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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)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2024

FINANCIAL HIGHLIGHTS

- Total revenue for the Reporting Period was approximately RMB133.0 million, representing a decrease of 37.3% as compared with the Previous Period;
- Loss attributable to owners of the Company for the Reporting Period amounted to approximately RMB212.3 million, as compared to loss attributable to owners of the Company of approximately RMB124.3 million for the Previous Period;
- Basic loss per share was RMB0.41, as compared to basic loss per share of RMB0.30 for the Previous Period; and
- The Board has resolved not to declare any payment of interim dividend for the Reporting Period.

The board (the “**Board**”) of directors (the “**Directors**”) of Sino-Synergy Hydrogen Energy Technology (Jiaxing) Co., Ltd. (the “**Company**” or “**Sino-Synergy**”) hereby announces the unaudited interim results of the Company and its subsidiaries (the “**Group**”, “**we**” or “**us**”) for the six months ended 30 June 2024 (the “**Reporting Period**”) together with the comparative figures for the corresponding period of last year (the “**Previous Period**”) as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Notes	Six months ended 30 June	
		2024 Unaudited RMB'000	2023 Unaudited RMB'000
Revenue	3,4	133,012	212,271
Cost of sales		(132,242)	(175,353)
– Cost of sales of goods and services		(129,700)	(159,306)
– Impairment loss of inventories		(2,542)	(16,047)
Gross profit		770	36,918
Selling expenses		(20,825)	(17,360)
Research and development expenses		(65,302)	(48,684)
Administrative expenses		(113,497)	(86,719)
Net impairment losses on financial assets and contract assets		(44,553)	(24,953)
Other income		7,410	6,840
Other gains – net		28,035	38,545
Operating loss	5	(207,962)	(95,413)
Finance income	6	4,706	7,218
Finance costs	6	(10,771)	(5,084)
Finance (costs)/income – net		(6,065)	2,134
Share of gains/(losses) of associates and joint ventures accounted for using the equity method		90	(39,700)
Loss before income tax		(213,937)	(132,979)
Income tax credit	7	1,640	5,489
Loss for the period		(212,297)	(127,490)
Loss for the period attributable to:			
– Owners of the Company		(212,297)	(124,315)
– Non-controlling interests		–	(3,175)
		(212,297)	(127,490)
Basic and diluted loss per share for loss attributable to shareholders of the Company (expressed in RMB per share)	8	(0.41)	(0.30)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Six months ended 30 June	
	2024	2023
<i>Notes</i>	Unaudited	Unaudited
	RMB'000	RMB'000
Loss for the period	<u>(212,297)</u>	<u>(127,490)</u>
Other comprehensive income		
Item that may be subsequently reclassified to profit or loss		
– Currency translation differences	260	400
Item that will not be reclassified to profit or loss		
– Net gains from changes in fair value of financial assets at fair value through other comprehensive income	<u>19,992</u>	<u>–</u>
	<u>20,252</u>	<u>400</u>
Total comprehensive income for the period	<u>(192,045)</u>	<u>(127,090)</u>
Total comprehensive loss for the period attributable to:		
– Owners of the Company	(192,045)	(123,915)
– Non-controlling interests	<u>–</u>	<u>(3,175)</u>
	<u>(192,045)</u>	<u>(127,090)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024

