for the year ended 31 December 2023 (the “**Previous Period**”) as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**

		<b>Year ended 31 December</b>	
		<b>2024</b>	<b>2023</b>
	<i>Notes</i>	<b>RMB'000</b>	<b>RMB'000</b>
Revenue	4	<b>442,439</b>	700,616
Cost of sales	7	<b>(402,407)</b>	(524,866)
– Cost of sales of goods and services		<b>(384,770)</b>	(503,656)
– Provision of impairment loss of inventories		<b>(17,637)</b>	(21,210)
<b>Gross profit</b>		<b>40,032</b>	175,750
Selling expenses	7	<b>(56,993)</b>	(59,325)
Research and development expenses	7	<b>(130,494)</b>	(151,122)
Administrative expenses	7	<b>(219,486)</b>	(249,689)
Net impairment losses on financial assets and contract assets		<b>(107,412)</b>	(164,395)
Other income	5	<b>10,889</b>	11,685
Other gains – net	6	<b>62,428</b>	38,231
<b>Operating loss</b>		<b>(401,036)</b>	(398,865)
Finance income	8	<b>7,879</b>	12,667
Finance costs	8	<b>(22,594)</b>	(10,125)
<b>Finance (costs)/income – net</b>		<b>(14,715)</b>	2,542
Share of losses of associates and joint ventures accounted for using the equity method		<b>(345)</b>	(40,094)
<b>Loss before income tax</b>		<b>(416,096)</b>	(436,417)
Income tax credit	9	<b>8,891</b>	28,795
<b>Loss for the year</b>		<b>(407,205)</b>	(407,622)
<b>Loss for the year attributable to:</b>			
– Owners of the Company		<b>(407,176)</b>	(404,447)
– Non-controlling interests		<b>(29)</b>	(3,175)
		<b>(407,205)</b>	(407,622)
Basic and diluted loss per share for loss attributable to shareholders of the Company (expressed in RMB per share)	10	<b>(0.79)</b>	(0.95)

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**

	<b>Year ended 31 December</b>	
	<b>2024</b>	<b>2023</b>
<i>Notes</i>	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
<b>Loss for the year</b>	<u><b>(407,205)</b></u>	<u><b>(407,622)</b></u>
<b>Other comprehensive loss</b>		
Item that may be subsequently reclassified to profit or loss		
– Currency translation differences	<u><b>205</b></u>	<u><b>(332)</b></u>
<b>Total comprehensive loss for the year</b>	<u><b>(407,000)</b></u>	<u><b>(407,954)</b></u>
<b>Total comprehensive loss for the year attributable to:</b>		
– Owners of the Company	<u><b>(406,971)</b></u>	<u><b>(404,779)</b></u>
– Non-controlling interests	<u><b>(29)</b></u>	<u><b>(3,175)</b></u>
	<u><b>(407,000)</b></u>	<u><b>(407,954)</b></u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2024**

		As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment		680,180	694,173
Right-of-use assets		200,123	216,735
Intangible assets		23,856	27,315
Contract assets		64,033	52,088
Deferred income tax assets		55,927	47,136
Investments accounted for using the equity method		42,469	52,523
Financial assets at fair value through other comprehensive income		99,836	88,636
Financial assets at fair value through profit or loss	11	–	113,999
Trade and bills receivables	12	38,879	–
Other non-current assets		39,470	63,930
<b>Total non-current assets</b>		<b>1,244,773</b>	<b>1,356,535</b>
<b>Current assets</b>			
Inventories		235,381	281,754
Trade and bills receivables	12	1,685,471	1,543,022
Contract assets		2,423	–
Other receivables and prepayments		83,363	69,258
Financial assets at fair value through profit or loss	11	1,021,535	796,946
Financial assets at fair value through other comprehensive income		–	7,990
Restricted cash		81,592	203,302
Cash and cash equivalents		309,603	604,715
<b>Total current assets</b>		<b>3,419,368</b>	<b>3,506,987</b>
<b>Total assets</b>		<b>4,664,141</b>	<b>4,863,522</b>
<b>Equity</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	13	518,042	518,042
Share premium	13	3,657,827	3,657,827
Other reserves		59,454	46,426
Treasury shares reserve	14	(1,171)	–
Accumulated losses		(1,262,795)	(848,435)
		<b>2,971,357</b>	<b>3,373,860</b>
Non-controlling interests		17,071	17,000
<b>Total Equity</b>		<b>2,988,428</b>	<b>3,390,860</b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)**  
*AS AT 31 DECEMBER 2024*

		As at <b>31 December 2024</b> <i>RMB'000</i>	As at 31 December 2023 <i>RMB'000</i>
	<i>Notes</i>		
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Borrowings		197,326	38,500
Lease liabilities		30,302	37,846
Deferred income		77,582	86,595
Provisions		11,005	12,834
		<hr/>	<hr/>
<b>Total non-current liabilities</b>		<b>316,215</b>	<b>175,775</b>
		<hr/> <hr/>	<hr/> <hr/>
<b>Current liabilities</b>			
Trade and bills payables	<i>15</i>	791,894	773,700
Other payables and accruals		169,078	212,773
Contract liabilities	<i>16</i>	19,776	1,659
Current tax liabilities		–	773
Borrowings		332,408	265,631
Lease liabilities		29,429	28,486
Deferred income		8,707	5,156
Provisions		8,206	8,709
		<hr/>	<hr/>
<b>Total current liabilities</b>		<b>1,359,498</b>	<b>1,296,887</b>
		<hr/> <hr/>	<hr/> <hr/>
<b>Total liabilities</b>		<b>1,675,713</b>	<b>1,472,662</b>
		<hr/> <hr/>	<hr/> <hr/>
<b>Total equity and liabilities</b>		<b>4,664,141</b>	<b>4,863,522</b>
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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

## 1 GENERAL INFORMATION

Sino-Synergy Hydrogen Energy Technology (Jiaxing) Co., Ltd., formerly known as Guangdong Sino-Synergy Hydrogen Energy Technology Co., Ltd. (the “**Company**”), was incorporated as a limited liability company on 30 June 2015 in Yunfu City, Guangdong Province, the People’s Republic of China (the “**PRC**”). The registered office of the Company is Room 501-2, Block No.37, Hangzhou Bay New Economic Park, Port District, Jiaxing City, Zhejiang Province, the PRC. On 22 March 2022, the Company was converted into a joint stock company with limited liability.

The Company and its subsidiaries (collectively, the “**Group**”) are principally engaged in the research and development, production and sale of hydrogen fuel cell stacks and systems in the PRC. The single largest shareholder of the Company is Guangdong Hongyun Hydrogen Energy Technology Co., Ltd. (“**Hongyun Hydrogen Energy**”) which is controlled by Mr. Chen Xiaomin (“**Mr. Chen**”) through Foshan Huahui Technology Investment Partnership (Limited Partnership) (“**Huahui Technology**”) holding 99.99% equity interest in Hongyun Hydrogen Energy.

The Company’s H shares have been listed on The Stock Exchange of Hong Kong Limited (“**HKSE**”) since 5 December 2023.

These consolidated financial statements are presented in thousands of RMB (“**RMB’000**”) unless otherwise stated.

These consolidated financial statements have been approved for issue by the Board of Directors on 27 March 2025.

## 2 BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

### 2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standard Board (“**IFRS Accounting Standards**”) and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost basis, except for certain financial assets and liabilities that are measured at fair value through other comprehensive income (“**FVOCI**”) and financial assets at fair value through profit and loss (“**FVPL**”).

The preparation of the consolidated financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

## 2.2 New or amended standards or interpretations

- (a) A number of new or amended standards became applicable for the current reporting period. The adoption of these new standards and amendments did not have material impact on the Group's financial position or operating result and did not require retrospective adjustment.

