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

(Stock Code: 2402)

CONTINUING CONNECTED TRANSACTIONS

THE CCT AGREEMENTS

The Board announces that on October 30, 2024, the Company and SinoHytec Hydrogen Energy entered into (i) the Sale of Goods Agreement, pursuant to which the Group provides goods required for the production and operation of SinoHytec Hydrogen Energy Group, and (ii) the Technological Services Agreement, pursuant to which the Group provides technological services to SinoHytec Hydrogen Energy Group for its research and development process, both for a term commencing from October 30, 2024 to December 31, 2026 (both days inclusive).

LISTING RULES IMPLICATIONS

As of the date of this announcement, SinoHytec Hydrogen Energy is owned as to 72.22% and 24.56% by the Company and Tonglan Technology, respectively. Ms. Song Haiying and Ms. Dai Dongzhe, the executive Directors are the general partners of Tonglan Technology. SinoHytec Hydrogen Energy is thus a connected subsidiary of the Company and a connected person of the Company pursuant to the Listing Rules. Accordingly, the transactions contemplated under the CCT Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the annual caps for each of the Sale of Goods Agreement and the Technological Services Agreement are more than 0.1% but less than 5%, the transactions contemplated under the CCT Agreements are subject to the annual reporting, annual review and announcement requirements, but are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

GENERAL

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 director of SinoHytec Hydrogen Energy, are interested in the CCT Agreements and the transactions contemplated thereunder. Therefore, Ms. Song Haiying, Ms. Dai Dongzhe and Mr. Zhang Guoqiang abstained from voting on the Board resolutions in respect of the CCT Agreements and the respective annual caps. Save for Ms. Song Haiying, Ms. Dai Dongzhe and Mr. Zhang Guoqiang, no other Director is required to abstain from voting on the Board resolutions to consider and approve the CCT Agreements and the transactions contemplated thereunder.

THE CCT AGREEMENTS

On October 30, 2024, the Company and SinoHytec Hydrogen Energy entered into (i) the Sale of Goods Agreement, pursuant to which the Group provides goods required for the production and operation of SinoHytec Hydrogen Energy Group, and (ii) the Technological Services Agreement, pursuant to which the Group provides technological services to SinoHytec Hydrogen Energy Group for its research and development process, both for a term commencing from October 30, 2024 to December 31, 2026 (both days inclusive).

Details of each of the CCT Agreements and their corresponding annual caps are set out below:

(A) The Sale of Goods Agreement

| | | |
|-----------------------------|---|---|
| Date | : | October 30, 2024 |
| Parties | : | The Company, as supplier; and SinoHytec Hydrogen Energy, as purchaser |
| Goods to be provided | : | Provision of goods by the Group to SinoHytec Hydrogen Energy Group for goods required for the production and operation of SinoHytec Hydrogen Energy Group, including but not limited to pipes, valves, pumps and other materials required for research and development and testing. |
| Term | : | From October 30, 2024 to December 31, 2026 |

Payment terms : Payment shall be principally settled within three months after the date of delivery of goods by the supplier. Subject to negotiations between the parties, prepayments may be made by the purchaser no more than six months before the estimated date of delivery of the goods.

Pricing Standards of the Transactions contemplated under the Sale of Goods Agreement

Under the Sale of Goods Agreement, the price of the goods to be provided will be determined based on the following:

- (1) the market price of an independent third party obtained through prices quoted on industry websites or by market enquiries (i.e. the price of the same or similar product provided to independent third parties by suppliers other than the Group in the same region during the ordinary course of business on normal commercial terms);
- (2) if there is no market price determined by an independent third party, the transaction price between the Group and an independent third party; or
- (3) if none of the above price is applicable, costs plus a percentage mark-up (tax-inclusive), which is not more than 30% (i.e. price = cost x (1 + percentage mark-up)).

In any event, the applicable price of the goods offered to SinoHytec Hydrogen Energy Group by the Group shall not be lower than that offered to independent third party customers of the Group.