		As at 30 June 2024 Unaudited RMB'000	As at 31 December 2023 Audited RMB'000
	<i>Notes</i>		
Assets			
Non-current assets			
Property, plant and equipment		690,112	694,173
Right-of-use assets		208,836	216,735
Intangible assets		24,162	27,315
Contract assets		50,798	52,088
Deferred income tax assets		48,718	47,136
Investments accounted for using the equity method		52,613	52,523
Financial assets at fair value through other comprehensive income	<i>11</i>	237,320	88,636
Financial assets at fair value through profit or loss	<i>10</i>	116,695	113,999
Other non-current assets		62,600	63,930
		<u>1,491,854</u>	<u>1,356,535</u>
Total non-current assets			
Current assets			
Inventories		290,228	281,754
Trade and bills receivables	<i>9</i>	1,561,000	1,543,022
Other receivables and prepayments		80,253	69,258
Contract assets		1,440	–
Financial assets at fair value through profit or loss	<i>10</i>	978,455	796,946
Financial assets at fair value through other comprehensive income	<i>11</i>	330	7,990
Restricted cash		239,469	203,302
Cash and cash equivalents		277,836	604,715
		<u>3,429,011</u>	<u>3,506,987</u>
Total current assets			
		<u>4,920,865</u>	<u>4,863,522</u>
Total assets			
Equity			
Equity attributable to owners of the Company			
Share capital	<i>13</i>	518,042	518,042
Share premium	<i>13</i>	3,657,827	3,657,827
Other reserves		82,493	46,426
Accumulated losses		(1,060,732)	(848,435)
		<u>3,197,630</u>	<u>3,373,860</u>
Non-controlling interests		17,000	17,000
		<u>3,214,630</u>	<u>3,390,860</u>
Total Equity			

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
AS AT 30 JUNE 2024

		As at 30 June 2024 Unaudited <i>RMB'000</i>	As at 31 December 2023 Audited <i>RMB'000</i>
	<i>Notes</i>		
Liabilities			
Non-current liabilities			
Borrowings		170,708	38,500
Lease liabilities		35,089	37,846
Deferred income		82,012	86,595
Provisions		8,642	12,834
		<u>296,451</u>	<u>175,775</u>
Total non-current liabilities			
Current liabilities			
Trade and bills payables	<i>12</i>	717,414	773,700
Other payables and accruals		159,337	212,773
Contract liabilities		1,229	1,659
Current tax liabilities		–	773
Borrowings		492,038	265,631
Lease liabilities		28,400	28,486
Deferred income		5,152	5,156
Provisions		6,214	8,709
		<u>1,409,784</u>	<u>1,296,887</u>
Total current liabilities			
Total liabilities			
		<u>1,706,235</u>	<u>1,472,662</u>
Total equity and liabilities			
		<u>4,920,865</u>	<u>4,863,522</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 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 (together with other shareholders of the Company, the “**Shareholders**”) 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 (the “**H Shares**”) have been listed on The Stock Exchange of Hong Kong Limited (“**the Stock Exchange**”) since 5 December 2023.

This condensed consolidated interim financial information is presented in thousands of Renminbi (“**RMB’000**”) unless otherwise stated and was approved for issue by the Board of Directors on 30 August 2024.

This condensed consolidated interim financial information has not been audited.

2. BASIS OF PREPARATION

This condensed consolidated interim financial information for the sixth-month ended 30 June 2024 has been prepared in accordance with International Accounting Standards (“**IAS**”) 34 ‘Interim Financial Reporting’.

The condensed consolidated interim financial information should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2023, which have been prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (“**IASB**”).

Except as described below, the accounting policies applied are consistent with those of the consolidated financial statements for the year ended 31 December 2023, as described in those consolidated financial statements.

(a) New and amended standards adopted by the Group

A number of new or amended standards and interpretations became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

New standards and amendments		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 sale and leaseback	1 January 2024
IAS 7 and IFRS 7 (Amendments)	Supplier finance arrangements	1 January 2024

(b) New and amended standards and interpretations not yet adopted

The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning on 1 January 2024 and have not been early adopted by the Group:

New standards and amendments		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 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

The Group is assessing the full impact of the new standards, new interpretations and amendments to standards and interpretations.

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 (the “**CODM**”), who is responsible for allocating resources and assessing performance of the operating segment. The CODM has been identified as the executive Directors.

Management reviews the operating results of the business as one segment to make decisions about resources to be allocated. Therefore, the executive Directors 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 six months ended 30 June 2024 and 2023.