		Effective for annual periods beginning on or after
IAS 1 (Amendments)	Classification of liabilities as current or non-current	1 January 2024
IAS 1 (Amendments)	Non-current liabilities with covenants	1 January 2024
IFRS 16 (Amendments)	Lease liability in a sale and leaseback	1 January 2024
IAS 7 and IFRS 7 (Amendments)	Supplier finance arrangements	1 January 2024

- (b) Certain new accounting standards and interpretations have been published that are not mandatory for the year ended 31 December 2024 and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

		Effective for annual periods beginning on or after
IAS 21 (Amendments)	Lack of exchangeability	1 January 2025
IFRS 9 and IFRS 7 (Amendments)	Amendments to the classification and measurement of financial instruments	1 January 2026
Annual improvements project	Annual improvements to IFRS Accounting Standards – volumes 11	1 January 2026
IFRS 9 and IFRS 7 (Amendments)	Contracts referencing nature-dependent electricity	1 January 2026
IFRS 18	Presentation and disclosure in financial statements	1 January 2027
IFRS 19	Subsidiaries without public accountability: disclosures	1 January 2027
IFRS 10 and IAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

### 3 SEGMENT INFORMATION

#### (a) Description of segments and principal activities

Management has determined the operating segments based on the information reviewed by the chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segment. The chief operating decision maker has been identified as the executive directors of the Company.

Management reviews the operating results of the business as one segment to make decisions about resources to be allocated. Therefore, the executive directors of the Company regard that there is only one segment which is used to make strategic decisions. Revenue and profit/(loss) before income tax are the measures reported to the executive directors for the purpose of resources allocation and performance assessment.

All the non-current assets of the Group are physically located in the PRC. The geographical location of customers is based on the location at which the customers operate, and the revenue of the Group is almost all derived from operations in the PRC during the years ended 31 December 2024 and 2023.

#### (b) Information about major customers

External customers that have contributed over 10% of total revenue of the Group for the years ended 31 December 2024 and 2023 were as follows:

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Company A	275,654	333,172
Foshan Feichi Automobile Technology Co., Ltd.	*	80,535

\* Less than 10% of the Group's revenue



#### 4 REVENUE

Revenue mainly comprises proceeds from sales of hydrogen fuel cell systems, hydrogen fuel cell system components, hydrogen fuel cell stacks and others. An analysis of the Group's revenue by category for the years ended 31 December 2024 and 2023 are as below:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Sales of goods		
– Hydrogen fuel cell systems	350,379	681,259
– Hydrogen fuel cell stacks	57,772	3,604
– Hydrogen fuel cell system components	31,446	15,105
Others	2,842	648
	<u>442,439</u>	<u>700,616</u>

“Others” mainly include the related system technology integrated services to the Group's downstream customers on an as-needed basis and rental income. All the Group's revenue was recognised at a point in time during the years ended 31 December 2024 and 2023.

#### 5 OTHER INCOME

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Government grants and subsidies (a)		
– Received and recognised during the year	10,763	11,090
Others	126	595
	<u>10,889</u>	<u>11,685</u>

(a) Government grants and subsidies mainly represented the government grants to the Group to promote its development and construction. There were no unfulfilled conditions or other contingencies attached to these grants.

#### 6 OTHER GAINS – NET

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Net fair value gains on financial assets at FVPL	51,117	2,245
Gains on disposal of financial assets at FVPL	9,099	–
Net foreign exchange gain/(losses)	1,719	(3,424)
Losses on disposal of property, plant and equipment	(79)	(13)
Net fair value gains on derivative financial instruments	–	38,950
Gains on disposal of right-of-use assets	–	20
Donation	(43)	(278)
Others	615	731
	<u>62,428</u>	<u>38,231</u>

## 7 EXPENSES BY NATURE

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Changes in inventories of finished goods and work in progress	73,985	93,804
Raw materials and consumables used	284,651	403,437
Employee benefit expenses	185,293	235,300
Depreciation of property, plant and equipment	85,657	56,606
Depreciation of right-of-use assets	15,163	16,605
Amortisation of intangible assets	6,108	5,809
Impairment of inventories	17,637	21,210
After-sales service fees	12,864	15,898
Professional service fees	30,354	23,841
Entertainment fees	15,836	15,161
Utilities	9,812	11,689
Travelling expenses	10,559	9,520
Cooperative research and development expenses	9,809	19,936
Marketing fees	10,123	12,650
Rental expenses	3,135	1,813
Auditors' remuneration		
– Audit services	2,833	3,173
– Non-audit services	214	–
Listing expenses	–	5,128
Others*	35,347	33,422
Total	<b>809,380</b>	<b>985,002</b>

\* “Others” mainly include inspection and testing fees, office expenses, business tax and other transaction taxes.

## 8 FINANCE (COSTS)/INCOME – NET

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
<b>Finance income</b>		
– Bank interest income	7,879	12,667
<b>Finance costs</b>		
– Interest expenses on borrowings	(19,681)	(14,561)
– Interest expenses on lease liabilities	(2,668)	(954)
– Amounts capitalised in construction in progress of property (a)	34	5,390
– Cash discount	(279)	–
	<b>(22,594)</b>	<b>(10,125)</b>
<b>Finance (costs)/income – net</b>	<b>(14,715)</b>	<b>2,542</b>

(a) The capitalisation rate used to determine the amount of borrowing costs capitalised, which is the weighted average interest rate applicable to the Group's borrowings for the year ended 31 December 2024, was 4.00% per annum (2023: 5.45%).

## 9 INCOME TAX CREDIT

The amounts of income tax credit charged to profit or loss in the consolidated statement of profit or loss represent:

	Year ended 31 December	
	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Current income tax	(100)	1,951
Deferred income tax	<u>(8,791)</u>	<u>(30,746)</u>
Income tax credit	<u><u>(8,891)</u></u>	<u><u>(28,795)</u></u>

### (a) Numerical reconciliation of income tax expense

	Year ended 31 December	
	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Loss before income tax	<u>(416,096)</u>	<u>(436,417)</u>
Tax calculated at applicable statutory tax rate	(103,598)	(108,466)
– Super deduction on research and development expenditure	(18,387)	(17,309)
– Effect of preferential tax rate (b)	22,513	13,311
– Expenses not deductible for tax purpose	1,893	2,002
– Utilisation of previously unrecognised tax losses and deductible temporary differences	–	(1)
– Deductible temporary differences for which no deferred income tax asset was recognised	528	33,371
– Tax losses not recognised as deferred tax assets	95,852	48,410
– Taxable temporary differences for which no deferred tax liabilities was recognised	(7,592)	–
– Adjustments for current tax of prior periods	<u>(100)</u>	<u>(113)</u>
Income tax credit	<u><u>(8,891)</u></u>	<u><u>(28,795)</u></u>

### (b) PRC enterprise income tax (“EIT”)

The enterprise income tax rate applicable to the Company’s entities located in Mainland China is 25% according to the Enterprise Income Tax Law of the PRC (the “EIT Law”) effective on 1 January 2008 unless these subject to preferential tax rate set out below.

The Company and Beijing Guohong Hydrogen Technology Co., Ltd., a subsidiary of the Group, were approved as “High and New Technology Enterprise”, and they were subject to a preferential corporate income tax rate of 15% for the Year ended 31 December 2024 and 2023. The certificate of “High and New Technology Enterprise” is subject to renewal for each three-years intervals.

For the year ended 31 December 2024, fifteen subsidiaries of Group (2023: one) were qualified as small and micro enterprises under the PRC CIT regime, which enjoyed a corporate income tax rate of 20%.

For the year ended 31 December 2024, two subsidiaries of Group (2023: one) are subject to a preferential income tax rate of 15% as it was located in western development areas in the PRC.