The Proposed Annual Caps and the Basis for the Proposed Annual Cap Amounts under the Sale of Goods Agreement

Before the entry of the Sale of Goods Agreement, starting from March 2024 and up to the date of this announcement, the Group has, in its ordinary and usual course of business and on normal commercial terms or better, entered into transactions equivalent to the transactions contemplated under the Sale of Goods Agreement with SinoHytec Hydrogen Energy Group. For the six months ended June 30, 2024, the sale of goods transactions amounted to approximately RMB1.7 million (unaudited). As the applicable percentage ratios in respect of such previous transactions were less than 5% and the total consideration was less than HK\$3,000,000 on an annual basis, such transactions fell within the de minimis threshold as stipulated under Rule 14A.76 of the Listing Rules, and were fully exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Based on internal review on the transactions, the Company expects that the transaction amount of such transactions for the period from October 31, 2024 to December 31, 2024 would amount to RMB5 million and thus will exceed the de minimus threshold under Rule 14A.76 of the Listing Rules. The Company has therefore entered into the Sale of Goods Agreement with SinoHytec Hydrogen Energy.

The proposed annual caps for the Sale of Goods Agreement for the three years ending December 31, 2026 are set out below:

Unit: RMB 0'000

| | For the year ending December 31, 2024 | For the year ending December 31, 2025 | For the year ending December 31, 2026 |
|---------------------|--|--|--|
| Proposed annual cap | 700 | 500 | 500 |

The proposed annual caps for the Sale of Goods Agreement are determined with reference to the following factors:

- (1) the historical transaction amount; and
- (2) the expected increase in demand for the Group's products from SinoHytec Hydrogen Energy Group during the remaining months of 2024, attributable to its early stage of development and cooperation with the Group, and the projected decrease in demand for 2025 and 2026 as SinoHytec Hydrogen Energy Group's operations are expected to transit towards a more stable and organized phase.

(B) Technological Services Agreement

Date : October 30, 2024

Parties : The Company, as supplier; and

SinoHytec Hydrogen Energy, as purchaser

- Services to be provided** : Provision of technological services by the Group to the SinoHytec Hydrogen Energy Group for, including commissioned design, product verification and testing services for its research and development process.
- Term** : From October 30, 2024 to December 31, 2026
- Payment terms** : Payment terms will be agreed in specific contract based on the actual situation of the transaction.

Pricing Standards of the Transactions contemplated under the Technological Services Agreement

Under the Technological Services Agreement, the service fees will be determined based on the following:

- (1) the transaction price of the same service between the Group and independent third parties;
- (2) the price which consists of the reasonable cost of services provided by the Group plus gross profit of comparable non-related transactions; or
- (3) in the event that the above prices are not available or not applicable, the price shall be determined after arm's length negotiation between the parties.

In any event, the applicable service fee offered to SinoHytec Hydrogen Energy Group by the Group shall not be lower than that offered to independent third party customers of the Group.

The Proposed Annual Caps and the Basis for the Proposed Annual Cap Amounts under the Technological Services Agreement

Before the entry of the Technological Services Agreement, starting from March 2024 and up to the date of this announcement, the Group has, in its ordinary and usual course of business and on normal commercial terms or better, entered into transactions equivalent to the transactions contemplated under the Technological Services Agreement with SinoHytec Hydrogen Energy Group. For the six months ended June 30, 2024, the provision of technological services transactions amounted to approximately RMB0.5 million (unaudited). As the applicable percentage ratios in respect of such previous transactions were less than 5% and the total consideration was less than HK\$3,000,000 on an annual basis, such transactions fell within the de minimis threshold as stipulated under Rule 14A.76 of the Listing Rules, and were fully exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Based on internal review on the transactions, the Company expects that the transaction amount of such transactions for the period from October 31, 2024 to December 31, 2024 would amount to RMB5 million and thus will exceed the de minimus threshold under Rule 14A.76 of the Listing Rules. The Company has therefore entered into the Technological Services Agreement with SinoHytec Hydrogen Energy.