(b) Information about major customers

External customers that have contributed over 10% of total revenue of the Group for the six months ended 30 June 2024 and 2023 were as follows:

	Six months ended 30 June	
	2024	2023
	Unaudited	Unaudited
	RMB'000	RMB'000
Company A	*	91,637
Foshan Feichi Automobile Technology Co., Ltd. (“ Foshan Feichi ”)	17,476	41,149
Company B	36,106	*
Company C	24,239	*
Company D	18,787	*
Company E	16,814	30,443
Company F	13,451	*

* Less than 10% of the Group’s revenue

As at 30 June 2024, Shanxi Meijin Energy Co., LTD., the controlling shareholder of Foshan Feichi, holds 3.86% of the Company. Foshan Feichi was owned as to 8.33% by Guangdong Foshan (Yunfu) Industrial Transfer Industrial Park Investment Development Co., Ltd. (“**Yunfu Industrial Park**”), one of our substantial Shareholders, and Foshan Feichi was owned as to 32.33% by Guangdong Hongyun High-Tech Investment Co., Ltd. (“**Hongyun High-Tech**”), which was in turn wholly owned by Foshan Automobile Transportation Group Co., Ltd. (“**Foshan Automobile Transportation**”). Mr. Chen is the Chairman of both Hongyun High-Tech and Foshan Automobile Transportation.

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 six months ended 30 June 2024 and 2023 are as below:

	Six months ended 30 June	
	2024	2023
	Unaudited	Unaudited
	RMB’000	RMB’000
Sales of goods		
– Hydrogen fuel cell systems	130,939	208,370
– Hydrogen fuel cell system components	619	1,950
– Hydrogen fuel cell stacks	432	1,800
Others	1,022	151
	133,012	212,271

“Others” mainly include the related system technology integrated services to the Group’s downstream customers on an as-needed basis.

All of the Group’s revenue was recognised at a point in time during the six months ended 30 June 2024 and 2023.

5. OPERATING LOSS

An analysis of the amounts presented as operating items in the financial information is given below.

	Six months ended 30 June	
	2024	2023
	Unaudited	Unaudited
	RMB’000	RMB’000
Cost of inventories	103,794	137,880
Employee benefit expense, including Directors’ emoluments	105,765	92,494
Depreciation of property, plant and equipment	40,898	21,436
Depreciation of right-of-use assets	7,685	8,398
Amortization of intangible assets	3,153	2,859
Provision for decline in value of inventories	2,542	16,047
After-sales service fees	2,866	3,185
Net fair value gains on derivative financial instruments	–	(38,950)
Net fair value gains on financial assets at FVPL	(21,839)	–
Net foreign exchange (gains)/losses	(5,656)	314
Government grants	(6,551)	(6,054)
Net impairment losses on financial assets and contract assets	44,553	24,953
	277,210	262,562

6. FINANCE (COSTS)/INCOME – NET

	Six months ended 30 June	
	2024	2023
	Unaudited	Unaudited
	RMB'000	RMB'000
Finance income		
– Bank interest income	4,706	7,218
	<u>4,706</u>	<u>7,218</u>
Finance costs		
– Interest expenses on borrowings	(8,941)	(6,590)
– Interest expenses on lease liabilities	(1,864)	(1,213)
– Amounts capitalised in construction in progress of property (a)	34	2,719
	<u>(10,771)</u>	<u>(5,084)</u>
Finance (costs)/income – net	<u><u>(6,065)</u></u>	<u><u>2,134</u></u>

- (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 six months ended 30 June 2024, was 4.00% per annum (for the six months ended 30 June 2023: 5.45%).

7. INCOME TAX CREDIT

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

	Six months ended 30 June	
	2024	2023
	Unaudited	Unaudited
	RMB'000	RMB'000
Current income tax	(58)	7,443
Deferred income tax	(1,582)	(12,932)
	<u>(1,640)</u>	<u>(5,489)</u>
Income tax credit	<u><u>(1,640)</u></u>	<u><u>(5,489)</u></u>

(a) 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 six months ended 30 June 2024 and 2023. The certificate of “High and New Technology Enterprise” is subject to renewal for each three-years interval.

For six months ended 30 June 2024 and 2023, Qingdao Guohong Hydrogen Technology Co., Ltd. was qualified as small and micro enterprises under the PRC CIT regime, which enjoyed a corporate income tax rate of 20%.

Chongqing Guohong Hydrogen Energy Technology Co., Ltd. was subject to a preferential income tax rate of 15% as it was located in western development areas in the PRC.

(b) 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 are subsidiaries of the Group and incorporated in Hong Kong, are subject to Hong Kong profits tax at a rate of 16.5% for the six months ended 30 June 2024 and 2023.