(c) **Hong Kong profit tax**

Hong Kong Nation-Synergy Hydrogen Power Technology Co., Limited and Hong Kong Nation-Synergy International Hydrogen Power Technology Co., Limited, both incorporated in Hong Kong, are subject to Hong Kong profits tax at a rate of 16.5% for the year ended 31 December 2024 and 2023.

**10 LOSS PER SHARE**

(a) **Basic loss per share**

Basic loss per share is calculated by dividing the loss attributable to the owners of the Company by weighted average number of ordinary shares in issue during the years ended 31 December 2024 and 2023.

On 5 December 2023, the Company issued 79,520,000 ordinary shares through initial public offering.

	<b>As at 31 December</b>	
	<b>2024</b>	2023
Loss attributable to shareholders of the Company (RMB'000)	<b>(407,176)</b>	(404,447)
Weighted average number of ordinary shares in issue ('000)	<b>518,034</b>	427,735
Basic loss per share (expressed in RMB per share)	<b><u>(0.79)</u></b>	<b><u>(0.95)</u></b>

On 22 March 2022, the Company was converted into a joint stock company. For the purpose of computing basic loss per share, ordinary shares were assumed to have issued and allotted on 1 January 2020 as if the Company has been converted from a limited liability company into a joint stock company by then based on 1 unit of paid in capital is 1 unit of share.

As at 31 December 2022, a total of 18,000,000 shares were treated as treasury stock and excluded from the dominator of basic earnings per share. As at 31 December 2023, the employees' restricted share units were vested.

On 5 December 2023, the Company issued a total of 79,520,000 ordinary shares at the price of HKD19.66 per share by initial public offering to investors, and raised a total subscription amount of HKD1,563,363,200 (approximately RMB1,422,910,650), net of underwriting commission, in which RMB79,520,000 was included in the share capital, and RMB1,331,854,000 was included in the share premium.

(b) **Diluted loss per share**

For the years ended 31 December 2024 and 2023, the Group had potential dilutive shares throughout the year ended 31 December 2024 and 2023 related to the Share Incentive Scheme. Due to the Group's losses during the year ended 31 December 2024 and 2023, Share Incentive Scheme has anti-dilutive effect on the Group's loss per share. Thus, diluted loss per share is equivalent to the basic loss per share.

## 11 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December 2024 <i>RMB'000</i>	As at 31 December 2023 <i>RMB'000</i>
<b>Non-current</b>		
Investment in wealth management products		
– Managed by investment manager A (i)	–	113,999
<b>Current</b>		
Investment in wealth management products		
– Managed by investment manager A (i)	84,182	–
– Managed by investment manager B (ii)	–	128,504
– Managed by investment manager C (i)	150,784	142,585
– Managed by investment manager D (i)	150,500	142,585
– Managed by investment manager E (i)	150,540	142,585
– Managed by investment manager F (i)	149,912	142,585
– Managed by investment manager G (i)	103,740	98,102
– Managed by investment manager H (i)	231,877	–
	<u>1,021,535</u>	<u>796,946</u>
	<u><u>1,021,535</u></u>	<u><u>910,945</u></u>

- (i) The investments represented seven investment funds managed by seven different investment managers. Investment objectives were to invest in cash or cash equivalents, national debts, and other monetary market instruments.
- (ii) The investment represented one wealth management product. Investment objectives were to invest in listed securities, portfolio funds and fixed coupon notes. In March 2024, the Group has redeemed the investment in full amount.

### Amounts recognised in profit or loss

	Year ended 31 December	
	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Fair value gains recognised in profit or loss	<u><u>60,216</u></u>	<u><u>2,245</u></u>

## 12 TRADE AND BILLS RECEIVABLES

	As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000
<b>Current</b>		
Trade receivables		
– due from third parties	2,174,726	1,927,473
	<u>2,174,726</u>	<u>1,927,473</u>
Less: Allowance for expected credit losses	(489,262)	(384,451)
	<u>1,685,464</u>	<u>1,543,022</u>
Bills receivables	7	–
	<u>7</u>	<u>–</u>
	<u>1,685,471</u>	<u>1,543,022</u>
<b>Non-current</b>		
Trade receivables (a)		
– due from third parties	39,045	–
Less: allowance for expected credit losses	(166)	–
	<u>38,879</u>	<u>–</u>
	<u>38,879</u>	<u>–</u>
	<u>1,724,350</u>	<u>1,543,022</u>

The Group applies the simplified approach to provide for expected credit losses which was a lifetime expected loss allowance for all trade receivable as prescribed by IFRS 9.

As at 31 December 2024, the right to receive receivables with book value of RMB51,050,000 was pledged to as the security for the long-term financial leasing company loans of RMB48,740,000.

As at 31 December 2024, bills receivables of the Group were bank acceptance notes aged less than 1 year.

As at 31 December 2024 and 31 December 2023, the ageing analysis of the trade receivables based on the invoice date is as follows:

	As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000
Up to 1 year	546,315	778,983
1 to 2 years	671,533	701,297
2 to 3 years	637,914	381,081
Over 3 years	358,009	66,112
	<u>2,213,771</u>	<u>1,927,473</u>

- (a) Non-current trade receivables represented the receivables from a customer who signed a contract with a credit period of more than 360 days.

The carrying values of trade and bills receivables approximated their fair values as at the balance sheet dates and were denominated in RMB.

### 13 SHARE CAPITAL

Paid-in capital or share capital represented founders' and investors' capital injection. The excess of total consideration received by the Company over share capital was credited to the Company's share premium.

	<b>Number of ordinary shares of RMB1.00 each</b>	<b>Share capital RMB'000</b>	<b>Share premium RMB'000</b>
<b>As at 1 January 2023</b>	438,521,669	<u>438,522</u>	<u>2,300,891</u>
Issuance of shares by initial public offering, net of underwriting commission (a)	79,520,000	79,520	1,331,854
Capitalisation of other listing expenses, except for underwriting commission	N/A	N/A	(65,445)
Acquisition of minority shareholder equity	N/A	N/A	(7,854)
Vesting of shares granted under Share Incentive Scheme	N/A	<u>N/A</u>	<u>98,381</u>
<b>As at 31 December 2023 and 31 December 2024</b>	518,041,669	<u>518,042</u>	<u>3,657,827</u>

- (a) On 5 December 2023, the Company issued a total of 79,520,000 ordinary shares at the price of HKD19.66 per share by initial public offering to investors and raised a total subscription amount of HKD1,563,363,200 (approximately RMB1,422,910,650), net of underwriting commission, in which RMB79,520,000 was included in the share capital, and RMB1,331,854,000 was included in the share premium.

## 14 TREASURY SHARES RESERVE AND OTHER RESERVES

	Treasury shares reserve <i>RMB'000</i>	Share-based payment reserve <i>RMB'000</i>	Other reserves		Total <i>RMB'000</i>
			Statutory reserves <i>RMB'000</i>	Other reserves <i>RMB'000</i>	
As at 1 January 2023	(54,000)	61,818	–	434	62,252
Share-based payment	–	82,887	–	–	82,887
Currency translation differences	–	–	–	(332)	(332)
Vesting of shares granted under Share Incentive Scheme	54,000	(98,381)	–	–	(98,381)
<b>As at 31 December 2023 and 1 January 2024</b>	<b>–</b>	<b>46,324</b>	<b>–</b>	<b>102</b>	<b>46,426</b>
Repurchase of treasury shares (a)	(1,171)	–	–	–	–
Share-based payment	–	12,823	–	–	12,823
Currency translation differences	–	–	–	205	205
<b>As at 31 December 2024</b>	<b>(1,171)</b>	<b>59,147</b>	<b>–</b>	<b>307</b>	<b>59,454</b>

(a) In December 2024, the Company repurchased 109,000 ordinary shares with the consideration of HKD1,255,000 (approximately RMB1,171,000) and the shares have not been cancelled.