The proposed annual caps for the Technological Services Agreement for the three years ending December 31, 2026 are set out below:

Unit: RMB 0'000

| | For the year ending December 31, 2024 | For the year ending December 31, 2025 | For the year ending December 31, 2026 |
|---------------------|--|--|--|
| Proposed annual cap | 800 | 500 | 500 |

The proposed annual caps for the Technological Services Agreement are determined with reference to the following factors:

- (1) the historical transaction amount; and
- (2) the expected increase in demand for the Group's technological services from SinoHytec Hydrogen Energy Group during the remaining months in 2024, attributable to its early stage of development and cooperation with the Group, and the projected decrease in demand for 2025 and 2026 as SinoHytec Hydrogen Energy Group's research and development is expected to transit towards a more stable and organized phase.

INTERNAL CONTROL MEASURES

In order to ensure the terms of the CCT Agreements are on normal commercial terms and fair and reasonable to the Company and the Shareholders and are no less favourable than those of similar transactions with independent third parties, the Company has formulated the following internal control policies and adopted the following internal control measures:

- (i) the finance department of the Company will closely monitor the transactions under the CCT Agreements to ensure that the transactions amount will not exceed the respective annual caps;

- (ii) the sales department of the Group shall price the products or services with its costs as a benchmark, upon which the Group shall determine the final prices for sale or provision of services to SinoHytec Hydrogen Energy Group by comparing against quotations or prices offered by the Group to at least two independent third parties;
- (iii) the finance department of the Company will conduct monthly random checks to review and assess whether the transactions contemplated under the CCT Agreements are conducted on normal commercial terms, in accordance with the terms set out in the CCT Agreements and whether the relevant contract terms are in the interest of the Company and the Shareholders as a whole. In particular, the finance department will check whether the pricing basis have been properly followed;
- (iv) the Company's external auditor will conduct an annual review of the transactions entered into under the CCT Agreements to ensure that the transactions amount is within the respective annual cap and the transactions are conducted in accordance with the terms set out in the CCT Agreements; and
- (v) the Company's independent non-executive Directors will conduct an annual review of the status of the transactions contemplated under the CCT Agreements to ensure that the Company has complied with its internal approval process and the relevant requirements under the Listing Rules.

The Directors are of the view that the above internal control measures can ensure that the transactions under the CCT Agreements will be conducted on normal commercial terms and will not be prejudicial to the interests of the Company and the Shareholders as a whole.

REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS CONTEMPLATED UNDER THE CCT AGREEMENTS

The business scope of the Company and SinoHytec Hydrogen Energy is in the same industrial chain, with considerable synergy. Through transactions with SinoHytec Hydrogen Energy, the Company can transform its advantages in technology reserves and raw material supply reliability into operating income. In addition, SinoHytec Hydrogen Energy is a subsidiary of the Company, and transactions with the Company are conducive to reducing operating costs in the early stages of SinoHytec Hydrogen Energy's business, ensuring the continued stability of its product development and application, and thus promoting the Group's business growth and market competitiveness.

Accordingly, the Directors (excluding Ms. Song Haiying, Ms. Dai Dongzhe and Mr. Zhang Guoqiang) are of the view that (i) the continuing connected transactions contemplated under the CCT Agreements will be carried out in the ordinary and usual course of business of the Group and in the interest of the Company and its Shareholders as a whole; (ii) the terms of the CCT Agreements are on normal commercial terms and on terms not less favourable than those of similar transactions with independent third parties and are fair and reasonable; and (iii) the proposed annual caps of the transactions contemplated under the CCT Agreements for the three years ending December 31, 2026 are fair and reasonable.

INFORMATION OF THE PARTIES

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.

