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

(Stock Code: 2402)

POSSIBLE CONNECTED TRANSACTION – PROPOSED CAPITAL INCREASE IN SINOHYTEC HYDROGEN ENERGY

The Board announces that the Company, Tonglan Technology and SinoHytec Hydrogen Energy propose to enter into the Capital Increase Agreement, pursuant to which Tonglan Technology will subscribe for the increased registered capital of RMB17 million in SinoHytec Hydrogen Energy by way of cash at a price of RMB1 per share. Upon completion of the Capital Increase, the registered capital of SinoHytec Hydrogen Energy will increase from RMB50 million to RMB67 million. The Company's equity interest in SinoHytec Hydrogen Energy will be reduced from 100% to approximately 74.63%. SinoHytec Hydrogen Energy will remain a subsidiary within the scope of the consolidated financial statements of the Company.

LISTING RULES IMPLICATIONS

As the general partners of Tonglan Technology are Ms. Song Haiying and Ms. Dai Dongzhe, who are executive Directors, Tonglan Technology is a connected person of the Company. The proposed transaction under the Capital Increase Agreement will constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. Upon completion of the Capital Increase, the Company's equity interest in SinoHytec Hydrogen Energy will be reduced from 100% to approximately 74.63%. Pursuant to Rule 14.29 of the Listing Rules, the proposed transaction under the Capital Increase Agreement will constitute a deemed disposal of the Company's equity interest in SinoHytec Hydrogen Energy.

As the highest applicable percentage ratio in respect of the proposed transaction under the Capital Increase Agreement exceeds 0.1% but is less than 5%, the proposed transaction will be subject to, among other things, the reporting and announcement requirements under Chapter 14A of the Listing Rules but will be exempt from the independent shareholders' approval requirement.

Ms. Song Haiying and Ms. Dai Dongzhe, being executive Directors and the general partners of Tonglan Technology, and Mr. Zhang Guoqiang, the chairman of the Board and a limited partner of Tonglan Technology, are interested in the proposed transaction under the Capital Increase Agreement. Therefore, Ms. Song Haiying, Ms. Dai Dongzhe and Mr. Zhang Guoqiang have abstained from voting on the Board resolutions to consider and approve the proposed transaction under the Capital Increase Agreement. Save for Ms. Song Haiying, Ms. Dai Dongzhe and Mr. Zhang Guoqiang, no other Directors are required to abstain from voting on the Board resolutions to consider and approve the proposed transaction under the Capital Increase Agreement.

As of the date of this announcement, no binding agreement in relation to the Capital Increase has been entered into by the Company. Therefore, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares. The Company will make further announcement(s) as and when appropriate and in accordance with the requirements of the Listing Rules.

The Board announces that the Company, Tonglan Technology and SinoHytec Hydrogen Energy propose to enter into the Capital Increase Agreement, pursuant to which Tonglan Technology will subscribe for the increased registered capital of RMB17 million in SinoHytec Hydrogen Energy by way of cash at a price of RMB1 per share. Upon completion of the Capital Increase, the registered capital of SinoHytec Hydrogen Energy will increase from RMB50 million to RMB67 million. The Company's equity interest in SinoHytec Hydrogen Energy will be reduced from 100% to approximately 74.63%. SinoHytec Hydrogen Energy will remain a subsidiary within the scope of the consolidated financial statements of the Company.

Details of the Capital Increase Agreement are set out below:

THE CAPITAL INCREASE AGREEMENT

Parties:

- (1) The Company;
- (2) Tonglan Technology; and
- (3) SinoHytec Hydrogen Energy.

Subject matter: Pursuant to the Capital Increase Agreement, Tonglan Technology will subscribe for the increased registered capital of RMB17 million in SinoHytec Hydrogen Energy. As of the date of this announcement, SinoHytec Hydrogen Energy is a wholly-owned subsidiary of the Company. Upon completion of the Capital Increase, the Company and Tonglan Technology will hold approximately 74.63% and approximately 25.37% equity interest in SinoHytec Hydrogen Energy, respectively, and SinoHytec Hydrogen Energy will remain a subsidiary within the scope of the consolidated financial statements of the Company. The Company resolved not to exercise its pre-emptive right in relation to the Capital Increase.