## 15 TRADE AND BILLS PAYABLES

	As at 31 December 2024 <i>RMB'000</i>	As at 31 December 2023 <i>RMB'000</i>
Trade payables		
– due to third parties	702,510	635,442
Bills payables (a)	89,384	138,258
	<b>791,894</b>	<b>773,700</b>

The carrying amounts of trade and bills payables approximated their fair values as at the balance sheet dates and were denominated in RMB.



As at 31 December 2024 and 31 December 2023, the ageing analysis of trade and bills payables of the Group based on invoice date was as follows:

	<b>As at 31 December 2024 RMB'000</b>	<b>As at 31 December 2023 RMB'000</b>
Within 1 year	517,389	598,540
1-2 years	189,631	174,181
2-3 years	83,918	789
Over 3 years	956	190
	<u>791,894</u>	<u>773,700</u>

(a) As at 31 December 2024, the bank deposit amount of RMB68,064,000 is placed to the issuance of bills payables (2023: RMB92,678,000).

## 16 CONTRACT LIABILITIES

	<b>As at 31 December 2024 RMB'000</b>	<b>As at 31 December 2023 RMB'000</b>
<b>Current contract liabilities</b>		
– Hydrogen fuel cell systems maintenance service	18,628	–
– Hydrogen fuel cell stacks	911	714
– Hydrogen fuel cell systems	94	945
– Others	143	–
	<u>19,776</u>	<u>1,659</u>
<b>Total contract liabilities</b>	<u>19,776</u>	<u>1,659</u>

## 17 DIVIDEND

No dividends have been paid or declared by the Company or the companies now comprising the Group during the years ended 31 December 2024 and 2023.

## 18 SUBSEQUENT EVENTS

Other than disclosed elsewhere in this announcement, there was no significant subsequent event after 31 December 2024.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Company focuses on research and development (“**R&D**”), production and sales of hydrogen energy core equipment, including various series of fuel cell stacks, fuel cell systems, power generation equipment and hydrogen production equipment products. The Company always adheres to the concept of “tenacity, innovation, openness and mutual win”, and promotes the large-scale hydrogen energy application and commercial development in transportation, energy storage, power generation, industry and other fields through continuous technological innovation to jointly create a bright future of clean and sustainable development.

The year of 2024 is the first full fiscal year since our listing on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). We adhere to the long-term strategy and pay significant attention to internal management optimization and management efficiency improvement. During the Reporting Period, we made great efforts to strengthen organizational construction, deepen operation and management, optimize talent structure, and lay a solid foundation for the Company’s business development. While continuously improving management efficiency, we continued to invest in R&D for technical upgrading and product iteration, and promoted new products for marketing. We sought to empower product development and delivery through technological innovation, actively explored new development modes for hydrogen energy industry, and advanced the commercial application of hydrogen fuel cells in various fields. The specific operations during the Reporting Period were as follows:

### 1. Product upgrade

As an important starting point for new quality productivity in the energy field, hydrogen energy is ushering in great development opportunities. Technological innovation and product iteration are the continuous forces driving our high-quality business growth. Leveraging our expertise genes in the industrialization and R&D of hydrogen energy, on top of promoting the application of existing technologies, we launched a new generation of high power Hongxin GIII (鴻芯 GIII) series stacks and Hongtu H (鴻途 H) series system products into the market in batches during the Reporting Period. The Hongxin GIII (鴻芯 GIII) series stacks boast strong market advantages and competitiveness in terms of performance, lifespan, reliability, and cost, with a single stack power exceeding 200 Kilowatts (kW). The Hongtu H (鴻途 H) series products feature a modular design concept, offering system power compatibility ranging from 120 kW to 360 kW, meeting the demands of various application scenarios such as road transport, rail transit, shipping, and power generation. During the Reporting Period, although we experienced some short-term fluctuations in production capacity and gross margin due to the transition from prototype pilot production to mass production of new products, we believe that with adjustments and optimizations launched during this phase, the Company is poised to achieve a more solid market position and broader growth prospects.

## 2. Application expansion

During the Reporting Period, we actively explored new scenarios of product application and new modes of application and operation. While expanding in the advantageous fields of transportation, rail transit and power generation, the Company has also expanded new scenarios such as hydrogen energy ships, hydrogen production equipment, hydrogen energy drones and hydrogen energy two-wheeled vehicles, which further expands the full-scenario application of hydrogen energy. Examples include: i) hydrogen energy heavy trucks and crossborder road buses equipped with our system products are put into operation as the first batch of hydrogen energy products in the New Western Land-sea Corridor (西部陸海新通道), which has a positive effect on building an efficient and convenient hydrogen energy transportation system for the New Western Land-sea Corridor (西部陸海新通道) and promoting energy transformation and sustainable development; ii) relying on the green and intelligent transformation demands of the sea shipping and inland river shipping industry, we independently developed a 240 kW class high-power marine fuel cell system Honghan C240 (鴻瀚 C240), which has been granted a type approval certificate from China Classification Society (CCS). The first inland river 64 TEU hydrogen fuel cell powered container vessel “Dongfang Hydrogen Harbor (東方氫港)” equipped with the marine fuel cell system Honghan C240 was successfully launched for shipping, helping to promote the commercial application of hydrogen energy ships in China; and iii) insofar as overseas operations are concerned, the hydrogen energy power generation project jointly built by us, Sinopec Hong Kong and CSHK was approved in principle by the inter-departmental working group on hydrogen energy in Hong Kong, which is the first hydrogen power generation project in Hong Kong. Compared with diesel generation, this hydrogen energy power generator can reduce carbon emissions by 77%, and it can reduce carbon emissions by 118 tons in one year, which is equivalent to the carbon absorption of about 5,140 trees in one year. The Group was successfully selected into the list of green logistics supporting suppliers for BASF, a Fortune 500 company. The Group supplied the first fuel cell engine system for the hydrogen truck logistics distribution project of BASF Greater China helping BASF realize a low-carbon logistics ecosystem. The first batch of hydrogen energy buses equipped with our 170 kW high-power fuel cell system were successfully exported to Israel. These hydrogen energy buses will be put into operation for the medium and long-distance tourism routes in Israel, providing local people with a green and environmentally friendly travel experience.

As a leader in the commercialization of hydrogen energy in China, the Group leveraged its precise strategic planning, strong technical strength and profound market insight to achieve several major business presence milestones amid increasingly intense industry competition. We have steadily enhanced our brand influence and advanced our going-global strategy.

### 3. R&D innovation

We adhered to the independent core technologies and continuously increased R&D investment, with R&D expenditure exceeding RMB130.5 million during the Reporting Period, striving to continuously improve the economical efficiency, reliability and durability of our products.

In terms of stack R&D, our new generation high-power GIII stacks have reached rated point performance of 1.3W/cm<sup>2</sup>, which is more than 20% higher than that of the previous generation, showing significantly improved efficiency. In addition, the high-power and high-efficiency special power generation stacks we developed for mobile and stationary power generation scenarios have become increasingly stable with the popularization and application in power generation system customer scenarios. During the Reporting Period, we were successfully selected into the eighth batch of “Manufacturing Single-Category Champion Enterprises (製造業單項冠軍企業)” recognized by the Ministry of Industry and Information Technology of the PRC by virtue of our technical advantages and market leading position in “Commercial Vehicle Hydrogen Fuel Cell Stack (商用車氫燃料電池電堆)” products. This award is a strong proof of the Group’s leading market share, innovation ability and quality benefit in the industry of hydrogen fuel cell stack products. Meanwhile, we were awarded the second prize for the Progress of Science and Technology of Beijing (北京市科學技術進步獎) with the achievement of “Key Materials, Technology and Application of Vehicle High Performance Fuel Cells”.