SinoHytec Hydrogen Energy is a company established in the PRC with limited liability on June 14, 2023 with a registered capital of RMB72 million as of the date of this announcement. SinoHytec Hydrogen Energy Group is principally engaged in the research and development and sales of hydrogen production systems. As of the date of this announcement, SinoHytec Hydrogen Energy is owned as to 72.22% by the Company, 24.56% by Tonglan Technology, 1.93% by Beijing Yingshuo Huaqing Enterprise Management Consulting Center (L.P.) (北京英燦華氫企業管理諮詢中心(有限合夥)) and 1.29% by Mr. Chen Shoujie (陳守杰).

LISTING RULES IMPLICATIONS

As of the date of this announcement, SinoHytec Hydrogen Energy is owned as to 72.22% and 24.56% by the Company and Tonglan Technology, respectively. Ms. Song Haiying and Ms. Dai Dongzhe, the executive Directors, are the general partners of Tonglan Technology. SinoHytec Hydrogen Energy is thus a connected subsidiary of the Company and a connected person of the Company pursuant to the Listing Rules. Accordingly, the transactions contemplated under the CCT Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the annual caps for each of the Sale of Goods Agreement and the Technological Services Agreement are more than 0.1% but less than 5%, the transactions contemplated under the CCT Agreements are subject to the annual reporting, annual review and announcement requirements, but are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

GENERAL

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 director of SinoHytec Hydrogen Energy, are interested in the CCT Agreements and the transactions contemplated thereunder. Therefore, Ms. Song Haiying, Ms. Dai Dongzhe and Mr. Zhang Guoqiang abstained from voting on the Board resolutions in respect of the CCT Agreements and the respective annual caps. Save for Ms. Song Haiying, Ms. Dai Dongzhe and Mr. Zhang Guoqiang, no other Director are required to abstain from voting on the Board resolutions to consider and approve in the CCT Agreements and the transactions contemplated thereunder.

DEFINITIONS

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

| | |
|-----------------------------|---|
| “A Share(s)” | the domestic ordinary share(s) of RMB1.00 each in the share capital of the Company, which are listed on the SSE STAR Market and subscribed for and traded in RMB |
| “annual cap(s)” | the maximum aggregate annual value(s) in respect of the transactions contemplated under the CCT Agreements for the three years ending December 31, 2026 |
| “Board” | the board of Directors |
| “CCT Agreements” | collectively, the Sale of Goods Agreement and the Technological Services Agreement |
| “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 same meaning ascribed to this term under the Listing Rules |
| “connected subsidiary(ies)” | has the same meaning ascribed to this term under the Listing Rules |
| “Director(s)” | the director(s) of the Company |

| | |
|------------------------------------|---|
| “Group” | the Company and its subsidiaries (other than SinoHytec Hydrogen Energy Group, as the context may require) |
| “H Share(s)” | the overseas listed foreign share(s) having a nominal value of RMB1.00 each in the share capital of the Company, which are listed on the Stock Exchange and subscribed for and traded in Hong Kong dollars |
| “Hong Kong” | Hong Kong Special Administrative Region of the PRC |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time) |
| “PRC” | The People’s Republic of China which, for the purpose of this announcement only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Sale of Goods Agreement” | the framework agreement dated October 30, 2024 entered into between the Company and SinoHytec Hydrogen Energy in relation to sale of certain production materials |
| “Shareholder(s)” | shareholder(s) of the Company |
| “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, a non-wholly owned subsidiary of the Company and a connected subsidiary of the Company |
| “SinoHytec Hydrogen Energy Group” | SinoHytec Hydrogen Energy and its subsidiaries |
| “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 |
| “Technological Services Agreement” | the framework agreement dated October 30, 2024 entered into between the Company and SinoHytec Hydrogen Energy in relation to provision of certain technological services |

“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, the executive Directors

“%”

per cent.

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

Beijing, the PRC
October 30, 2024

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; and Mr. Liu Xiaoshi, Mr. Ji Xuehong, Mr. Chan So Kuen and Mr. Li Zhijie as independent non-executive Directors.