Consideration: Tonglan Technology will use its self-owned funds to inject RMB17 million to SinoHytec Hydrogen Energy by way of cash at a price of RMB1 per share. Tonglan Technology will be required to pay RMB17 million to the designated account of SinoHytec Hydrogen Energy within 30 days after entering into the Capital Increase Agreement.

The consideration of the Capital Increase is determined by the parties after arm's length negotiation based on normal commercial terms. As SinoHytec Hydrogen Energy has been established for a relatively short period and has not yet commenced business, Tonglan Technology shall subscribe for the increased registered capital of SinoHytec Hydrogen Energy at a price of RMB1 per share.

Others: Parties will cooperate with SinoHytec Hydrogen Energy to complete the industrial and commercial registration in relation to the Capital Increase as soon as possible.

The following table shows the shareholding structure and capital contribution of each shareholder of SinoHytec Hydrogen Energy before and after completion of the Capital Increase:

Name of shareholder	As of the date of this announcement and immediately before completion of the Capital Increase		Immediately after completion of the Capital Increase	
	Capital contribution (RMB)	Equity interest held	Capital contribution (RMB)	Equity interest held (Approximate)
The Company	50,000,000	100%	50,000,000	74.63%
Tonglan Technology	—	—	17,000,000	25.37%
Total	<u>50,000,000</u>	<u>100%</u>	<u>67,000,000</u>	<u>100%</u>

Upon completion of the Capital Increase, the Company's equity interest in SinoHytec Hydrogen Energy will be reduced from 100% to approximately 74.63%. SinoHytec Hydrogen Energy will remain a subsidiary within the scope of the consolidated financial statements of the Company. There is no available financial information of SinoHytec Hydrogen Energy as it has been established for a relatively short period and has not yet commenced business. The Capital Increase shall not cause adverse impact on the financial condition and operating results of the Company, and no gain or loss is expected to accrue to the Company as a result of the Capital Increase. SinoHytec Hydrogen Energy intends to use the proceeds from the Capital Increase for its general working capital purposes.

REASONS FOR AND BENEFITS OF THE CAPITAL INCREASE

The Capital Increase, when materialized, will help SinoHytec Hydrogen Energy to expand its registered capital and accelerate the growth of the hydrogen energy business of the Company. The partners of Tonglan Technology, the new shareholder of SinoHytec Hydrogen Energy, mainly include the operation management team and core staff of SinoHytec Hydrogen Energy and the Company. The Capital Increase is conducive to optimizing the shareholding structure of SinoHytec Hydrogen Energy, attracting and retaining core talents, stimulating the entrepreneurial spirit and innovation of the core staff, and facilitating the development of SinoHytec Hydrogen Energy, which is in line with the Company's overall business development strategies.

The Directors (including the independent non-executive Directors) consider that although the Capital Increase is not in the ordinary and usual course of business of the Group, the Capital Increase and the terms of the Capital Increase Agreement are on normal commercial terms, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

INFORMATION OF SINOHYTEC HYDROGEN ENERGY

SinoHytec Hydrogen Energy is a company established in the PRC with limited liability on June 14, 2023 with a registered capital of RMB50 million as of the date of this announcement. SinoHytec Hydrogen Energy is principally engaged in the hydrogen production business and has not yet commenced business.

As of the date of this announcement, SinoHytec Hydrogen Energy is a wholly-owned subsidiary of the Company. Upon completion of the Capital Increase, the Company's equity interest in SinoHytec Hydrogen Energy will be reduced from 100% to approximately 74.63%. SinoHytec Hydrogen Energy will remain a subsidiary within the scope of the consolidated financial statements of the Company.

INFORMATION OF THE GROUP

The Group is a provider of fuel cell systems, 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, in the PRC.

INFORMATION OF TONGLAN TECHNOLOGY

Tonglan Technology is a limited partnership established in the PRC on September 7, 2023 and as of the date of this announcement, its general partners are Ms. Song Haiying and Ms. Dai Dongzhe, who are executive Directors. Tonglan Technology is principally engaged in technology services and has not yet commenced operation. The partners of Tonglan Technology mainly include the operation management team and core staff of SinoHytec Hydrogen Energy and the Company. As of the date of this announcement, Ms. Song Haiying is the single largest equity holder of Tonglan Technology, holding approximately 14.71% interest in Tonglan Technology, Ms. Dai Dongzhe, Mr. Zhang Guoqiang, the chairman of the Board, and Mr. Zhang He, a supervisor of the Company, hold approximately 9.41%, 5.88% and 2.35% interest in Tonglan Technology, respectively.