8. 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 six months ended 30 June 2024 and 2023.

	Six months ended 30 June	
	2024	2023
	Unaudited	Unaudited
Loss attributable to shareholders of the Company (RMB'000)	(212,297)	(124,315)
Weighted average number of ordinary shares in issue ('000)	<u>518,042</u>	<u>420,522</u>
Basic loss per share (expressed in RMB per share)	<u><u>(0.41)</u></u>	<u><u>(0.30)</u></u>

As at 31 December 2022, a total of 18,000,000 shares were treated as treasury stock and excluded from the denominator of basic earnings per share. As at 5 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 six months ended 30 June 2024 and 2023, the Group had potential dilutive shares related to the share-based payments. Due to the Group's losses during the six months ended 30 June 2024 and 2023, share-based payments had anti-dilutive effect on the Group's loss per share. Thus, diluted loss per share is equivalent to the basic loss per share.

9. TRADE AND BILLS RECEIVABLES

	As at 30 June 2024 Unaudited RMB'000	As at 31 December 2023 Audited RMB'000
Current		
Trade receivables		
– due from third parties	<u>1,990,271</u>	<u>1,927,473</u>
Less: Allowance for expected credit losses	<u>(429,319)</u>	<u>(384,451)</u>
	<u>1,560,952</u>	<u>1,543,022</u>
Bills receivables	<u>48</u>	<u>–</u>
	<u>1,561,000</u>	<u>1,543,022</u>

As at 30 June 2024 and 31 December 2023, the ageing analysis of the trade receivables based on the invoice date is as follows:

	As at 30 June 2024 Unaudited RMB'000	As at 31 December 2023 Audited RMB'000
Up to 1 year	668,279	778,983
1 to 2 years	761,337	701,297
2 to 3 years	454,691	381,081
3 to 4 years	105,804	66,112
4 to 5 years	160	–
	<u>1,990,271</u>	<u>1,927,473</u>

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

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2024 Unaudited RMB'000	As at 31 December 2023 Audited RMB'000
Non-current		
Investment in wealth management products	<u>116,695</u>	<u>113,999</u>
Current		
Investment in wealth management products	<u>978,455</u>	<u>796,946</u>
	<u>1,095,150</u>	<u>910,945</u>

The investments represented investment funds managed by investment managers from different private funds or financial institution. Investment objectives were to invest in cash or cash equivalents, national debts, and other monetary market instruments.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 30 June 2024 Unaudited RMB'000	As at 31 December 2023 Audited RMB'000
Non-current		
Equity investments	<u>237,320</u>	<u>88,636</u>
Current		
Debt investments	<u>330</u>	<u>7,990</u>
	<u>237,650</u>	<u>96,626</u>

12. TRADE AND BILLS PAYABLES

	As at 30 June 2024 Unaudited RMB'000	As at 31 December 2023 Audited RMB'000
Trade payables – due to third parties	618,410	635,442
Bills payables (a)	99,004	138,258
	717,414	773,700

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

	As at 30 June 2024 Unaudited RMB'000	As at 31 December 2023 Audited RMB'000
Within 1 year	463,825	598,540
1-2 years	244,115	174,181
2-3 years	9,241	789
Over 3 years	233	190
	717,414	773,700

(a) As at 30 June 2024, the bank deposit amount of RMB42,879,000 is placed to the bills payables.

13. SHARE CAPITAL

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.

	Number of ordinary shares of RMB1.00 each	Share capital RMB'000	Share premium RMB'000
As at 1 January 2023	438,521,669	438,522	2,300,891
Acquisition of minority shareholder equity	–	–	(7,854)
As at 30 June 2023 (Unaudited)	438,521,669	438,522	2,293,037
As at 1 January 2024 and 30 June 2024 (Unaudited)	518,041,669	518,042	3,657,827

14. DIVIDEND

No dividends have been paid or declared by the Company or the companies now comprising the Group during the six months ended 30 June 2024 and 2023.

15. SUBSEQUENT EVENTS

Other than disclosed elsewhere in this announcement, there was no significant subsequent event after 30 June 2024 and up to the date of this announcement.