In terms of system R&D, we focused on the fundamental technology R&D in the field of fuel cells, and continued to invest in the development of key technologies such as rapid activation, smart water management, mechanical learning, low ancillary consumables matching, and all-in-one. We have completed the power segment layout in terms of the system products, and gradually expanded from the transportation field to rail transit systems, power generation special systems and marine fuel cell systems. During the Reporting Period, our self-developed mine high-power fuel cell system and smart mine truck development project were successfully submitted and approved under the “2024 Science and Technology Support Project for the Construction of Major Innovation Platforms (Bases) of Ordos Science and Technology Bureau (鄂爾多斯市科學技術局2024年度重大創新平台(基地)建設科技支撐項目)” and won the support of the third batch of major special funds for science and technology in Inner Mongolia Autonomous Region. In addition, the “commercial vehicle fuel cell engine system/Hongtu G120” independently developed by us was successfully selected as the first unit (set) of equipment in the Jiaxing manufacturing industry in 2024, and successfully passed the certification of Jiaxing Enterprise Technology Center.

In terms of innovative technology reserve:

- i) Our R&D team is developing groundbreaking megawatt-scale proton exchange membrane (PEM) electrolyzer technology and 1,000Nm<sup>3</sup> alkaline electrolyzer technology, tailored to meet the needs of various end application scenarios. Related technologies can greatly improve the efficiency, purity and stability of hydrogen production, addressing the demand for high-quality hydrogen across different industries. In addition, we are also developing a 1,000Nm<sup>3</sup> alkaline electrolyzed water hydrogen production system with Safety Instrumented System (SIS) function, which integrates advanced safety control technology to ensure the safety and reliability of the whole hydrogen production process. Focusing on the demand of end application scenarios, our technical reserves will help the Group to forge a complete industrial chain from hydrogen production to hydrogen usage.

- ii) During the Reporting Period, we launched Honghan C240 (鴻瀚 C240), the highest-powered marine fuel cell system in China, which was the first high-power fuel cell product for the marine industry independently developed by the Company. This product was granted a type approval certificate from China Classification Society (CCS) and inherits excellent comprehensive performance that characterize the Company's products. In addition to taking the lead to achieve high power of 240 kW, it also reaches the top level in many core indicators including lifespan, response speed, environment adaptability, safety design, stability design and others. With its outstanding performance, high energy efficiency, clean and emission-free operation and other advantages, the system will help the Chinese shipping industry develop in a greener and more sustainable direction.
- iii) During the Reporting Period, we launched the air-cooled reactor fuel cell system for drones, along with the QC30 solid hydrogen-powered unmanned aerial vehicle (UAV) equipped with this system. Compared with the industry level, the product features high energy density, long battery life, strong adaptability to severe weather conditions and other advantages. It is expected to become an integral part of the low-altitude economy, and serve as an important force in promoting future transportation and sustainable development.

#### **4. Governance optimization**

Strengthening the internal management system and optimizing efficiency are the inevitable choices to ensure the steady development of the Company and enhance its competitiveness. Since 2024, we have conducted a comprehensive assorting management over the corporate culture, management objectives, management system, operational efficiency improvement, human resource management and other aspect. By clarifying the management goals and management systems, we have effectively improved the Company's management efficiency.

We are committed to building a high-quality management team to promote the Company's sustainable development and innovation. We pay special attention to the talent structure optimization to ensure that our human resources allocation can meet the needs of the Company's strategic objectives. As at the end of the Reporting Period, the proportion of the Group's R&D personnel has reached about 34% of the total headcount. We believe that with the continuous optimization of talent structure, our team will be able to better cope with market challenges and achieve the Company's long-term goals.

## FINANCIAL REVIEW

### Revenue

We primarily derived revenue from the sale of the hydrogen fuel cell stacks to fuel cell system manufacturers and hydrogen fuel cell systems to downstream manufacturers.

For the Reporting Period, the Group's revenue amounted to approximately RMB442.4 million, as compared to approximately RMB700.6 million for the Previous Period, representing a decrease of 36.9%. The decrease was mainly attributable to the fact that (i) the hydrogen fuel cell industry in which the Group operates is still at an early stage of commercialization with inadequate infrastructure facilities, and now it is adaptively adjusted from "policy-demonstration-driven" to "scenario-commercialization-driven", and sales volumes are under pressure in a short term, which affects market promotion and project implementation, leading to a decrease in the sales volume of hydrogen fuel cell systems of the Company; and (ii) the iteration and update of the Company's products and expansion of application scenarios for new products led to fluctuations and adjustments in operating result in a short term.

The following table sets forth a breakdown of the revenue by product type for the years indicated:

	For the year ended	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Hydrogen fuel cell systems	350,379	681,259
Hydrogen fuel cell stacks	57,772	3,604
Hydrogen fuel cell system components	31,446	15,105
Others	2,842	648
	<hr/>	<hr/>
<b>Total revenue</b>	<b>442,439</b>	<b>700,616</b>
	<hr/> <hr/>	<hr/> <hr/>

## Sales Volume and Average Selling Price

	For the year ended			
	2024		2023	
	Sales volume (kW)	Average selling price (RMB per kW)	Sales volume (kW)	Average selling price (RMB per kW)
Hydrogen fuel cell stacks	39,325	1,469.1	2,314.0	1,557.5
Hydrogen fuel cell systems	79,775	4,392.1	148,640.0	4,583.3

The average selling price of our hydrogen fuel cell stacks decreased from RMB1,557.5/kW for the Previous Period to RMB1,469.1/kW for the Reporting Period. The average selling price of our hydrogen fuel cell systems decreased from RMB4,583.3/kW for the Previous Period to RMB4,392.1/kW for the Reporting Period, which is mainly due to a decrease in selling price in hydrogen fuel cell products as a result of the development of hydrogen fuel cell industry and fierce market competition.

The sales volume of the hydrogen fuel cell stacks increased from 2,314.0 kW for the Previous Period to 39,325 kW for the Reporting Period, mainly due to the fact that the Company identified new customers and expanded business planning needs accordingly. The sales volume of hydrogen fuel cell systems decreased from 148,640.0 kW for the Previous Period to 79,775 kW for the Reporting Period, mainly due to the fact that the impact of various factors at different stages in the development of the industry delayed market promotion and project implementation, leading to a decrease in the sales volume of hydrogen fuel cell systems of the Company.



## Cost of Sales

The Group's cost of sales consists primarily of raw materials, employee benefit expenses, depreciation and amortization of the production facilities and other fixed assets used in the production process, and impairment loss of the non-financial assets. The table below sets forth a breakdown of the cost of sales for the years indicated:

	For the year ended 31 December		Year-on- year change compared to
	2024	2023	2023
	<i>RMB'000</i>	<i>RMB'000</i>	(%)
<b>Cost of sales of goods and services</b>			
Raw Materials	<b>318,110</b>	443,486	(28.3)
Employee benefit expenses	<b>30,726</b>	30,098	2.1
Depreciation and amortization expenses	<b>21,830</b>	14,221	53.5
Others	<b>14,104</b>	15,851	(11.0)
	<hr/>	<hr/>	
<b>Subtotal</b>	<b>384,770</b>	503,656	(23.6)
	<hr/>	<hr/>	
Impairment loss of inventories	<b>17,637</b>	21,210	(16.8)
	<hr/>	<hr/>	
<b>Total</b>	<b>402,407</b>	524,866	(23.3)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Raw materials were the largest component of our cost of sales for both the Previous Period and the Reporting Period. The cost of raw materials decreased by 28.3% from approximately RMB443.5 million for the Previous Period to approximately RMB318.1 million for the Reporting Period, mainly due to the decrease in the sales volume of hydrogen fuel cell systems. Depreciation and amortization expenses increased by 53.5% from approximately RMB14.2 million in the Previous Period to approximately RMB21.8 million in the Reporting Period, mainly due to the completion and operation of the Company's production bases in Jiaxing, Chongqing and other places, resulting in an increase in depreciation of plant and equipment. The impairment loss of inventories decreased by 16.8% from approximately RMB21.2 million for the Previous Period to approximately RMB17.6 million for the Reporting Period, which is mainly due to the fact that we made corresponding impairment provision for 9SSL fuel cell stack inventory and some long-aged materials based on the net realizable value, and the amount of provisions decreased year-on-year.