LISTING RULES IMPLICATIONS

As the general partners of Tonglan Technology are Ms. Song Haiying and Ms. Dai Dongzhe, who are executive Directors, Tonglan Technology is a connected person of the Company. The proposed transaction under the Capital Increase Agreement will constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. Upon completion of the Capital Increase, the Company's equity interest in SinoHytec Hydrogen Energy will be reduced from 100% to approximately 74.63%. Pursuant to Rule 14.29 of the Listing Rules, the proposed transaction under the Capital Increase Agreement will constitute a deemed disposal of the Company's equity interest in SinoHytec Hydrogen Energy.

As the highest applicable percentage ratio in respect of the proposed transaction under the Capital Increase Agreement exceeds 0.1% but is less than 5%, the proposed transaction will be subject to, among other things, the reporting and announcement requirements under Chapter 14A of the Listing Rules but will be exempt from the independent shareholders' approval requirement.

Ms. Song Haiying and Ms. Dai Dongzhe, being executive Directors and the general partners of Tonglan Technology, and Mr. Zhang Guoqiang, the chairman of the Board and a limited partner of Tonglan Technology, are interested in the proposed transaction under the Capital Increase Agreement. Therefore, Ms. Song Haiying, Ms. Dai Dongzhe and Mr. Zhang Guoqiang have abstained from voting on the Board resolutions to consider and approve the proposed transaction under the Capital Increase Agreement. Save for Ms. Song Haiying, Ms. Dai Dongzhe and Mr. Zhang Guoqiang, no other Directors are required to abstain from voting on the Board resolutions to consider and approve the proposed transaction under the Capital Increase Agreement.

As of the date of this announcement, no binding agreement in relation to the Capital Increase has been entered into by the Company. Therefore, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares. The Company will make further announcement(s) as and when appropriate and in accordance with the requirements of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions shall have the same meanings set out below:

“A Share(s)”	domestic shares of the Company, with a nominal value of RMB1.00 each, which are listed on the SSE STAR Market and are traded in RMB
“Board”	the board of Directors
“Capital Increase”	the proposed subscription of the increased registered capital of RMB17 million in SinoHytec Hydrogen Energy by Tonglan Technology
“Capital Increase Agreement”	the capital increase agreement proposed to be entered into between the Company, Tonglan Technology and SinoHytec Hydrogen Energy in relation to the Capital Increase

“Company”	Beijing SinoHytec Co., Ltd. (北京億華通科技股份有限公司), a joint stock company with limited liability incorporated in the PRC, the A Shares of which are listed on the SSE STAR Market and the H Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“H Share(s)”	the overseas listed foreign share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which are listed on the Stock Exchange and subscribed for and traded in Hong Kong dollars
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“percentage ratio(s)”	has the meaning ascribed to it under the Listing Rules
“PRC”	The People’s Republic of China, for the sole purpose of this announcement, excludes Taiwan, Hong Kong and the Macau Special Administrative Region of the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	shares of the Company, including A Share(s) and H Share(s)
“Shareholder(s)”	the holder(s) of the Share(s)

“SinoHytec Hydrogen Energy”	Beijing SinoHytec Hydrogen Energy Technology Co., Ltd. (北京億華通氫能科技有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company as of the date of this announcement
“SSE STAR Market”	the Shanghai Stock Exchange Science and Technology Innovation Board (上海證券交易所科創板)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tonglan Technology”	Beijing Tonglan Technology Center (L.P.) (北京通嵐科技中心 (有限合夥)), a limited partnership established in the PRC, whose general partners are Ms. Song Haiying and Ms. Dai Dongzhe, who are executive Directors, as of the date of this announcement
“%”	per cent.

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

Beijing, the PRC
October 30, 2023

As of the date of this announcement, the Board comprises Mr. Zhang Guoqiang, Ms. Song Haiying and Ms. Dai Dongzhe as executive Directors, Ms. Teng Renjie and Mr. Song Feng as non-executive Directors, Mr. Liu Xiaoshi, Mr. Ji Xuehong, Mr. Chan So Kuen and Mr. Li Zhijie as independent non-executive Directors.