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. We adhere to the long-term strategy and pay more 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 updating 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 are 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, we continued to promote the application of existing technologies, and 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 competitiveness in terms of performance, lifespan, reliability, and cost, with a single stack power exceeding 200 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 output 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 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 cross-border 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 240kW class high-power marine fuel cell system to meet the certification requirements of the vessels classification society, and the products will be put into marine field application in the near future to help promote the commercial application of hydrogen energy ships in China; and iii) insofar as overseas are concerned, we promoted an application for a hydrogen fuel technology test project, which has been approved in principle by an inter-departmental working group on hydrogen energy led by the Hong Kong Environment and Ecology Bureau. The project covers the fields of site power generation, special vehicles, hydrogen production and hydrogenation. The stationary hydrogen fuel power generation system and integrated hydrogen storage system provided by the Group are used to power the electric machinery in the site to inject clean energy and hydrogen energy power into the construction industry in Hong Kong. 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.

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 RMB65.3 million, a period-on-period increase of 34.1%, 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 $1.3\text{W}/\text{cm}^2$, 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 “National-level manufacturing single-category champion enterprises (國家級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.

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. The system products have completed the power segment layout, 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 was 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 terms of innovative technology reserve, our R&D team is developing groundbreaking megawatt-scale proton exchange membrane (PEM) electrolyzer technology and 1,000Nm³ 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 1,000Nm³ 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.

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 review of 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 37% of the total headcount. In terms of education background, the proportion of employees with bachelor degree or above has increased by about 15% compared with the same period of 2023. 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 RMB133.0 million, as compared to approximately RMB212.3 million for the Previous Period, representing a decrease of 37.3%. The decrease was mainly attributable to (i) the fact that the hydrogen fuel cell industry in which the Group operates is still at an early stage of commercialization and therefore subject to fluctuations in operating performance; and (ii) the fact that the Company's new products were in the mass production introduction stage in the first half of the year, and the production capacity required a transition period, and therefore the sales of hydrogen fuel cell systems declined.

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

	For the six months ended	
	30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Hydrogen fuel cell systems	130,939	208,370
Hydrogen fuel cell system components	619	1,950
Hydrogen fuel cell stacks	432	1,800
Others	1,022	151
Total revenue	133,012	212,271

Sales Volume and Average Selling Price

The following table sets forth a breakdown of the sales volume and average selling price of the hydrogen fuel cell stacks and hydrogen fuel cell systems for the periods indicated:

	For the six months ended 30 June			
	2024		2023	
	Sales volume	Average selling price	Sales volume	Average selling price
	<i>(kW)</i>	<i>(RMB per kW)</i>	<i>(kW)</i>	<i>(RMB per kW)</i>
Hydrogen fuel cell stacks	240.0	1,799.4	1,053.4	1,692.6
Hydrogen fuel cell systems	34,645.0	3,779.4	59,790.0	3,484.2

The average selling price of our hydrogen fuel cell systems increased from RMB3,484.2/kW for the Previous Period to RMB3,779.4/kW for the Reporting Period, which is mainly due to hydrogen fuel cell system products with a higher level of integration that we provided to meet customer needs more comprehensively. The average selling price of our hydrogen fuel cell stacks slightly increased from RMB1,692.6/kW for the Previous Period to RMB1,799.4/kW for the Reporting Period, mainly due to revenue from customized orders in the Reporting Period.

The sales volume of hydrogen fuel cell systems decreased from 59,790.0 kW for the Previous Period to 34,645.0 kW for the Reporting Period and the sales volume of our hydrogen fuel cell stacks decreased from 1,053.4 kW for the Previous Period to 240.0 kW for the Reporting Period, mainly due to the fact that the Company's new products were in the mass production introduction stage in the first half of the year, and the production capacity required a transition period, and therefore the sales volume of hydrogen fuel cell systems and stacks have declined.