## Gross Profit and Gross Profit Margin

Our gross profit represents our revenue less our cost of sales, and our gross profit margin represents our gross profit divided by our revenue, expressed as a percentage. The table below sets forth a breakdown of our gross profit and gross profit margin by product types for the years indicated:

	For the year ended 31 December			
	2024		2023	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
<b>Gross profit and gross profit margin of sales of goods and services</b>				
Hydrogen fuel cell stacks	19,499	33.8	1,301	36.1
Hydrogen fuel cell systems	37,779	10.8	192,305	28.2
Hydrogen fuel cell system components and others	391	1.1	3,354	21.3
<b>Subtotal</b>	<b>57,669</b>	<b>13.0</b>	196,960	28.1
Less: impairment loss of inventories	(17,637)	N/A	(21,210)	N/A
<b>Total</b>	<b>40,032</b>	<b>9.0</b>	175,750	25.1

The gross profit of the Group decreased by 77.2% from approximately RMB175.8 million for the Previous Period to approximately RMB40.0 million for the Reporting Period, and the gross profit margin of the Group decreased by 16.1 percentage points from approximately 25.1% for the Previous Period to approximately 9.0% for the Reporting Period, which mainly due to the fact that the Company launched a new generation of products for mass production, including introducing Hongxin GIII and Hongtu H series systems to the mass production stage. However, due to the decline in customer order demand, we correspondingly reduced production, resulting in an increase in unit cost of sales.

## Other Income

Other income of the Group decreased by approximately RMB0.8 million or approximately 6.8% from approximately RMB11.7 million for the Previous Period to approximately RMB10.9 million for the Reporting Period, which was mainly due to the decrease in the government grants and subsidies received and recognized during the Year of approximately RMB0.3 million.

## **Other Gains – Net**

Other gains – net of the Group increased by approximately RMB24.2 million or approximately 63.3% from approximately RMB38.2 million for the Previous Period to approximately RMB62.4 million for the Reporting Period, mainly due to the fact that (i) the Group used its idle funds to purchase principal-protected floating income financial products from independent third-party financial institutions. The products have no fixed terms and can be redeemed at any time, and are classified as financial assets at fair value, with gain from fair value of wealth management products held at the end of the period increased by approximately RMB51.1 million, and gain from redemption of wealth management products during the year was approximately RMB9.1 million; and (ii) the Group fulfilled its obligation to repurchase shares of an associated company and reversed the fair value changes of the corresponding derivative financial instruments of approximately RMB38.9 million and the repurchase did not occur during the Reporting Period.

## **Administrative Expenses**

The Group's administrative expenses primarily consist of employee benefit expenses, share-based payments, depreciation of right-of-use assets, and depreciation of property, plant and equipment. The Group's administrative expenses decreased from approximately RMB249.7 million for the Previous Period to approximately RMB219.5 million for the Reporting Period, primarily due to (i) the decrease in compensation expenses in management and share-based payment expenses during the Reporting Period as the Company consolidated organizational construction, optimized talent structure, which was offset by (ii) the increase in depreciation and amortization expenses as the construction of production facilities of the Company was completed in line with its forward-looking strategic planning for laying a foundation for the achievement of mass production.

## **Selling Expenses**

The Group's selling expenses decreased from approximately RMB59.3 million for the Previous Period to approximately RMB57.0 million for the Reporting Period and maintained the same year-on-year.

## **Research and Development Expenses**

The Group's research and development expenses decreased from approximately RMB151.1 million for the Previous Period to approximately RMB130.5 million for the Reporting Period, mainly due to the fact that during the Previous Period, the Company facilitated product iterations and technological upgrades of new products, leading to an increase in material consumption and in the current Reporting Period, the Company reduced research and development investment, as the new products have been introduced into mass production.

## **Net Impairment Losses on Financial Assets and Contract Assets**

The Group's impairment losses on financial assets and contract assets decreased from approximately RMB164.4 million for the Previous Period to approximately RMB107.4 million for the Reporting Period, primarily due to the decrease of allowance for expected credit losses for trade receivables.

## **Finance (Costs)/Income, Net**

The Group's finance costs mainly consist of interest expenses on borrowings. For the Year, net finance costs of the Group amounted to approximately RMB14.7 million (2023: net finance income of approximately RMB2.5 million), mainly due to the combined effect of the increase in interest expenses on borrowings and decrease in interest income from bank deposits.

## **Income Tax Credit**

The Group's income tax credit primarily represents the Group's total current income tax and deferred income tax charges under the relevant income tax rules and regulations in the jurisdictions where we operate during the Year. For the Year, the Group recorded an income tax credit of approximately RMB8.9 million (2023: approximately RMB28.8 million).

## **Loss Attributable to Owners of the Company**

As a result of the foregoing, loss attributable to owners of the Company amounted to approximately RMB407.2 million for the Reporting Period, as compared to approximately RMB404.4 million for the Previous Period.

## **Liquidity, Financial and Capital Resources**

The Group's primary sources of liquidity consist of cash generated from operating activities, bank borrowings, and proceeds from the listing of H Shares on the Stock Exchange on 5 December 2023. The Group's cash and cash equivalents primarily consist of bank balances. The Group's future cash requirements will depend on many factors, including the Group's operating income, capital expenditures on property, plant and equipment, and intangible assets, market acceptance of the Group's products or other changing business conditions, and future developments, including any investments or acquisitions we may decide to pursue. We may require additional cash due to changing business conditions or other future developments. If the Group's existing cash is insufficient to meet its requirements, the Group may seek to issue equity and/or debt securities or borrow from lending institutions.

As of 31 December 2024, the Group had cash and cash equivalents including restricted cash of approximately RMB391.2 million, representing a decrease of 51.6% compared to approximately RMB808.0 million for the Previous Period. As of 31 December 2024, the Group had net current assets of approximately RMB2,059.9 million, as compared to approximately RMB2,210.1 million as of 31 December 2023. The current ratio of the Group decreased slightly to approximately 2.5 as of 31 December 2024 from approximately 2.7 as of 31 December 2023.

## Borrowings and Charges on Group Assets

As of 31 December 2024, the Group's outstanding current and non-current borrowings amounted to approximately RMB529.7 million, of which interest payable was approximately RMB0.3 million. The maturity groupings of the borrowings are as follows:

	For the year ended 31 December		Year-on- year change compared to
	2024	2023	2023
	RMB'000	RMB'000	(%)
<b>Borrowing terms</b>			
Within one year	332,408	265,631	25.1
Between one and two years	82,921	4,000	1,973.0
Between two and five years	114,405	34,500	231.6
<b>Total</b>	<b>529,734</b>	<b>304,131</b>	<b>74.2</b>

As of 31 December 2024, the Group's loans were approximately RMB529.7 million. As at 31 December 2024, the Group has guaranteed borrowings including (i) short-term bank borrowing of approximately RMB29.3 million guaranteed by deposit; (ii) long-term bank borrowings of approximately RMB30.0 million secured by the Group's land use rights with net book value of approximately RMB52.0 million; (iii) long-term bank borrowings of approximately RMB144.2 million secured by the Group's construction in progress and land use rights with a net book value of approximately RMB10.1 million and RMB26.2 million; and (iv) finance lease borrowings of approximately RMB48.7 million secured by the Group's production lines with net book value of approximately 78.6 million, pledged of the right to receive receivables with book value of RMB51.1 million and the right to receive future receivables with book value of RMB82.1 million. The proportion of the Group's long-term borrowings in the total borrowings is approximately 37.3% as of 31 December 2024, ensuring the healthy and stable cash flow of the Group in the future. The Directors believed that the Group's debt level and financial structure had laid a solid foundation for the Group to withstand market volatility and diminish financial risks. The weighted average effective interest rates for the Group's bank borrowings and borrowings from third parties as of 31 December 2024 were 3.76% and 3.30%, respectively. All bank borrowings or loans were all denominated in RMB.