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 periods indicated:

	For the six months ended		Period-on-
	30 June		period change
	2024	2023	30 June
	RMB'000	RMB'000	2023
			(%)
Cost of sales of goods and services			
Raw Materials	108,693	123,677	(12.1)
Employee benefit expenses	8,664	17,791	(51.3)
Depreciation and amortization expense	6,658	8,482	(21.5)
Others	5,685	9,356	(39.2)
Subtotal	129,700	159,306	(18.6)
Impairment loss of inventory	2,542	16,047	(84.2)
Total	132,242	175,353	(24.6)

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 12.1% from approximately RMB123.7 million for the Previous Period to approximately RMB108.7 million for the Reporting Period mainly due to the decrease in revenue from sales of hydrogen fuel cell systems.

The impairment loss of inventory decreased significantly by 84.2% from approximately RMB16.0 million for the Previous Period to approximately RMB2.5 million for the Reporting Period, because during the Previous Period, due to the increasing inventory age and gradually decreasing market demand for 9SSL fuel cell stacks, we made corresponding impairment provision in accordance with their net realizable values; upon estimate, the impairment of the 9SSL fuel cell stacks inventories has been fully provided for, so we only made impairment provision for obsolete materials for the Reporting Period, resulting in a decrease in the amount of provision.

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 periods indicated:

	For the six months ended 30 June			
	2024		2023	
	RMB'000	%	RMB'000	%
Gross profit and gross profit margin of sales of goods and services				
Hydrogen fuel cell stacks	204	47.2	422	23.7
Hydrogen fuel cell systems	3,123	2.4	52,121	25.0
Hydrogen fuel cell system components and others	(15)	(0.9)	422	19.5
Subtotal	3,312	2.5	52,695	25.0
Less: impairment loss of inventory	(2,542)	N/A	(16,047)	N/A
Total	770	0.6	36,918	17.4

The gross profit of the Group decreased from approximately RMB36.9 million for the Previous Period to approximately RMB0.8 million for the Reporting Period, and the gross profit margin of the Group decreased from approximately 17.4% for the Previous Period to approximately 0.6% for the Reporting Period, mainly due to the fact that the Company promoted the mass production of a new generation of products, including introducing Hongxin GIII and Hongtu H series systems to the mass production stage. However, these new products were still in the early stage of small-scale production, resulting in a temporary relatively low gross profit.

Other Income

Other income of the Group increased by approximately RMB0.6 million or approximately 8.3% from approximately RMB6.8 million for the Previous Period to approximately RMB7.4 million for the Reporting Period, which was mainly due to the increase in the government grants and subsidies received and recognized during the Reporting Period of approximately RMB0.5 million.

Other Gains – Net

Other gains – net of the Group decreased from approximately RMB38.5 million for the Previous Period to approximately RMB28.0 million for the Reporting Period, mainly due to (i) the Group's fulfillment of an obligation to buy back shares of an associate, resulting in the reversal of corresponding change in fair value of derivative financial instruments during the Previous Period, while no such amount was incurred during the Reporting Period; and (ii) the Group managed and used its idle fund 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 their fair value gains at the end of the period recognized in the profit or loss for the period.

Net Impairment Losses on Financial Assets and Contract Assets

The Group's impairment losses on financial assets and contract assets increased from approximately RMB25.0 million for the Previous Period to approximately RMB44.6 million for the Reporting Period, primarily due to the increase of allowance for expected credit losses for trade receivables.

Administrative Expenses

The Group's administrative expenses primarily consist of employee benefit expenses, share-based payments, impairment losses, depreciation of right-of-use assets, and depreciation of property, plant and equipment. The Group's administrative expenses increased from approximately RMB86.7 million for the Previous Period to approximately RMB113.5 million for the Reporting Period, primarily due to the increase in depreciation and amortization expenses as the construction of the Company's production facilities was completed which 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 increased from approximately RMB17.4 million for the Previous Period to approximately RMB20.8 million for the Reporting Period, primarily due to the expansion of sales network and increase in marketing expenses by the Group.

Research and Development Expenses

The Group's R&D expenses increased from approximately RMB48.7 million for the Previous Period to approximately RMB65.3 million for the Reporting Period, mainly due to the Company's continuous increased investment in R&D in various key projects such as fuel cell stacks, fuel cell systems, stationary power generation and equipment for hydrogen production through electrolysis of water.

Finance Income/(Costs), Net

The Group's finance costs mainly consist of interest expenses on borrowings. For the Reporting Period, net finance costs of the Group amounted to approximately RMB6.1 million (Previous Period: net finance income of approximately RMB2.1 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 Reporting Period. For the Reporting Period, the Group recorded an income tax credit of approximately RMB1.6 million (Previous Period: approximately RMB5.5 million).

Loss Attributable to Owners of the Company

As a result of the foregoing, loss attributable to owners of the Company amounted to approximately RMB212.3 million for the Reporting Period, as compared to approximately RMB124.3 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 30 June 2024, the Group had cash and cash equivalents including restricted cash of approximately RMB517.3 million, representing a decrease of 36.0% compared to approximately RMB808.0 million at the beginning of the Reporting Period. As of 30 June 2024, the Group had net current assets of approximately RMB2,019.2 million, as compared to approximately RMB2,210.1 million as of 31 December 2023. The current ratio of the Group decreased slightly to approximately 2.4 as of 30 June 2024 from approximately 2.7 as of 31 December 2023.

Borrowings and Charges on Group Assets

As of 30 June 2024, the Group's outstanding current and non-current borrowings amounted to approximately RMB662.7 million, of which interest payable was approximately RMB0.3 million. The maturity groupings of the borrowings are as follows:

	As at 30 June 2024 RMB'000	As at 31 December 2023 RMB'000	Period-on- period change compared to 31 December 2023 (%)
Borrowing terms			
Within one year	492,038	265,631	85.2
Between one and two years	52,000	4,000	1,200.0
Between two and five years	118,708	34,500	244.1
Total	662,746	304,131	117.9

As of 30 June 2024, the Group's bank loans were approximately RMB662.7 million. As at 30 June 2024, the Group has guaranteed borrowings including (i) short-term bank borrowing of approximately RMB205.7 million guaranteed by deposit; and (ii) long-term bank borrowings of approximately RMB177.7 million secured by the Group's land use rights with net book value of approximately RMB79.0 million and the Group's construction in progress with net book value of RMB49.4 million. The proportion of the Group's long-term borrowings in the total borrowings is approximately 25.8% as of 30 June 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 as of 30 June 2024 was 3.49%. 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 the end of the Reporting Period. As of 30 June 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. As of 30 June 2024, the Group had contracted but not provided for capital commitments for acquisition of property, plant and equipment were approximately RMB271.6 million (as of 31 December 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 Reporting Period, the Group's capital expenditures were approximately RMB30.9 million (for the Previous Period: approximately RMB50.4 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 30 June 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 has experienced development stages, including industrialization, automation and commercialization since its establishment. Through years of continuous technological innovation and product iteration, the Company has effectively accelerated the commercialization of hydrogen fuel cells in China. In the next milestone, we will focus on the development in technology and product upgrading and iteration, talent cultivation and system construction, business model innovation, and large-scale operation and other aspects:

1. Further investment in research and development of core products for product upgrading and iteration

We intend to continue the development of high-efficiency and high-power hydrogen fuel cell stacks, hydrogen fuel cell systems, as well as hydrogen production equipment. We plan to accelerate product iterations with technological innovation in order to further reduce production costs and improve production efficiency, and to ensure that the performances of our products are at a leading level. In the future, we will put our R&D efforts into our products on the following directions: graphite bipolar plates, hydrogen fuel cell stacks, hydrogen fuel cell systems and hydrogen production equipment. Through continuous R&D investment in the above aspects, we aim to provide customers with diversified products with higher stability, better consistency, lower cost and wider applications to further strengthen our leading position in the hydrogen fuel cell industry.

2. Continually introducing and cultivating professionals to promote system construction and management and operation efficiency

We intend to continually introduce and cultivate professionals, as well as consolidate collaboration with colleges and universities in China, so as to improve talent cultivation and team building and further enhance the leading position of the Company in the industry. Meanwhile, we will further strengthen system construction to improve management and operation efficiency as a whole. Our overall corporate governance, management and operation shall be improved in each aspect through recruiting and training talent and improving system construction, which will effectively consolidate and enhance our competitiveness in the industry.