## Gearing Ratio

The gearing ratio is calculated by dividing total borrowings by total equity as of 31 December 2024. The gearing ratio was approximately 0.2 (as of 31 December 2023: approximately 0.1).

## Capital Commitments

The Group's capital expenditure during the Reporting Period represented the acquisition of property, plant and equipment. For the Year, the Group had contracted but not provided for capital commitments for acquisition of property, plant and equipment were approximately RMB269.1 million (2023: approximately RMB109.6 million).

## **Capital Expenditures**

The Group's capital expenditures primarily relate to payments of property, plant and equipment and land lease. For the Year, the Group's capital expenditures were approximately RMB50.4 million (2023: approximately RMB150.5 million).

## **Foreign Exchange and Exchange Rate Risk**

The Group primarily operates in the PRC and is exposed to foreign currency risk arising from fluctuations in exchange rates between RMB and other currencies relating to the Group's business. The Group is subject to foreign currency risk attributable to the bank balances that are denominated in currencies other than RMB. The Group seeks to limit the exposure to foreign currency risk by minimizing its net foreign currency position. The Group did not enter into any hedging transactions in respect of foreign currency risk as of 31 December 2024. The Directors expect that the fluctuation of the RMB exchange rate will not have a material adverse effect on the operation of the Group.

## **Future Development and Outlook of the Company**

The Company will continue to consolidate its leading position in the industry and promote the scale operation and commercialization of hydrogen energy industry by focusing on technology improvement, talent cultivation and system construction, business model innovation, large-scale operation and other aspects.

### **1. Technology upgrade and product innovation**

#### ***Continuously increasing R&D investment***

We will continue to invest more in research and development of core products, concentrating the development of high-efficiency and high-power fuel cell stacks, fuel cell systems, power generation equipment as well as hydrogen production equipment. Accelerating product iteration through technological innovation ensures outstanding product performance in the industry, while further reducing its costs.

#### ***Expanding application scenarios for products***

Through continuous innovation in our product matrix, we aim to provide customers with products with higher stability, better consistency, lower cost and wider applications. We are actively expanding the application of fuel cell in diversified fields, such as transportation, power generation, energy storage, marine, and UAVs, and promoting the implementation of fuel cell technology in more fields, so as to facilitate a clean and low-carbon energy system.

### **2. Talents and system construction**

#### ***Strengthening the introduction and cultivation of talents***

We continue to introduce and cultivate professionals, deepen collaboration with colleges and universities in the PRC, so as to improve talents training and team building and to enhance overall professionalism and innovation ability.

### ***Optimizing management system***

We further optimize system construction to improve management and operation efficiency. We will enhance corporate governance, management and operation in each aspect through refined management and process optimization, in order to consolidate our competitiveness in the industry.

### **3. Business model innovation and market expansion**

#### ***Business model innovation***

We expand our product applications to diversified market by seizing market opportunities emerging from hydrogen industry. By capitalizing the synergism with upstream, middle stream and downstream of hydrogen energy, expanding the applications of fuel cell products based on various scenarios in line with local policies situations and building comprehensive product matrix, application of hydrogen energy in different industries shall be expanded.

#### ***Domestic and international markets expansion***

Domestically, we actively respond to local policies to promote the implementation of hydrogen energy projects. Internationally, we will accelerate technological innovation and integration of industrial chains through cooperation with international partners, so as to enhance our international competitiveness and to increase our share in overseas markets.

### **4. Capacity expansion and scale operation**

#### ***Expand production capacity in accordance with local policies and situations***

We will build network bases across the country in line with hydrogen energy industry development policies, plans and market demand in different regions. We plan to build production bases in key regions to realize localized production, reduce the average production costs and enhance operational efficiency, to strengthen our advantages in scaled production and competition.

#### ***Promoting synergistic development within industry chains***

We will strengthen cooperation with enterprises both upstream and downstream surrounding industry chain to realize resource sharing in complementary strengths, jointly promoting the rapid growth of hydrogen industry.

## **SIGNIFICANT INVESTMENTS AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

The Group did not hold any significant investment and events which could have material impact on our operating and financial performance for the Year. As of 31 December 2024, the Company had no specific plans for significant investments or acquisitions of capital assets.

## **MATERIAL ACQUISITION AND DISPOSAL**

During the Year, the Group did not have any material acquisition or disposal of subsidiaries, associates, or assets.

## **EMPLOYEE AND REMUNERATION POLICY**

As of 31 December 2024, the Group had a total of 511 full-time employees (2023: 798) and all of them were based in China. We primarily recruit our personnel through recruitment agencies, on-campus job fairs, referrals, and online channels including our corporate website and social networking platforms. We place a strong emphasis on training our employees to develop their skills. Pursuant to our employee training policy, we provide our employees with opportunities to participate in training sessions and seminars on safety production, fire safety and emergency care, as well as team-building activities to cultivate our corporate culture. In terms of remuneration, our employees' remuneration varies according to the functions: (i) our sales personnel's remuneration includes base salary and bonuses based on their total sales amount; (ii) our administration personnel's remuneration includes basic salary, subsidies and performance-based bonuses; and (iii) our production personnel's remuneration includes base salary and bonuses. Employee benefit expenses consist of (i) salaries, wages and bonuses; (ii) pension cost – defined contribution plans; (iii) housing fund, medical insurance and other social insurance; and (iv) share-based payments expense. Employee benefits expenses were approximately RMB185.3 million during the Year (2023: approximately RMB235.3 million).

## **USE OF PROCEEDS FROM THE GLOBAL OFFERING**

The Company issued H Shares at HK\$19.66 per share and offered 79,520,000 H Shares in Hong Kong, which were listed on the Main Board of the Stock Exchange on 5 December 2023 (the “**Listing**” and the “**Listing Date**”, respectively). The net proceeds received by the Company from the global offering of its H Shares (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\$1,456.3 million. As of 31 December 2024, the net proceeds from the Global Offering were used as follows:



	Approximate percentage of the total net proceeds (%)	Net proceeds from the Listing (HKD million)	Remaining net proceeds as of 31 December 2023 (HKD million)	Net proceeds utilized during the Reporting Period (HKD million)	Remaining net proceeds as of 31 December 2024 (HKD million)	Expected time to utilize the remaining net proceeds in full <sup>(Note 1)</sup>
Expand the production capabilities of the Group's hydrogen fuel cell stacks and hydrogen fuel cell systems	40	582.6	582.6	50.7	531.9	By the end of the year ending 2026
Research and development of hydrogen fuel cell stacks, hydrogen fuel cell systems and hydrogen production equipment	20	291.3	291.3	21.3	270.0	By the end of the year ending 2026
Investment in, the potential acquisition of, or the alliance with companies in the Group's upstream industry	10	145.6	145.6	0	145.6	By the end of the year ending 2026
Development of downstream transit and stationary applications of the Group's product portfolios and development of domestic applications and the increase of local demands for the Group's products by establishing joint ventures with the local governments and companies	10	145.6	145.6	16.1	129.5	By the end of the year ending 2026
Team building, talents recruitment and training, as well as enhanced compensation and incentives to key personnel	10	145.6	145.6	11.0	134.6	By the end of the year ending 2026
Working capital and other general corporate purposes	10	145.6	138.2	13.4	124.8	By the end of the year ending 2026
<b>Total<sup>(Note 2)</sup></b>	<b>100</b>	<b>1,456.3</b>	<b>1,448.9</b>	<b>112.5</b>	<b>1,336.4</b>	

*Notes:*

- (1) The expected timeline for using the unutilized net proceeds is based on the best estimation of the present and future business market situations made by the Board, and it will be subject to changes based on the future development of market conditions.
- (2) Any discrepancies in the above table between the total shown and the sum of the amounts listed are due to rounding.