3. Realization of business model innovation in hydrogen energy industry to accelerate the commercialization of hydrogen energy industry

We will further expand our product applications to diversified markets by seizing the current and future hydrogen industry market opportunities. By leveraging the synergism with upper, middle and lower streams of hydrogen energy, we will continue to innovate business models in the hydrogen energy industry, expand the applications of hydrogen fuel cell products based on various scenarios, build comprehensive product matrix and expand application of hydrogen energy in different industrial usages, so as to consolidate our leading position in the industry.

4. Expand production capacity in accordance with local policies and opportunities

We plan to expand our production capacity nationwide in line with the hydrogen energy industry development policies, plans and market demand in different regions. This facilitates the virtuous cycle of scaled production and localized operation to reduce cost and increase efficiency, and provides strong support to the local governments' initiatives to build a clean, low carbon-emission, safe and efficient energy system. We plan to expand production capacity in key regions to empower the local hydrogen energy industry and seize sizeable market share, to further reduce the average production costs by localizing production activities and enhancing operational efficiency, to increase our advantages in scaled production and competition.

SIGNIFICANT INVESTMENTS AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group did not hold any significant investments and events which could have material impact on our operating and financial performance for the Reporting Period. Save as disclosed in the prospectus of the Company's initial public offering dated 27 November 2023, as of 30 June 2024, the Company had no specific plans for significant investments or acquisitions of capital assets.

MATERIAL ACQUISITION AND DISPOSAL

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

EMPLOYEE AND REMUNERATION POLICY

As of 30 June 2024, the Group had a total of 616 full-time employees 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; (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 RMB105.8 million during the Reporting Period (Previous Period: approximately RMB92.5 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 Date**"). 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 30 June 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 30 June 2024 (HKD million)	Expected time to utilize the remaining net proceeds in full ^(Note 1)
Expand the production capabilities of the Group's hydrogen fuel cell stacks and hydrogen fuel cell systems	40	582.6	582.6	33.1	549.5	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	3.1	288.2	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	2.5	143.1	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	2.6	143.0	By the end of the year ending 2026
Working capital and other general corporate purposes	10	145.6	138.2	12.9	125.3	By the end of the year ending 2026
Total^(Note 2)	100	1,456.3	1,448.9	54.2	1,394.7	

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.

DIVIDEND

The Board has resolved not to declare any payment of interim dividend for the Reporting Period.

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 Corporate Governance Code (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. The Company has complied with all applicable code provisions set out in Part 2 of Appendix C1 of the Listing Rules during the Reporting Period. 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

Neither the Company nor any of its subsidiaries purchased, sold (including sale of treasury shares, if any) or redeemed any listed securities of the Company during the Reporting Period.

As at 30 June 2024, the Company did not have any treasury shares.

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 of the Company (the “**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.

REVIEW OF INTERIM RESULTS BY 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 unaudited condensed interim financial statements of the Group for the Reporting Period have been reviewed by the Audit Committee.

EVENTS DURING AND AFTER THE REPORTING PERIOD

Implementation of H Share Full Circulation

On 26 February 2024, the Company has submitted an application to the China Securities Regulatory Commission (the “CSRC”) in respect of the conversion of certain domestic shares of the Company held by certain Shareholders into H Shares. The Company received a filing notice from CSRC on 18 April 2024, which states that the Company has completed the filing with the CSRC in respect of the conversion of no more than 273,074,088 Domestic Shares (representing approximately 52.71% of the total issued share capital of the Company) into H shares which may be listed and traded on the Stock Exchange. The Company received the listing approval from the Stock Exchange on the aforesaid conversion and has completed the aforesaid conversion. The listing of the converted H shares commenced at 9:00 a.m. on 28 August 2024.

Please refer to the announcements of the Company dated 26 February 2024, 19 April 2024, 20 August 2024 and 27 August 2024 for more details.

Save as the aforesaid, there were no other significant events occurred subsequent to 30 June 2024 and up to the date of this announcement.

PUBLICATION OF THE UNAUDITED INTERIM RESULTS ANNOUNCEMENT AND 2024 INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.sinosynergypower.com), and the 2024 interim report of the Company containing all the information required by the Listing Rules will be dispatched to the Shareholders 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 and Executive Director

Jiaxing, the PRC
30 August 2024

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.