## EVENTS DURING THE REPORTING PERIOD

### Full Circulation of H Shares

The Company completed the conversion of 273,074,088 Domestic Shares into H Shares on 27 August 2024. The listing of the converted H Shares commenced trading on 28 August 2024. For details, please refer to the announcements of the Company dated 26 February 2024, 19 April 2024, 20 August 2024 and 27 August 2024.

## EVENTS AFTER THE REPORTING PERIOD

### Proposed election of the Second Session of the Board and the Supervisory Committee (the “Election”)

As the term of the first session of the Board and the Supervisory Committee had expired on 22 March 2025, the Company has proposed the election of the second session of the Board and the Supervisory Committee (the “**Second Session**”) in accordance with relevant requirements of the articles of association of the Company (the “**Articles of Association**”) and the Company Law of the People’s Republic of China (the “**Company Law**”). Save for Mr. Dong Guihu and Mr. Zhang Chen, all of the Director candidates are existing Directors. All of the supervisor candidates are existing supervisors of the Company (the “**Supervisors**”). Mr. Zhan Zhanlin (“**Mr. Zhan**”) and Dr. Wan Yu (“**Dr. Wan**”) will retire as non-executive Directors with effect from the date when the Second Session is elected. Both Mr. Zhan and Dr. Wan have confirmed that they have no disagreement with the Board relating to their retirement, and there are no matters relating to their retirement that need to be brought to the attention of the Stock Exchange and the shareholders of the Company (the “**Shareholders**”).

An extraordinary general meeting will be convened to be held on 28 March 2025 (the “**2025 EGM**”) in relation to the Election. For details, please refer to the Change Announcement (as defined below) and the Company’s circular dated 11 March 2025.

### Appointment of New Senior Management Team, Change of General Manager and Non-compliance with the Corporate Governance Code (the “CG Code”)

On 28 February 2025, the Board has announced the appointment of senior management team with Mr. Chen Xiaomin as the general manager of the Company and Mr. Liu Zhixiang, Mr. Yan Xiqiang, Ms. Li Jing, Mr. Wang Jun and Mr. Xiao Xin as the deputy general managers of the Company, with effect from the same date. For details, please refer to the Company’s announcement dated 28 February 2025 (the “**Change Announcement**”).

According to the code provision C.2.1 of Part 2 in the CG Code as set out in Appendix C1 of the Listing Rules which provides that the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual. However, the Board believes that, with the support of the management team, having the same individual serve as both the chairman and chief executive officer helps to implement the Company’s business strategy and enhance its operational efficiency. In addition, the new Board will comprise two executive Directors, four non-executive Directors, and three independent non-executive Directors, who, under the Board’s supervision, can fully and fairly represent the interests of the Shareholders. Mr. Chen Xiaomin is well-acquainted with the Company’s business operations and possesses exceptional knowledge and experience in the Company’s business. His dual roles as chairman and general manager are beneficial to improving the overall strategic planning efficiency of the Company.

## DIVIDEND

No dividends were declared for the Year, nor have any dividend been proposed subsequent to 31 December 2024.

## CORPORATE GOVERNANCE CODE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance its corporate value and accountability. The Company has adopted the CG Code as set out in Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) as its own code of corporate governance. During the Reporting Period, the Company has complied with all applicable code provisions set out in Part 2 of Appendix C1 of the Listing Rules from the Listing Date to 31 December 2024. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

## PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Year and up to the date of this announcement, the Company repurchased a total of 695,000 H Shares on the Stock Exchange. Details of the repurchase of H Shares are as follows:

Month of repurchase	Number of H Shares repurchased	Price per share		Aggregate consideration HK\$'000
		Highest HK\$	Lowest HK\$	
December 2024	109,000	12.40	10.52	1,250.12
January 2025	586,000	10.50	9.45	5,878.81
Total	<u>695,000</u>			<u>7,128.93</u>

The above repurchases of the H Shares were effected by the Directors, pursuant to the mandate approved by the Shareholders at the AGM held on 19 June 2024, with a view to demonstrate the Company’s confidence in its business outlook and prospects and would, in the long term, benefit the Company and create value to the Shareholders.

All the repurchased H Shares were held as treasury Shares of the Company and are intended to be used for purposes such as employee incentives, sale or transfer to obtain liquid funds, etc. subject to the actual decision by the Board.

Save as disclosed above, during the Year and up to the date of this announcement, there was no purchase, sale (including sale of treasury Shares) or redemption of any listed securities of the Company by the Company or any of its subsidiaries.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as its code of conduct for the trading of securities by the Directors and Supervisors. Having made specific reasonable inquiries with all Directors and Supervisors, the Company confirmed that all Directors and Supervisors have complied with the provisions of the Model Code during the Reporting Period.

## **AUDIT COMMITTEE**

The audit committee of the Company (the “**Audit Committee**”) has been established with written rules of procedure in compliance with the Listing Rules and the CG Code. The Audit Committee currently comprises three independent non-executive Directors, Ms. Wong Yan Ki, Angel, Mr. Liu Xin, and Dr. Xing Wei. Ms. Wong Yan Ki, Angel is the chairlady of the Audit Committee. The Audit Committee has reviewed, among others, the accounting principles and practices adopted by the Group, the relationship with and terms of appointment of the external auditors, the Company’s financial reporting system, internal control and risk management system with the management. The consolidated financial statements of the Group for the Year have been reviewed by the Audit Committee.

## **ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS**

The Company’s 2024 annual general meeting (the “**AGM**”) is scheduled to be held at No. 1-6 Longwang Road, Zhapu Town, Pinghu City, Jiaxing City, Zhejiang Province, the PRC on Thursday, 26 June 2025 at 9:00 a.m..

For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 23 June 2025 to Thursday, 26 June 2025, both days inclusive, during which period no transfer of the Shares will be registered. In order to attend and vote at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Share Registrar, Boardroom Share Registrars (HK) Limited, at 2103B, 21st Floor, 148 Electric Road, North Point, Hong Kong, for registration not later than 4:30 p.m. on Friday, 20 June 2025.

## **SCOPE OF WORK OF PRICEWATERHOUSECOOPERS (“PwC”)**

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the Year as set out above in this preliminary announcement have been agreed by the Group’s auditor, PwC, to the amounts set out in the Group’s consolidated financial statements for the Year. The work performed by PwC in this respect did not constitute an assurance engagement and consequently no assurance has been expressed by PwC on this announcement.

## **PUBLICATION OF AUDITED ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This annual results announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.sinosynergypower.com](http://www.sinosynergypower.com)), and the 2024 annual report of the Company containing all the information required by the Listing Rules will be dispatched to the Shareholders, if a printed copy is requested, and made available on the above websites in due course.

By order of the Board  
**Sino-Synergy Hydrogen Energy Technology (Jiaxing) Co., Ltd.**  
**Mr. Chen Xiaomin**  
*Chairman, Executive Director and General Manager*

Jiaxing, the PRC  
27 March 2025

*As at the date of this announcement, the Board of the Company comprises: (i) Mr. Chen Xiaomin, Mr. Yang Zeyun and Mr. Ye Jiajie as executive Directors; (ii) Mr. Zhan Zhanlin, Mr. Huang Jiao and Dr. Wan Yu as non-executive Directors; and (iii) Mr. Liu Xin, Dr. Xing Wei and Ms. Wong Yan Ki, Angel as independent non-executive Directors.*